

# 7 Steps to Talk to Your Employer About Adding Halal or Faith Aligned Funds to Your 401(k)

For many people, an employer retirement plan is their largest investment account. Yet when they log in to choose funds, they often find only conventional options: broad stock index funds, bond funds, and target date funds built from the same ingredients. Many investors want their retirement savings to reflect their beliefs—whether that means avoiding interest based lending, certain industries, or seeking more ethical business practices. Yet most 401(k), 403b, and 457 plans still offer only conventional fund menus, leaving some employees uncomfortable participating or even opting out entirely.

Experiences shared by employees at major public and private employers show a third path: starting a thoughtful, persistent conversation with your benefits team about adding faith aligned choices.

Many employers want more of their employees to participate in the retirement plan they offer, and are willing to make changes when they are made aware of the lack of options for their employees. At the core of it, they may just not be aware it is an issue.



## 3 Key Takeaways

- 1 **Many employer retirement plans still lack halal or faith aligned options**, leaving some employees feeling they must choose between their convictions and participating in a key workplace benefit.
- 2 By understanding how plan decisions are made and presenting specific, realistic fund or brokerage window solutions, employees can make **constructive, well informed requests for faith aligned choices**.
- 3 Building internal support, engaging HR and plan committees respectfully, and staying patient and persistent can lead to **meaningful 401(k) menu changes that benefit entire groups of faith driven employees**.

Below are 7 steps and action items you can take to work towards seeing change in your retirement plan menu.

## Step 1: Understand and describe the gap

The starting point is being able to explain, in simple language, what is missing from your plan.

That usually means looking at the current menu and noticing that every option includes exposure to interest based financial institutions or other business activities your faith discourages. It may also mean there is no way to reach a faith aligned fund through a self directed brokerage window, or the minimum to use that window is so high that it is effectively out of reach. Once you can state clearly, “Here is what my faith asks of me, and here is why the current lineup doesn’t work,” you have the foundation for a constructive request.

### **Action Item: Define what “aligned” means for you**

- List what you want to **avoid** (e.g., interest based financial institutions, gambling, weapons, etc.).
- List any **positive screens** that matter (e.g., stewardship of the environment, human dignity, community impact).
- Decide whether you are looking for:
  - A dedicated faith aligned fund on the core menu,
  - Or access to such funds through a self directed brokerage window.

## Step 2: Learn how decisions are made

Retirement plan menus are not chosen at random. Most employers have an internal retirement plan or investment committee, often supported by a benefits team, an outside consultant, and the recordkeeper or brokerage firm that runs the platform. For example, HR, finance, and an outside provider work together to curate a list of about two dozen funds they believed fit the company’s risk, return, and fiduciary standards.

Understanding this helps set expectations. Adding a new option is not as simple as flipping a switch; it usually requires due diligence, comparisons with

existing funds, and alignment with written investment policies. That is why successful efforts often involve not just a single email, but a sustained dialogue with the people who sit on or advise that committee.

### **Action Item: Audit your current plan menu**

- Log in to your plan’s website and download the current list of funds.
- Mark each fund as:
  - Clearly conventional,
  - Ethical/“social”/“values based” but not faith specific,
  - Or genuinely faith aligned (if any).
- Check whether your plan already offers:
  - A self directed brokerage window, and
  - Any minimum balance required to use it.

If there’s no faith aligned fund and no practical path through a brokerage window, you can describe this gap to HR.



### Step 3: Prepare specific, realistic solutions

Employers respond better when employees bring a clear solution rather than only a problem. Employers are more receptive to employees who can point to concrete models and funds.

There are two main paths that can help:

- One is to ask that at least one faith aligned fund be added as a core option on the menu.
- The other is to ask for access through a self directed brokerage window, either by adding such a window or by lowering the balance threshold for employees seeking religious accommodation.

In either case, it helps to identify one or two established faith aligned funds, note that they are already available on major platforms, and emphasize that you expect them to be evaluated under the same performance, risk, and fee criteria as any other option.

#### **Action Item: Gather simple, concrete solutions**

- Identify one or two established faith aligned mutual funds or CITs that:
  - Are available on major recordkeeper platforms, and
  - Have multiyear performance histories.
- For each candidate fund, write down:
  - Name and share class,
  - Basic objective (e.g., “faith based equity fund applying religious screens”),
  - A note that it is already used by other employers or public plans, where applicable.
- Prepare to propose **at least one** of these options as:
  - A new core fund option, or
  - A fund you could access if the plan offers or adjusts a brokerage window.

### Step 4: Build support and find an advocate

Change usually begins with one person’s discomfort, but it rarely succeeds if that person acts alone. In one example at a large employer, each new class of early career hires included Muslims who noticed the lack of suitable options; over time, their concerns coalesced into a shared agenda within an employee resource group.

Within many organizations, employee resource groups (ERGs)—whether focused on regional communities, diversity, or faith—provide a formal avenue to raise these issues. An ERG with an engaged executive sponsor at the vice president level or higher is especially powerful, because that sponsor can bring your one page summary or presentation directly to the benefits or retirement committee and ask that it be taken seriously. Framing the request as part of creating a welcoming environment for a diverse workforce, rather than as a narrow personal preference, makes it easier for leaders to see it as aligned with the company’s own stated values.

#### **Action Item: Build internal support**

- Talk with colleagues who share your concerns (of the same faith or different) and confirm they would use a faith aligned option if available.
- If your company has employee resource groups (ERGs)—for faith or regional communities—ask if they will:
  - Endorse the request, or
  - Help present it to HR or the retirement plan committee.
- Identify whether your ERG has an **executive sponsor** (VP level or higher) who is willing to:
  - Review your one page summary, and
  - Help get this issue on the agenda with the right decision makers.

Having an engaged executive champion can make it much easier for employees to get in front of the benefits and finance teams.

## Step 5: Make a clear, collaborative request

When you are ready to approach HR or the benefits team, focusing on tone and structure can make a significant difference.

Successful employees often start by expressing appreciation for the existing retirement plan and employer match, recognizing that it represents a real investment by the company in its people. They then explain that, because of their religious convictions, they cannot comfortably use any of the current options, and that some colleagues are in the same position and are either opting out of the plan or participating with serious reservations.

From there, they lay out the specific change they are asking for: perhaps that the committee evaluate adding one faith aligned fund as a core option, or that it consider opening or adjusting a brokerage window specifically to accommodate employees whose religious beliefs restrict their investment choices. They close by noting that other large employers and public plans have implemented such solutions, and by emphasizing that this is about allowing all employees to fully participate in a benefit the company wants them to use.

### **Action Item: Make the ask - email or meeting**

Use this as a checklist for your email or talking points:

- Start with appreciation for the existing retirement benefit and employer match.
- Explain, in one paragraph, that:
  - Your religious or ethical beliefs limit the types of investments you can hold, and
  - The current menu does not offer a fund consistent with those beliefs.
- Describe the impact:
  - Some employees are not participating, or are uncomfortable participating, despite the match.
- Present 1-2 specific solutions:
  - Add a faith aligned fund as a core option, **and/or**

- Offer or adjust a self directed brokerage window with a reasonable minimum so that employees needing religious accommodation can reach suitable funds.

□ Frame this as an inclusion and talent issue:

- A modest change could help faith driven employees fully use their benefits and may support recruitment and retention.

## Step 6: Work through objections and constraints

Even well intentioned employers often raise concerns when this topic comes up. In some cases, employers have worried that accommodating one religious group would trigger a flood of similar requests, and that lowering thresholds or adding new options might conflict with their fiduciary duty or fee structures.

These concerns are not trivial, but they are not insurmountable either. Religious accommodation already has a distinct place in employment law, and employers routinely adjust schedules, uniforms, or grooming policies for faith reasons without being overrun by requests. Fiduciary duty does not forbid values based funds; it requires that any option—religious or otherwise—be prudent, reasonably priced, and monitored over time. Brokerage windows with reasonable minimums and clear disclosures can limit the need to keep expanding the core menu while still giving conscientious employees access to the funds they need.

The goal in these conversations is not to “win an argument,” but to show that you understand the employer’s responsibilities and are asking for a solution that fits within them.

### **Action Item: Anticipate and address common concerns**

As you talk with HR or the plan committee, check off these points as they arise:

- “If we do this for one group, we have to do it for everyone.”
- Clarify that religious accommodation has a specific legal status; employers regularly

accommodate religious dress or schedules without creating infinite new policies.

- “We’re worried about fiduciary duty.”
  - Emphasize that you expect any new option to meet the same performance, risk, and fee criteria as other funds; you’re not asking them to lower their standards.
- “We don’t want people misusing a brokerage window.”
  - Note that many employers already use brokerage windows with appropriate disclosures; and, in some public plans, a lower minimum “religious exemption” window has worked without undermining fiduciary oversight.

You don’t have to debate the law; you just want to show there are proven models other employers have used.

## Step 7: Be persistent, patient, and principled

There are many cases of employees proposing fund menu changes to their employers, and most do not resolve overnight. Some cases have reportedly taken multiple years, and, eventually, a lawsuit that highlighted both the religious burden and the practical feasibility of a lower brokerage threshold. Progress can depend on several cycles of internal advocacy, the emergence of a motivated ERG leadership team, and an executive champion willing to carry the issue into high level rooms.

For employees, that means being prepared for a long game: documenting conversations, following up when promised, keeping allies informed, and maintaining a calm, professional tone even when the process feels slow. Some may ultimately decide to pursue formal legal accommodation; many will achieve change through dialogue alone. In either case, the consistent theme is a refusal to quietly accept a choice between conscience and retirement security.

While that work continues, it is also prudent to explore what can be done outside the employer plan—such as directing additional savings into accounts where you can freely choose faith aligned funds—so that your broader financial life continues to move forward.

### **Action Item: Follow through and stay patient**

- Ask what the internal process is (plan committee review, discussion with recordkeeper, etc.) and when you can expect an update.
- Schedule a polite follow up after that date if you haven’t heard back.
- Keep notes of:
  - Who you spoke with,
  - What they said, and
  - Any next steps they committed to.
- If an ERG or executive sponsor is involved, update them and ask if they can also check on progress.

Meaningful change can take anywhere from a couple of months to a year or two, but ultimately can result in new access for entire groups of employees, not only the person who first raised the issue.



***Want to learn how employees from General Motors and Los Angeles County have successfully pushed for halal options in their workplace retirement plans?*** Listen to our two-part Halal Money Matters podcast series, ***“The Fight for a Halal 401(k) Part 1”*** and ***“The Fight for a Halal 401(k) Part 2”*** where you’ll hear directly from the people who made it happen.



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