



OREGON'S SENATOR JEFF MERKLEY

The Retirement Investments for a Sustainable Economy (RISE) Act

The Case for Fossil Fuel Divestment: Countries, governments, and companies around the world have recognized the need to rapidly divest from fossil fuel assets in order to avert the worst consequences of climate chaos.

- In July 2018, Ireland became the world's first country to fully divest from fossil fuels.
- In January 2018, New York City officials set a goal of divesting New York's \$189 billion in pension funds from fossil fuel companies within five years.
- Globally, almost 1,000 institutions have divested nearly \$6.25 trillion from fossil fuels, and approximately 60,000 individuals have divested over \$5 billion.

While fossil fuel divestment is an important part of the fight against climate chaos, it can also lead to better returns for investors: an analysis conducted by MSCI between 2010 and 2017 found those investors who discarded holdings in fossil fuel companies would have outperformed those who remained invested in coal, oil, and gas over the same period. A separate study by the Aperio Group in 2016 found that over rolling 10-year periods, carbon-free portfolios outperformed their benchmarks 68% of the time.

Thrift Savings Plan: The Thrift Savings Plan (TSP) offers federal employees tax-deferred retirement savings and investment opportunities, similar to the benefits many private corporations offer their employees under 401(k) plans. As of July 2017, the TSP has approximately 5.1 million participants with approximately \$510 billion in assets; the TSP is the largest defined contribution plan in the world. While federal workers can set the amount and risk allocation of their TSP accounts, they do not have control over the types of industries in which their money is invested.

The RISE Act will provide for a Climate Choice stock option under the Thrift Savings Plan that is free from investment in fossil fuel companies. The RISE Act also mandates a report within one year from the Government Accountability Office (GAO) examining the risk for investors from TSP holdings in fossil fuel companies given policies to keep average global temperature increases to 2° Celsius. The RISE Act also directs the GAO to provide a divestment mechanism for the TSP should the report show risk to investors from fossil fuel holdings.

As organizations around the globe take steps toward fossil fuel divestment, the RISE Act will give federal employees the flexibility and freedom to choose a more sustainable, socially responsible investment portfolio.