



# Thrift Savings Plan, Climate Change and the new Mutual Fund Window

February 7, 2024

# Welcome!

Today I will talk about the Thrift Savings Plan, the risk that climate change poses to our retirement funds, and the new TSP Mutual Fund Window.

I am not a financial expert. I am not giving financial advice.

# Who am I?

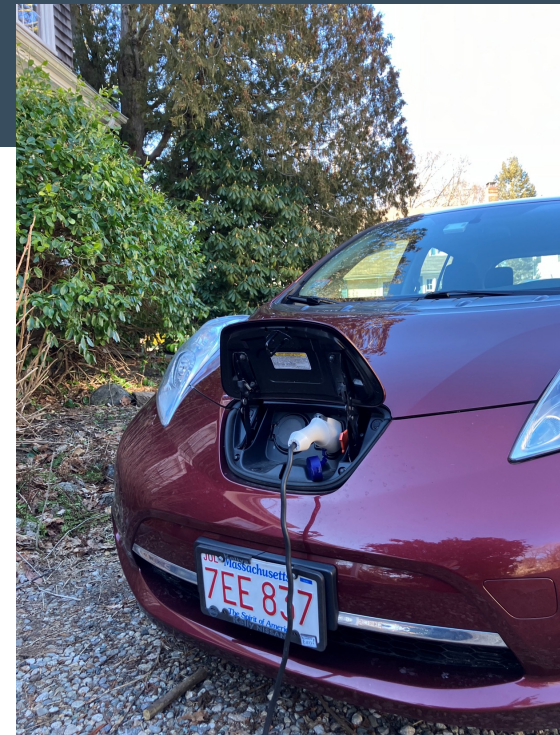




Who am I?

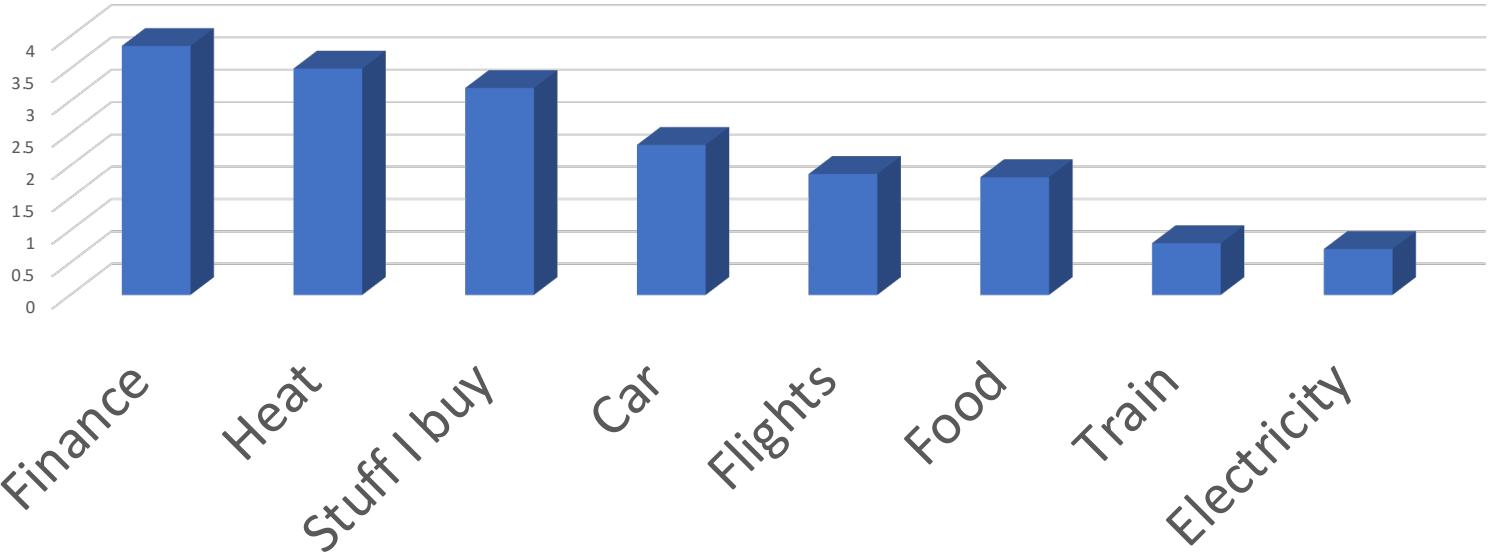


Who am I?



# Who am I?

## Denny's Carbon Footprint



## The Thrift Savings Plan

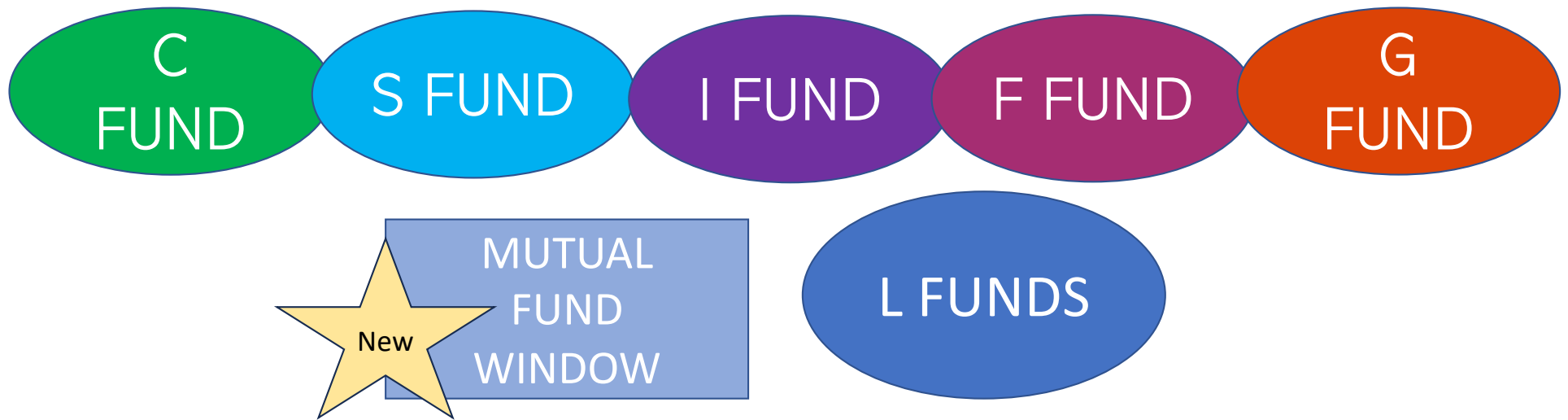
- Federal employees and members of uniformed services invest our own money in the TSP.
- The federal government matches the first 3% of pay that you contribute and matches half of the next 2% that you contribute to the TSP.





The TSP has about 6 million TSP members with over \$700 billion in assets





The C, S, I and F funds are index funds.

TSP asset managers, Black Rock and State Street invest our money in stocks or bonds according to the index.



The C fund roughly tracks the Standard and Poor 500 Index, which includes many of the largest companies listed on stock exchanges in the United States.

Fossil fuel companies make up about 3.8% of the S&P 500 index.

## S FUND

The Dow Jones U.S. Completion Total Stock Market Index. It tracks about 3,600 small company stocks that are designed to complement the C fund's largest 500.

It has a fossil fuel exposure of 4.2%



## I FUND

The I Fund currently tracks the MSCI Europe, Australasia and Far East (EAFE) Index. Fossil fuel companies make up over 10% of the MSCI and I fund.

(The TSP Board has decided to move to a new index for the I Fund starting in 2024. The new I fund index includes more companies from more countries.)



## F FUND

The TSP F Fund roughly tracks the Barclay's U.S. Aggregate Bond Index, an index of the U.S. bond market, including over 12,000 notes and bonds.

These bonds include government, corporate, asset-backed, and mortgage-backed securities.



The G fund includes government securities.

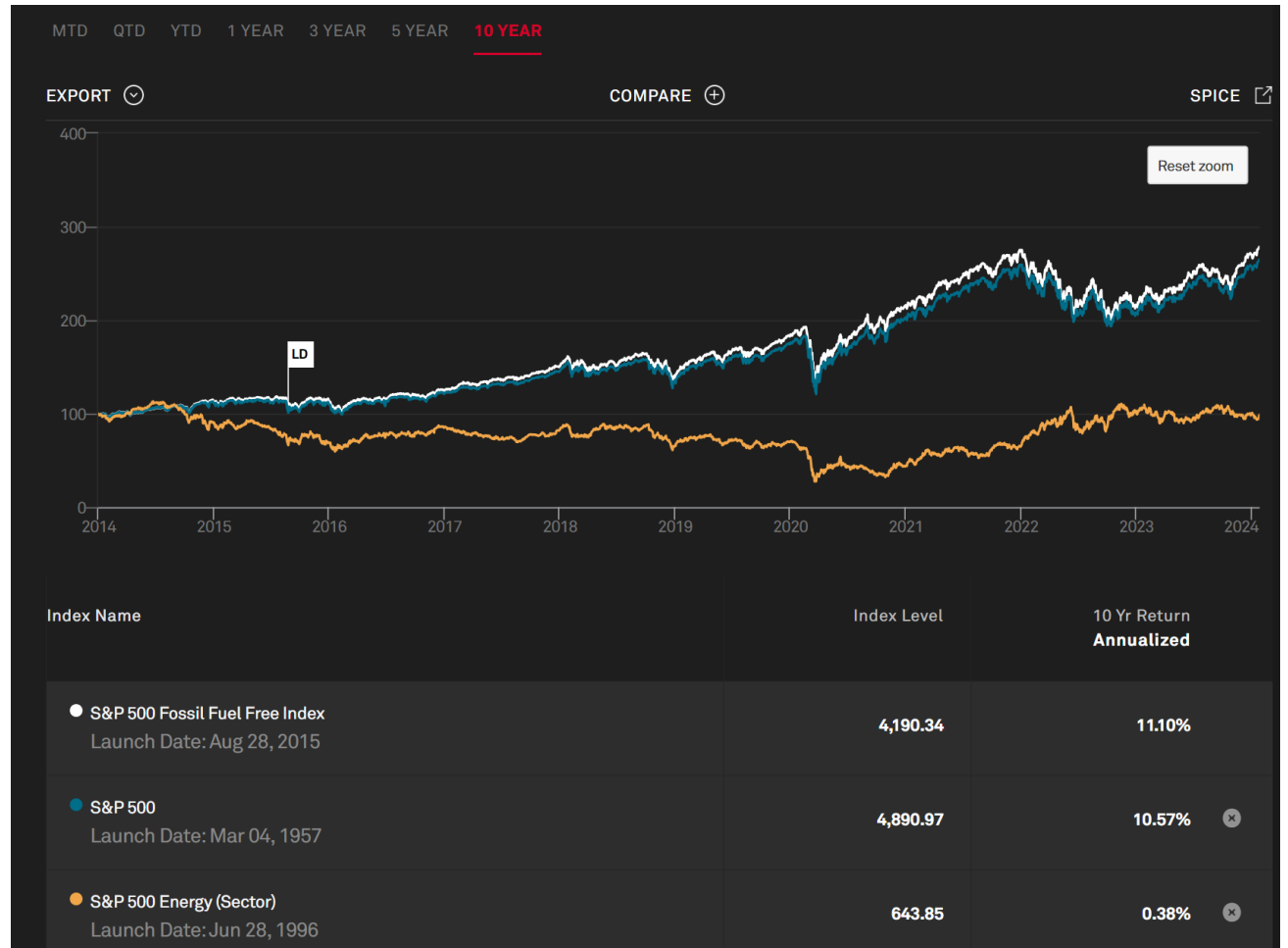




## L FUNDS

The TSP offers ten L Funds which are a mix of the five individual funds (G, F, C, S, and I). The mix is adjusted based on the employee's anticipated retirement date.

Fossil Fuels have not been a good investment over the last decade. For example, the TSP C fund would have performed better without fossil fuels.



# What is ESG?

Consideration of risks to your investments:

- **E** = environmental risk, such as exposure to climate change
- **S** = social risks, such as human rights violations
- **G** = governance of the company to prevent corruption, assure diversity.



## Climate Risk Creates Financial Risk

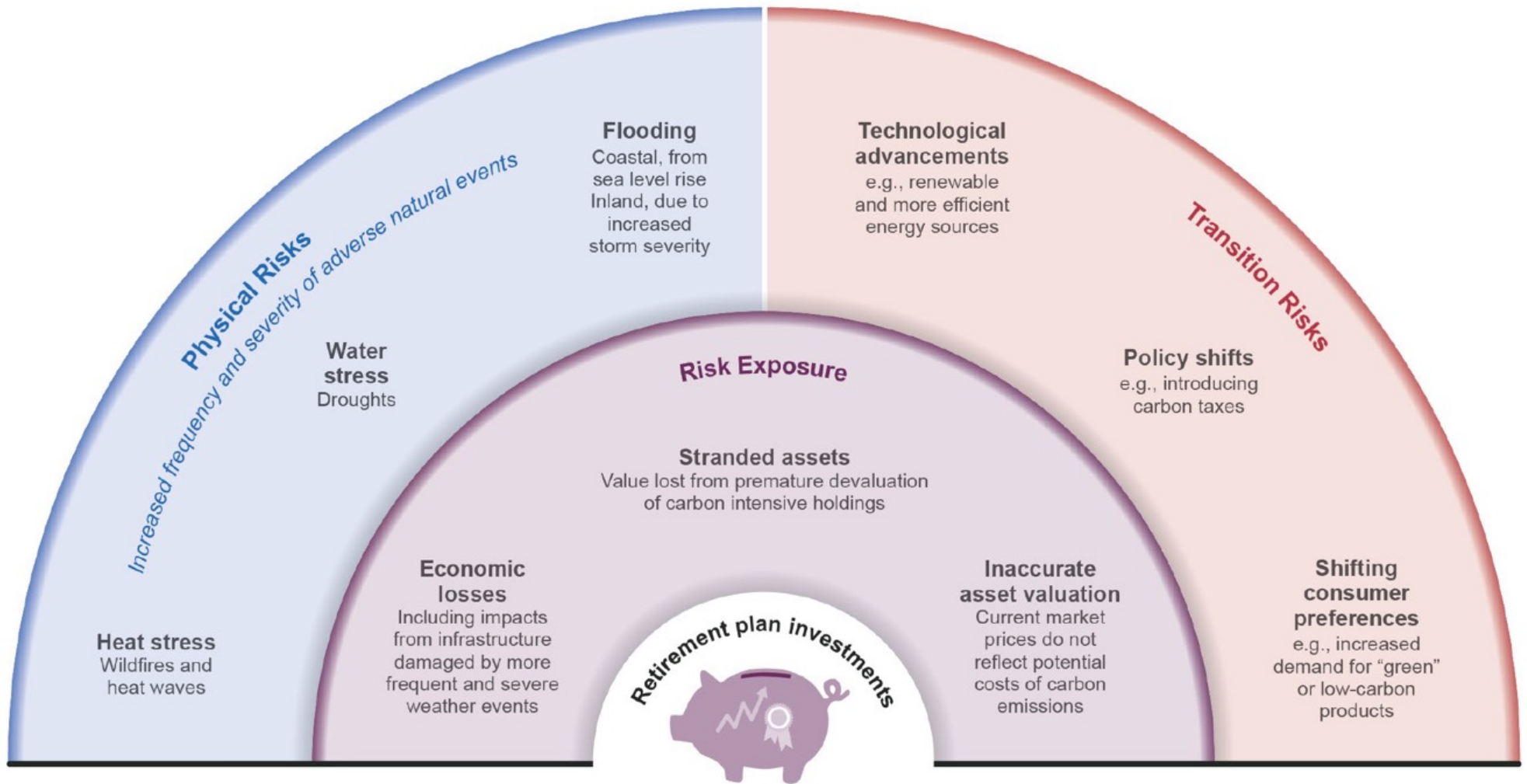
The Thrift Savings Plan has \$37 Billion in Fossil Fuel Stocks. That's about 5% of total assets.

The 215 largest companies in the world face almost a trillion dollars in losses due to climate change and the TSP is investing our money in these companies.

## These are the Energy Companies in the TSP Funds

**\$17.7B** in oil & gas companies, including Exxon Mobil, Chevron, ConocoPhillips, Shell, TotalEnergies, Cheniere Energy, SLB, EOG Resources, BP and Marathon Petroleum.

**\$8.5B** in fossil-fired utilities, including NextEra Energy, Southern, Duke Energy, Sempra, American Electric Power, Constellation Energy, Exelon, Dominion Energy, PG&E, and Xcel Energy.



Source: GAO analysis of reports from Mercer and Task Force on Climate-related Financial Disclosures (TCFD). | GAO-21-327

## No Shareholder Voice

A significant proportion of TSP fund assets are managed by BlackRock, which votes on shareholder proposals on behalf of the TSP.

Last year, BlackRock opposed 93% of shareholder proposals related to climate change.

## A new TSP Mutual Fund Window Allows Access to Sustainable Funds which consider Climate Change.

- Some mutual funds exclude climate-harming companies.
- Some mutual funds actively engage in shareholder pressure to change the practices of companies.
- Some mutual funds invest in renewable energy or other clean technologies.

## Restrictions on the Mutual Fund Window

- You may only invest 25% of your TSP balance through the window.
- The minimum transfer is \$10K, so you must have at least \$40K in your account.
- The less you invest, the higher the fees as a percentage.

## Mutual Fund Window Fees

- \$55 annual administrative fee
- \$95 annual maintenance fee
- \$28.75 per trade fee
- Mutual funds may have their own fees in addition.



These are very high fees for small investors.

- The annual administrative fees for the TSP basic funds are \$6.60 per year for \$10,000.
- If you invest \$10,000 through the Mutual Fund Window, you will have annual fees of at least \$150, plus trade fees, or 1.78%.

## Limitations

- You can't make an investment election for contributions to go directly into your mutual fund window account from your paycheck.
- You must manually move money to the window account, then trade into a mutual fund, paying a \$28.75 per trade fee.

## More limitations

- You can't take loans or withdrawals from your mutual fund window account. You must first sell shares (paying a trade fee) and transfer funds back to your TSP account.
- TSP allows two such transfers per month (unless you transfer to the G fund.)

## How to Use the Mutual Fund Window

- Go to <https://www.tsp.gov/mutual-fund-window/>
- There are several videos on YouTube that walk you through how to use the Mutual Fund Window.

# How to Use the Mutual Fund Window

The screenshot shows the Thrift Savings Plan website interface. At the top, there is a search bar with the text "How may we help you," and a notification bell icon. Below the search bar is a horizontal navigation menu with the following items: "Investments", "Account Activity", "Account Balance History", "Contributions", "Change Investments" (circled in red), "Roll Over In", "Loans", "Withdrawals and Rollovers Out", and "More >".

On the left side, there is a "Quick Links" section with the following items: "Account Summary", "Manage Beneficiaries", "Plan Information", "Financial Institutions", "Request Forms and Materials", "Fund Performance", "Account Statements", and "Track My Status - Loans".

The main content area is titled "For You" and contains a "Savings" section. This section displays the following information:

Thrift Savings Plan - Civilian	Rate of return
Balance as of Feb 5, 2024	year-to-date


Below this information is a "Plan details" button. At the bottom of the "For You" section, there are two tabs: "Contributions" and "Investments".


# How to Use the Mutual Fund Window


Change Investments


https://api.rk.tsp.gov/api/angularfirst-app/ah-angular-afirst-web/#/web/converge/dcchangeinvestments?linkId=UPN\_CHG\_I

💡 Check [Plan Information](#) for transfer restrictions that might impact investment changes.

  
**Change your investment mix.**  
Choose how much of your current balance and/or your future contributions to invest in each fund.  
[Example](#)  
[Get Started](#)

  
**Move money between funds.**  
Move a specific amount of money out of some funds and into other funds.  
[Example](#)  
[Get Started](#)

  
**Work with your Mutual Fund Window (MFW) Account**  
[Learn more](#)  
[Access Your MFW Account](#)  
[Get Started](#)



# How to Use the Mutual Fund Window

The screenshot shows a web browser with several tabs open: "Your Mutual Fund Window Acco...", "Investor Portal - Welcome back...", "Investor Portal - Account Overvi...", and "Investor Portal - Statements". The address bar displays the URL: <https://mfw.accessportals.com/portal/usta/?Payload=SHVEelNOQjA0VDJyOGhpdTkvOWwrrZzNTZit1RWJpRWZaRGZOQUVmRzZEVHZIbGUra3V5>. The page header features the "Thrift Savings Plan" logo on the left and navigation links for "My Accounts" and "Tools" on the right. The "Tools" dropdown menu is open, showing "Fund Prices" and "Fund Screener" options. A red circle highlights the "Tools" link, and another red circle highlights the "Fund Screener" option. Below the navigation, there is a "Knowledge Center" section with a "Print" button and a "No Communications" message.



# How to Use the Mutual Fund Window

Search by name or ticker

**Sustainability**  
View funds with the highest sustainability rating  
277 funds

**Highest rated funds**  
View funds with the highest Morningstar rating  
613 funds

**Funds with the lowest fees**  
View funds with the lowest expense ratio  
1,235 funds

Filters [Reset](#)

Global Broad Category: All  
Morningstar Category: All  
Fund Provider: All  
Net Expense Ratio: All  
Morningstar Rating: All

Sustainability Rating: All  
Sustainability: All  
ESG: All  
Environment: All  
Community Dev: All  
Gender Diversity: All

Showing 20 of 4,806 funds

**Fund list**

Overview [Export](#) 0 funds selected [Buy](#)

Name	Ticker	Morningstar Category	Prospectus Net Expense Ratio	Morningstar Rating	Sustainability Rating	Risk Rating
<input type="checkbox"/> FIDELITY* TOTAL MARKET INDEX	FSKAX	Large Blend	0.02	★★★		Above Average
<input type="checkbox"/> SCHWAB* S&P 500 INDEX	SWPPX	Large Blend	0.02	★★★★		Average
<input type="checkbox"/> STATE STREET EQUITY 500 INDEX K	SSSYX	Large Blend	0.02	★★★★		Average
<input type="checkbox"/> FIDELITY* MID CAP INDEX	FSMDX	Mid-Cap Blend	0.03	★★★★		Average

## The Window Includes a Sustainability Rating Tool

- However, this tool on the TSP Window site gives highest sustainability ratings to some of the largest natural gas companies.
- It does not consider deforestation or other issues that may concern you.

https://fossilfreefunds.org

**Fossil Free Funds** Get email updates Sign up Menu

# Are your savings invested in fossil fuels?

Search funds from your 401(k), retirement plan, or personal portfolio

Search funds by name, ticker, or manager


See mutual funds and ETFs that avoid fossil fuel investments

[Top-rated funds »](#)

https://crueltyfreeinvesting.org

**Cruelty Free INVESTING** Search ... SEARCH

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**Cruelty Free Investing** is a non profit organization that makes it easy to align your investments with your values. Our research team has looked at every publicly traded company in America.

*Click on any of the companies listed below for information on how that company uses animals. View our [Evaluation Criteria](#).*

Browse by Letter	Companies That Exploit Animals	Companies That Do Not Exploit Animals
A	<b>FLWS</b> 1-800-FLOWERS.COM, Inc.	<b>VCKA</b> 10X Capital Venture Acquisition Corp. II
B	<b>TXG</b> 10x Genomics Inc.	<b>PIH</b> 1347 Property Insurance Holdings, Inc.
C	<b>YI</b> 111, Inc.	<b>YQ</b> 17 Education & Technology Group Inc.
D	<b>ATNF</b> 180 Life Sciences Corp.	<b>TURN</b> 180 Degree Capital Corp.
E	<b>GOED</b> 1847 Goedecker Inc.	<b>BCOW</b> 1895 Bancorp of Wisconsin, Inc.
F	<b>DIBS</b> 1stdibs.com Inc.	<b>ONEM</b> 1Life Healthcare, Inc.
G	<b>ME</b> 23andMe Holding Co.	<b>FCCY</b> 1st Constitution Bancorp (NJ)
H	<b>MMM</b> 3M Company	<b>SRCE</b> 1st Source Corporation
I	<b>FDMT</b> 4D Molecular Therapeutics Inc.	<b>XXII</b> 22nd Century Group, Inc
	<b>LBPS</b> 4D pharma plc	<b>ADER</b> 26 Capital Acquisition Corp.
	<b>WBAI</b> 500.com Limited	<b>TWOU</b> 2U, Inc.
	<b>ETNB</b> 8ohio, Inc.	<b>QFIN</b> 360 DialTech Inc.

https://deforestationfreefunds.org

**Deforestation Free Funds**

# Are you invested in deforestation and climate change?

Every year, the world loses an area of tropical rainforest the size of the United Kingdom.

Find sustainable, deforestation-free investment options. Move your money. That's your power.

[Top-scoring funds »](#)

# Additional Filters



	A	B	C	D	E	F	G	H	I
	Name	Ticker	Category	Prosp	Morningstar Rating.	Sustainability Rating	Risk Rating	AA = Highest grade given for Fossil Fuel Free and Deforestation Free M = Also has a sustainability mandate Taken from fossilfreefunds.org/ & deforesattionfreefunds.org	% of assets tied to animal products. Taken from Crueltyfreeinvesting.org
2	DFA INTERNATIONAL REAL ESTATE SEC I	DFITX	Global Real Estate	0.27	5	4	5	AA	0.00%
3	FIDELITY® SELECT SEMICONDUCTORS	FSELX	Technology	0.68	5	3	5	AA	0.00%
4	FIDELITY® SELECT TELECOMMUNICATIONS PORT	FSTCX	Communications	0.79	4	2	1	AA	0.00%
5	FIDELITY® INTL REAL ESTATE	FIREX	Global Real Estate	0.95	5	1	1	AA	0.00%
6	FIDELITY® SELECT TECH HARDWARE PORT	FDCPX	Technology	0.72	4	5	2	AA	0.45%
7	OAKMARK INTERNATIONAL SMALL CAP R6	OAZEX	Foreign Small/Mid Value	1.07	2	4	5	AA	0.69%
8	FIDELITY® SELECT TECHNOLOGY	FSPTX	Technology	0.67	4	5	3	AA	2.07%
9	FIRSTHAND ALTERNATIVE ENERGY	ALTEX	Technology	1.99	2	1	4	AAM	2.32%
10	VANGUARD INFORMATION TECHNOLOGY IDX ADM	VITAX	Technology	0.1	5	5	3	AA	3.69%
11	EVENTIDE EXPONENTIAL TECHNOLOGIES I	ETIEX	Technology	1.43		2		AAM	4.11%
12	VIRTUS DUFF & PHELPS WATER INST	AWTIX	Natural Resources	0.93	4	4	1	AAM	5.35%
13	MATTHEWS EMERGING MARKETS SUST FUT INST	MISFX	Pacific/Asia ex-Japan Stk	1.23	5	2	3	AAM	5.54%
14	COLUMBIA SELIGMAN GLOBAL TECH INST3	CGTYX	Technology	0.95	5	3	4	AA	5.71%
15	PEAR TREE ESSEX ENVIRONMENTAL OPPS INS	GEOSX	Mid-Cap Growth	0.99	2	3	5	AAM	6.52%
16	MFS GLOBAL REAL ESTATE R6	MGLRX	Global Real Estate	0.86	5	3	2	AA	7.03%
17	COLUMBIA SELIGMAN TECH & INFO INST3	CCOYX	Technology	0.85	4	4	4	AA	7.13%
18	NORTHERN MULTI-MANAGER GLBL REAL ESTATE	NMMGX	Global Real Estate	0.91	4	3	2	AA	7.34%
19	COLUMBIA ACORN EUROPEAN INST3	CAEYX	Europe Stock	1.11	2	3	5	AA	7.92%
20	FIDELITY® SELECT SOFTWARE & IT SVCS PORT	FSCSX	Technology	0.67	4	5	2	AA	8.21%
21	INVESCO GLOBAL OPPORTUNITIES R6	OGIIX	Global Small/Mid Stock	0.68	2	3	5	AA	8.47%
22	DELAWARE GLOBAL REAL ESTATE R6	IRENX	Global Real Estate	1.05	4	2	3	AA	10.44%
23	NEUBERGER BERMAN GLOBAL REAL EST INSTL	NGRIX	Global Real Estate	1.01	4	3	1	AA	10.45%
24	AMERICAN CENTURY GLOBAL REAL ESTATE I	ARYNX	Global Real Estate	0.91	5	3	2	AA	10.74%
25	NINEEN GLOBAL REAL ESTATE SECURITIES R6	NGIEY	Global Real Estate	0.94	5	2	3	AA	10.82%



	B	C	D	E	F	G	H	I	J	K
				Rating. How long people hold on to the stock, does			AA = Highest grade given for Fossil Fuel Free and Deforestation Free M = Also has a sustainability mandate Taken from fossilfreefunds.org/ & deforesationfreefunds.org	% of assets tied to animal products. Taken from Crueltyfreeinvesting.org		
1	Ticker	Morningstar Category	Prospect	the price	Sustainability	Risk Rating			notes	
85	FSLEX	Industrials	0.79	3	5	3				
86	FEURX	Equity Precious Metal	0.85	5	5	1			<a href="#">Nevada mandate.</a>	
87	NALFX	Global Small/Mid Stoc	0.85	5	5	3				
88	FNSTX	Infrastructure	1		5				<a href="#">Germany mandate.</a>	
89	ETIDX	Mid-Cap Blend	0.95	4	5	1				
90	GESGX	Large Value	0.75	3	5	3				
91	MVIIX	Large Value	0.38	4	5	3				

Received the highest grade

?

Received the lowest grade

## Next Steps You Can Take

Check out the Mutual Fund Window for yourself.

<https://www.tsp.gov/mutual-fund-window/>

(You can open an account without incurring any fees.)

## Next Steps You Can Take

- <https://www.asyousow.org/>
- <https://fossilfreefunds.org/>
- <https://deforestationfreefunds.org/>
- <http://crueltyfreeinvesting.org/>
- Many other sites evaluate mutual funds for their environmental, social and governance impacts.



## Next Steps You Can Take

Sign a letter to the TSP asking them to expand mutual fund window access and reduce the fees.

Ask for a core fund that is fossil fuel free.

(See letter in chat.)

<https://actionnetwork.org/letters/new-mutual-fund-window-fails-to-serve-federal-employees>

