



On Course

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Welcome. Socially Responsible Investing (SRI) tends to be in the back of investor's minds, but they aren't sure what is it and what to do about it. This month we're giving you some information about SRI and how it might fit into your investing. By no means are we saying you need to add SRI funds to your portfolio; rather, we want to let you know what options exist if you're thinking of adding them.

You may have missed our recent series on retirement. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you want to explore whether or not to add SRI to your portfolio, we are here to help you stay *On Course!*

Jennifer Lane, CFP

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Adding green and/or socially conscious investments to your portfolio is a great way to match your investing with your values. Buy investments in the countries and industry sectors that fit the green/social model you're looking for, and then fill in the rest of your portfolio with passives investments that follow the market indexes. Remember to stay balanced.

Socially Responsible Investing

An SRI primer

- Some common themes for SRI include companies involved in social justice, environmental sustainability, and alternative energy efforts. Certain SRI investors may also choose to avoid investing in companies that produce or sell addictive substances, e.g., alcohol, gambling, and tobacco.
- You can invest in individual companies or a socially conscious mutual fund or exchange traded fund (ETF).
- A key strategy in SRI is to incorporate ESG (environmental, social, and corporate governance) criteria into investment analysis and

portfolio construction. (See Q&A below for more info.)

Current trends and stats

- Over the last two years, new investment money has caused a steady growth of SRI.
- Today, more than 25 percent of money under professional management in the US is invested in SRI.
- The latest trend within SRI has been a focus on global warming and climate change. Companies that emphasize reduction of emissions or green energy are leading this new trend.

Misconceptions

- While many believe that SRI investments have lower than average investment returns, it is not proving true over time.
- While SRI investments have higher than average investment costs compared to index funds and ETF's, the margins continue to shrink each year.
- One question is not yet answered -- will SRI out perform traditional investments over time?

Beginning SRI

- As with any investment, don't necessarily believe that a fund is "socially responsible" just because they say it is. Do your research to ensure that it aligns with your investing values and goals.
- Before making an investment, know what the fund's criteria are for asset selection. Some fund managers are stricter than others.
- Don't invest in a fund just because it matches your beliefs. You still need to ensure you have a well balanced portfolio. Being over weighted in any one sector is never a good thing.

Two interesting fund companies

- [Green Century Funds](#) focus on making ESG investment in environmental leaders and innovators.
- [PAX World Funds](#) invest for impact using funds that focus on two pressing issues: gender inequality and climate change.

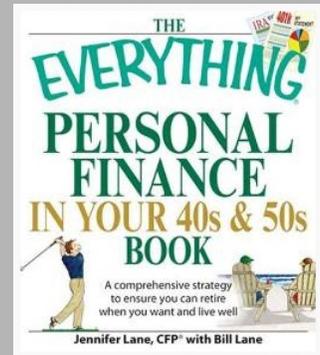
Q&A

Q. Can I use Morningstar to evaluate mutual funds that would be considered socially responsible?

-- Ben, Wayland

A: Ben, Morningstar provides a Sustainability Rating that is a reliable and objective way for investors to see how approximately 20,000 mutual funds and exchange-traded funds (ETFs) are meeting environmental, social, and corporate governance (ESG) challenges. In July, Morningstar announced an improvement to their ESG risk rating and analysis. They plan to roll this out by the end of 2019. You can read more about it [here](#) and [here](#). Good luck!

Get more tips in
Jennifer's book



[\(click here for link \)](#)

Helpful Websites

[Green Century Funds](#)

[PAX World Funds](#)



Jennifer in the Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- The ***New York Times*** featured Jennifer in an article titled, "**Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful.**" Click [here](#) to read the article.
- With a contrarian view, Jennifer contributed to an article, "**People are enraged by the idea that you should have twice your salary saved by the time you're 35!**" published recently by ***Business Insider***. Click [here](#) to read the article.
- Moving in together? Click [here](#) for the article from ***Business Insider***, "**Five questions you and your partner should answer before taking the biggest step in your relationship.**"
- ***Insider*** asked Jennifer to contribute to an article on old fashioned ways to manage your money, "**Six money-saving tips your grandma used that are way more effective than any budgeting app.**" Click [here](#) for the article.
- Jennifer contributed to an article on ***Business Insider***. Click [here](#) to read "**This is the best way to do your taxes online - according to experts.**"
- ***CNN Money's Money Moves*** featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. Click [here](#) to read the article.
- Jennifer contributed to a ***CNN Money*** article "**When is the Right Time to See a Financial Advisor?**" Click [here](#) to read the article.
- Jennifer contributed to ***The Wall Street Journal*** article "**The Biggest Money Mistakes We Make -- Decade by Decade.**" Click [here](#) to read the article.

Compass Planning News

- Jennifer and Sarah were both named **2019 Boston Five Star Wealth Managers**.
- AdvisoryHQ named **Compass Planning** as one of the ten best Boston financial advisors.
- Jennifer recently answered NECN viewer questions about **managing student debt**. Click [here](#) to watch the segment on her blog.
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 7:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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