

FINANCE

Socially Responsible Investing

by C.D. Moriarty

You've got some liquid assets: you've saved a nice chunk of money in your bank account; or you just sold a tangible asset or inherited some money. Maybe you just want to keep your money in the relative safety of the bank. Or maybe you're ready to venture out into the stock market and get a better return on your money. But you wonder about the risk and are also concerned about where your money is going—you want to invest in socially responsible companies. When does it make sense to invest in the stock market and how do you go about investing wisely?

Keeping Your Money in the Bank

First, you need an investment strategy, which means having a larger view of your money and what you want it to accomplish. Having cash in the bank is a critical part of an investment strategy, whether you invest in the stock market or not. Cash is the resource you need to back up your daily life—and the ups and downs of the

market if you decide to invest.

The banks are not paying much interest these days, and you may be tempted to jump ship and invest in the stock market, but that may not be the wisest decision for you, depending on your situation. If you can afford to make a long-term investment—you don't need the money right away—then it may make sense to get involved in the stock market. But if you need the money for a car next year or to buy a home in three or four years, exposing your money to the stock market is unwise.

Why are the interest rates in the bank so low? The Federal Reserve lowered interest rates and has kept them low since the financial crisis of 2008. The low rate is not altogether a bad thing. This same low interest rate makes it possible for banks to offer historically low mortgage rates. If the bank was paying you more, you would have a higher interest rate on your car, home, and other loans.

The bank also provides stability. The Federal Deposit Insurance (FDIC) guarantees your money in the bank up to \$250,000—even if the bank goes out of business. Bank accounts are not volatile so offset whatever is happening

in the stock market.

Supposing you're not ready or able to invest in the stock market but want to give to organizations you believe in. You can think socially even with the cash in your savings account by using your local bank or credit union. The institution then loans the money to local businesses to support growth. Even charitable giving locally is a way to be

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responsible and attentive to your values with your money.

Investing Consciously

You've got that extra cash and you're ready to take the stock market plunge, but you're hesitant. Often the reason people give for being hesitant about investing in the stock market is concern over its unpredictability: they watch the market go down periodically and worry they will lose their investment. Women tend to be more con-

servative than men when it comes to money; they want their money in a safe place with a reliable return.

First, it's good to understand that despite the market's volatility, the overall trend is up: the potential return, over time, far exceeds interest earned on a bank account. The caveat is that you need to be in it for the long term and be willing to ride through an occasional downturn.

However, the market does, indisputably, carry a risk. One way to mitigate the risk is to invest in a mutual fund. A mutual fund is a group of stocks professionally managed. The money you invest is diversified—meaning the risk is spread among different companies. Best of all, you can start with a small amount of cash, sometimes as little as one hundred dollars.

Investing in companies that align with your values creates a conscious use of your money. If you want to in-

Socially Responsible Investment Companies

The following websites are for investment companies and mutual funds that specialize in socially responsible investing.

www.Domini.com
www.Paxworld.com
www.Parnassus.com
www.Calvert.com
www.GreenCentury.com
www.Arielinvestments.com

companies, mutual funds, and investment opportunities out there. Be sure to understand what their investment specialty and focus is. Some specialize in companies that are environmentally focused, other mutual funds stay out of alcohol and tobacco, and some focus on a religious principles. If you know your major concerns, you can easily sort through the possible investing options and find the ones for you.

Take care of your personal financial world. Offset the inevitable investment volatility with your solid foundation of cash. Invest where you feel good about your money going and create an investment strategy that meets your goals. Then, no matter what happens “out there” in the financial world, you will have a plan to handle your financial life.

C.D. Moriarty writes from Bristol and is a financial speaker and coach dedicated to empowering others around their money. Her financial advice and information are at www.MoneyPeace.com. □

vest just to make money that's OK: we all want our money to grow. Just know what your time line is for needing this money and how the investment fits with your goals.

More and more investors are putting their money into companies they believe in. Investing is having equity in the company. So buying stock makes you an owner. If you want to own socially responsible companies, consider investing in socially responsible mutual funds.

There are many socially responsible