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Socially Responsible Investing: Aligning Your Money with Your Values

Sustainable, responsible, and impact (SRI) investing (also called socially responsible investing) has been around for a long time, but growing interest has moved it into the mainstream. U.S. SRI assets reached $12 trillion in 2018, 38% more than in 2016. SRI investments now account for about one-fourth of all professionally managed U.S. assets.[1]

Surveys suggest that many people want their investment dollars to have a positive impact on society.[2] Of course, personal values are subjective, and investors may have very different beliefs and priorities.

But there is also a wider recognition that some harmful business practices can affect a corporation's bottom line and its longer-term prospects. In some instances, good corporate citizenship may boost a company's public image and help create value, whereas shortsighted actions taken to cut costs could cause more expensive damage in the future.

Data-driven decisions

Services that provide research and ratings for investment analysis may also verify and publish environmental, social, and governance (ESG) data associated with publicly traded companies. Money managers who use SRI strategies often integrate ESG factors with traditional financial analysis. Some examples of ESG issues include environmental practices, employee relations, human rights, product safety and utility, and respect for human rights.

For example, an SRI approach might include companies with positive ESG ratings while screening out companies that raise red flags by creating a high level of carbon emissions, engaging in questionable employment practices, investing in countries with poor human rights records, or profiting from certain products or services (e.g., tobacco, alcohol, gambling, weapons).

Some investors may not want to avoid entire industries. As an alternative, they could use ESG data to compare how businesses in the same industry have adapted to meet social and environmental challenges, and to gain some insight into which companies may be exposed to risks or have a competitive advantage.

Investment vehicles

Many SRI mutual funds and exchange-traded funds (ETFs) are broad based and diversified, some are actively managed, and others track a particular index with its own universe of SRI stocks.

Specialty funds, however, may focus on a narrower theme such as clean energy; they can be more volatile and carry additional risks that may not be suitable for all investors. It's important to keep in mind that different SRI funds may focus on very different ESG criteria, and there is no guarantee that an SRI fund will achieve its objectives.

The number of mutual funds and ETFs incorporating ESG factors has grown rapidly from 323 in 2012 to 705 in 2018.[3] As the universe of SRI investments continues to expand, so does the opportunity to build a portfolio that aligns with your personal values as well as your asset allocation, risk tolerance, and time horizon.

As with all stock investments, the return and principal value of SRI stocks and investment funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Asset allocation and diversification do not guarantee a profit or protect against investment loss.

Investment funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

[1-3] US SIF Foundation, 2018

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How to Land a Better Financial Aid Package

Scholarships for current students

Attention parents: The scholarship search doesn't have to end once your child enrolls in college . Many colleges offer scholarships to current students . S earch the college's website or call the financial aid office to inquire. S cholarships for current students might be offered by the college or outside donors, and they might be open to anyone or targeted by major, grade point average (GPA) , ethnicity, o r participation in a certain club or activity. Make it a point to search each year!

Your child has applied to several colleges, and the financial aid awards are starting to arrive. But when you take a look, they're less than what you expected. Or maybe your returning college student got less aid than he or she did last year. Is there anything you can do to get more financial aid?

First, compare apples with apples

When comparing financial aid awards from different colleges, make sure you're comparing apples to apples. Specifically, look at what your actual *out-of-pocket costs* will be at each college, not just the total amount of aid offered. To determine your out-of-pocket cost, subtract the total amount of grants/scholarships and work-study offered from the total cost of each school. For example, consider the following three aid awards:

	College A	**College B**	**College C**
Total Cost	$30,000	$50,000	$70,000
Aid Package	$13,000	$26,000	$56,000
Grants	$10,000	$20,000	$50,000
Work-Study	$0	$2,000	$1,000
Loans	$3,000	$4,000	$5,000
Out-of-Pocket	$20,000	$28,000	$19,000

In this example, even though College C is the most expensive school and has the highest loan amount of all three schools, it has the lowest out-of-pocket cost. And even though College B's total aid package is double College A's award, College B will end up costing you more than College A. In fact, College B will cost $9,000 more out-of-pocket than College C, even though College C's sticker price is $20,000 more than College B.

Look closely at grant details

College grants often make up the largest portion of a student's financial aid award, especially at private colleges. If your child's aid package contains a college grant, you'll want to understand the details. First, confirm whether it's being offered for all four years or just one year. Second, is it based on need, merit, or both? If the grant is based on financial need, keep in mind that the amount may fluctuate with changes to your financial picture. Third, if the grant carries through all four years, find out if there are any requirements your child will need to satisfy to maintain eligibility, such as a minimum GPA, community service hours, or participation in a certain activity. Also, it couldn't hurt to ask if the grant will increase each year to keep up with the likely annual increase in tuition and fees.

Getting a more favorable deal

Let's assume you've compared aid awards and you're ready to zero in on one or two colleges that your child has his or her heart set on. Is it possible to request a more favorable aid package? The answer is yes. The financial aid administrator (FAA) at each college has the authority to exercise "professional judgment" to reduce the loan portion of your child's aid award and increase the grant, scholarship, and/or work-study component. Your chances of prevailing are best in two situations:

1. You have a special circumstance that affects your ability to pay (e.g., a recent job loss, prolonged unemployment, unusually high medical expenses, or some other situation that puts above-average constraints on your income and savings).

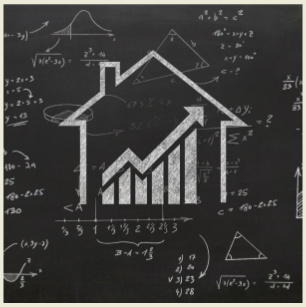
2. Your child has been accepted at two competing colleges, and one has offered a more generous aid package than the other. In this case, you might try to play one college against the other. Although many colleges don't mind losing an applicant to a more (or less) selective college, they generally don't like to lose an applicant to a direct competitor.

If neither of these situations applies, you can still contact the FAA to plead your case, but the outcome may be more uncertain.

The process typically involves a polite business letter or email to the FAA, with a follow-up telephone call or meeting a week or so later. Avoid calling first and complaining. Instead, explain in positive terms how much your child wants to attend that particular school, highlight your child's accomplishments, and politely request if any additional grant, scholarship, or work-study aid might be available. Make sure to put your child's name at the top of all correspondence, and keep a copy for your records. You want to be persistent, but not to the point of being a pest.

Whether or not you're successful will depend primarily on the individual circumstances of the college. How much discretionary grant aid does the college have available? Is it meeting its enrollment goals? Does your child possess the qualities or skills that would make the school more diverse and well-rounded in a way that fulfills the college's needs? No one can predict the answers to these questions, which is why requesting a more favorable aid package can't hurt, as long as it's done the right way.

Real Estate Investing 101



Historically low mortgage interest rates and rising home values are just a couple of reasons why investors may be drawn to real estate investing. Not only does real estate have the potential to provide a steady income stream, but it can help diversify an investment portfolio and act as a hedge against inflation.

If you are new to investing in real estate, there are a number of questions you should ask yourself to choose the best real estate investments for your needs.

Do you want to be an active or passive owner?

When choosing a real estate investment, you first need to decide how much you want to be involved. Are you interested in investing in a single-family dwelling, multi-unit property, or vacation property for rental income? Buying rental property and managing it yourself will involve time and effort unless you hire someone to manage it for you. If you've never been a landlord, be sure to talk with other landlords to get a sense of the potential rewards and pitfalls.

Other real estate investments, such as real estate limited partnerships and raw/unimproved land, demand less day-to-day involvement. If you're investing simply to diversify an investment portfolio, these types of real estate investments may satisfy your needs without the challenges of managing a property.

Are you investing for tax benefits?

There are a number of tax benefits associated with investing in certain types of real estate. For example, operating expenses for a rental property are typically tax deductible, and you may be entitled to deductions for depreciation. In addition, any profit from the sale of real estate is generally taxed at favorable capital gains rates. You may also be able to postpone your tax liability with other tax planning strategies, depending on the type of real estate investment.

If tax benefits are your primary reason for investing in real estate, be sure to consult a tax professional to see what specific tax benefits you may be entitled to based on the real estate investment you choose.

Are you investing for income, capital appreciation, personal use, or a combination?

Real estate investments offer the potential for all three, but there is often a trade-off among them. For example, raw land may have development potential, but it likely will not provide any return until it is fully developed. You may be able to earn income from rental property that has the potential to increase in value over time, but your ability to use the property yourself will be limited if you want to enjoy a rental's tax benefits. Ranking your priorities can be useful.

Are you looking for a quick return or a long-term investment?

Real estate speculators have been known to earn high profits from buying distressed property, fixing it up, and reselling it at a profit, especially in a buyers' market. However, the real estate market is notoriously cyclical, and there are no guarantees. If you're speculating, hoping for a quick return on your capital, the liquidity of a real estate investment will be important to you; so will making sure you don't overpay to begin with. If you have a longer time frame, you may have a wider range of investing options.

Is real estate investing going to be a full-time job for you or a hobby?

Some real estate investors find that what they intended as a hobby or retirement diversion quickly becomes more than they can handle. Think about how much time and capital you're prepared to devote to your real estate investments, and how much of a cushion you have in case things don't work out as you expected.

Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. There are inherent risks associated with real estate investments and the real estate industry that could have an adverse effect on the financial performance and value of a real estate investment. Some of these risks include: a deterioration in national, regional, and local economies; tenant defaults; local real estate conditions, such as an oversupply of, or a reduction in demand for, rental space; property mismanagement; changes in operating costs and expenses, including increasing insurance costs, energy prices, real estate taxes, and the costs of compliance with laws, regulations, and government policies. Real estate investments may not be appropriate for all investors.

Limited partnerships are subject to special risks such as illiquidity and the risks inherent in the underlying investments. There are no assurances that the stated investment objectives will be reached. At redemption, the investor may receive back less than the original investment. Individuals must meet specific income and net worth suitability standards, which vary by state. These standards, along with the risks and other information concerning the partnership, are set forth in the prospectus, which can be obtained from your financial professional.

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What should I know about investing in collectibles?

Collectible assets such as fine art, antiques, coins, and gems are one way to diversify your investment portfolio. But it can be difficult to predict if or when the money you invest will provide a return. Here are a few things you should know about collectibles before investing in them.

Not all collectibles are valuable. Some collectibles are valuable because of the creator's inherent talent or skills; each item is unique. Other collectibles are considered valuable because they're rare or experts and appraisers have attributed significance to them. Another type of collectible may have no intrinsic value, including baseball cards, action figures, stuffed toys, and vintage wine. These collectibles are subject to changing tastes and tend to be valuable only if they're currently in demand and someone is willing to pay for them, which makes it hard for collectors to get the timing right and profit from them.

Different factors help determine a collectible's value. The age of a given item as well as its quality, condition, historical value, and current popularity among collectors are factors that contribute to determining its worth.

It's easy to fall for a counterfeit. Even the most experienced appraisers can get duped by forgeries. And it's possible to overpay for a collectible because of an imperfection or inferiority that you didn't realize prior to the purchase.

Returns may be low. The average returns that investors earn from collectibles may not keep pace with inflation, and it may take a long time for them to appreciate.

The most compelling reason to buy a collectible is personal enjoyment. If you have pre-existing knowledge or interest in a collectible, or desire to learn more about a particular subject, then that's why you should buy a collectible — not because you expect a high investment return. Remember that all investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

If you're interested in diversifying your portfolio with collectible investments, such as coins, stamps, or antiques, you'll want to ask yourself the following questions before doing so.

Remember that all investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

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Facebook and Libra: A Breach of Trust?

Facebook, a company, not known for its transparency, is again under scrutiny by Congress. This time for proposing to create a new digital currency called Libra. David Marcus, Facebook's head of digital currency went before both the Senate Banking and House Financial Services Committees in July of last year.

With what is rarely seen these days, in a bipartisan effort, Congress grilled Marcus on Libra's White Paper -- where the company lays out its goals, plans, and developments. The problem was the inconsistency between the White Paper and Marcus' testimony.

For example, according to Rohan Grey from The Nation, "He denied that Libra would operate as an Exchange Traded Fund (ETF), despite admitting that each unit of currency would be backed by a fixed basket of financial assets -- exactly like an ETF. He also claimed Facebook's spin-off wallet, Calibra, would operate as a licensed money transmitter, even though they are prohibited from investing customer balances in securities, as Libra's Reserve Fund intends to do."

By the end of the hearing, Marcus couldn't even say that one of the White Papers stated goals -- doing a public good -- would be met. According to Grey, "Likely out of recognition that it would be difficult to make such a bald lie directly to a panel of elected public officials."

Facebook's plan for regulatory compliance is underdeveloped, and after questioning it was obvious that "Facebook simply believes it is entitled to create its own global currency because, well, it's Facebook. Everything else is mere details to be filled in later," Grey wrote.

Facebook's plan would be to have Libra sit above any nation's money and be able to convert into those currencies at any time. However, at what exchange rate? The volatile nature of this ever-changing exchange rate can be expected to hurt those trying to regularly use it -- the unbanked people that Facebook claims it's trying to serve.

In addition, there seems to be a deliberate effort to avoid any government oversight. For example, Libra is organized as a corporation in Switzerland, does not have any democratically elected stakeholders, customer representation, and accountability only to investors. Based on their past actions, it is not a surprise that Facebook has, once again, shown a lack of culpability and transparency.

(Un)Safe Deposit Box

Despite a love Hollywood has for safe deposit boxes, they aren't nearly as safe as they seem. In the movies, spies will store money or weapons for safekeeping. But everyday people trust safe deposit boxes with family heirlooms, valuable collections, or sentimental items. However, in recent years, there have been several issues that should make everyone rethink their trust in these vaults.

Take Philip Poniz, who in the 1980s put his collection of rare watches and many personal effects into a safe deposit box at the First National State Bank of Edison, Box 105. The bank then became First Union, then Wachovia, then Wells Fargo. The vault remained the same, but somewhere along the line, a second box with the number 105 was added. When the owner of the new Box 105 stopped making payments, Wells Fargo drilled into the wrong Box 105 (Poniz's box), removed and shipped the contents to storage in North Carolina. Poniz later discovered that items were missing from storage for a combined value of $10 million.

Others have stories of items going missing from written inventory lists kept by employees. Surprisingly, these mismanagement issues rarely end with customers being compensated. Banks often have language in agreements that 'renters assume all risks'. Wells Fargo caps the bank's liability at $500 total, JPMorgan Chase has a $25,000 cap, and Citigroup limits liability to 500 times the boxes annual rent. In addition, there are no Federal regulations protecting customers with respect to safe deposit boxes.

Each year, an estimated 33,000 boxes are damaged by accidents, natural disasters, and thefts. Banks see these boxes as more hassle than they're worth at this point, rarely building them in new branches, and putting a lack of emphasis or care into this part of their business.

While leaving valuable items lying around home isn't the best choice, it's evident that safe deposit boxes may have more risk than previously thought. Perhaps considering a quality home safe may be a better alternative.

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Value of Home Renovation

A home is supposed to be an asset that goes up in value over time. Renovating your home is one to add value. However, not all renovations are made equally.

Typically, the makeover modifications that do not recoup your investment are major changes that center around personalized customizations.
These kinds of renovations appeal to the current homeowner but aren't widely sought after. In addition, changes that make the home less attractive to families should be carefully thought out.

Significantly altering the home's layout is one example. Modifications like creating a large master bedroom by eliminating another bedroom or bathroom would turn many buyers off. Some buyers are looking for a certain number of bedrooms either for young families or a guest room for older kids.

Another frequent change is eliminating a bathtub for a larger and more luxurious shower. However, removing these tubs is a quick way to lose any family with small children who probably need bathtubs.

Customized hobby rooms are certainly not encouraged. Rooms rebuilt for woodworking or showing off trophies may mean something to you, but the chances that future homebuyers will have a similar passion are probably not likely.

Smaller choices may also prevent you from recouping your investment. Many overspend on renovations potential buyers don't even notice. Touches such as custom shelving, built-ins, or an all-marble bathroom (versus a combination of marble/tile), usually don't recoup their cost,

So, if maximizing the future value of your home is important to you, consider renovations that would be appealing to people other than you.

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