401(k) Administrator Discussion Guide: S&P 500 Investing Without Tesla

When speaking with your employer's 401(k) administrator or benefits manager:

1. **Request a meeting** to ask to expand S&P 500 investment options that exclude Tesla
2. **Prepare key points**:
    - Express appreciation for existing investment choices
    - Explain your specific desire for S&P 500 exposure without Tesla
    - Note that you're speaking not just for yourself but potentially for other employees with similar preferences
3. **Ask targeted questions**:
    - "Do any of our current plan options track the S&P 500 but exclude Tesla from their holdings?"
    - "What is the process for adding a Tesla-free S&P 500 index option to our retirement plan?"
    - "Can you include an S&P 500 completion index that excludes Tesla?"
    - "How many employee requests would be needed to consider adding a Tesla-free S&P 500 option?"
4. **Discuss concerns**:
    - **Governance:** Tesla's CEO, Elon Musk, has become a polarizing figure because of his political activity as head of the Trump administration's Department of Government Efficiency (DOGE). Musk and Tesla have become targets of political backlash which undermine investor and consumer confidence. In addition to Musk's foray into public policy, his attention is divided across multiple ventures, which distract from business operations. He has been investigated and/or sued multiple times for violations of security laws and regulations, and, subsequently, fined. The SEC's most recent action was in January 2025.
    - **Risk Diversification**: Tesla's current weight in the S&P 500 (approximately 2.2% as of March 16, 2025) represents significant single-stock exposure. Tesla's high valuation compared to traditional automakers is due to its pursuit of unproven technologies like robotaxis. Failing to deliver on its technological promises adds additional risk, and, since 2013, Musk has over-promised and under-delivered.
    - **Volatility Management**: Tesla's stock moves up and down more than twice as much as the overall market, which increases the potential risk within my investment portfolio. Since December 2024, Tesla's stock has fallen nearly 50%, erasing gains and raising concerns that stock value no longer accurately reflects how well the business is actually doing.
5. **Propose solutions**:
    - Ask to explore direct indexing platforms that replicate the S&P 500 minus Tesla
    - Ask about self-directed brokerage windows that allow custom S&P 500 investing
    - Inquire about funds that track the S&P 500 but exclude Tesla
6. **Follow up** with a written summary of your discussion and specific action items for adding a Tesla-free S&P 500 option to the plan.