

Are Your Investments Funding the Very Problems You Are Working to Solve?



What would you think if your investment portfolio included several pharmaceutical companies that engage in price gouging and very questionable marketing practices? And you work at a nonprofit organization dedicated to equitable access to healthcare which is a primary value for you.

- What if you don't realize that your investment portfolio includes large agribusinesses that are destroying the Amazon rain forests and you are an outdoor enthusiast and activist focused on environmental protection?
- Would you be horrified to find out that your favorite mutual fund has holdings in companies that are promoting burning coal for energy instead of solar?

Socially responsible investing can be the solution to this quandary by providing great financial returns from companies that pay attention to the issues that you do.

In today's heated society, nearly everyone has particular causes they deeply care about. This attitude is particularly present in Washington, DC, where I live: my network of friends, business connections and acquaintances is made up of people with well-defined values, beliefs and causes we believe in most.

Whether these causes are related to social justice, environmental protection, health care, education or many other important issues, people are not just knowledgeable, but are politically and socially active to further these causes. Many are also in careers that directly reflect these values – working for government agencies, nonprofit organizations, etc. that work toward this world view.

But a top concern for most people is financial stability:

- Can we pay our bills?
- Are we living our lives in full?
- How can we equip our children to realize their full potential?
- How can we fund our dreams and realize concrete financial goals?

In our pursuits of a sustainable path to manage our money, many of us turn to traditional financial management and planning practices to meet goals of saving and investing certain amounts according to a certain timeline. A common example is contributing a percentage of your salary to your employer sponsored 401(k) plan and investing the proceeds in a Target Date Retirement Fund.

Core values worldview and financial stability are among the most persistent and salient concerns among accomplished professionals, especially in the national capital region. We tend to think of them as completely separate from financial goals and therefore compartmentalize our concerns.

However, if we aren't mindful, we might be unwittingly investing in and funding the very problems we work so hard to solve in our personal and professional lives!

Standard, diversified investment portfolios more than likely include investment in some corporations that may not align with our values. This awareness may make you uncomfortable, but it is a reality that every concerned person must face. You may choose to start taking action.

What Can You Do:

1. **Self-awareness:** Clearly define your top values (personal and collective).
2. Become more **educated about responsible investing** in areas you care about. Today there are many high quality **investment options** that take into account environmental, social, and governance considerations – ESG factors. Academic studies have shown that investment performance does not need to be compromised when pursuing **ESG goals**.
3. **Work with a financial advisor** who takes time to understand your values and develop an investing strategy that works for you. Choose someone who is knowledgeable about how to implement responsible investing solutions. If you can put in place a robust process, you will make the integration of your personal values and financial goals a reality.