

# Putting Your Money Where Your Values Are: Introducing Social Investing

*by Rev. Andy R. Loving, CFP®*

When Christians discuss financial stewardship, the conversations usually focus on questions of giving. How much should we give and where should we give it? As important as these questions are, they generally address our assets only up to the 10% tithe. What about the other 90%? Does God's claim on all that we are, and all that we have, require that we at least look at how we might put more of our assets to work as instruments of justice in God's world?

If we are fortunate enough to have savings, an IRA or a pension, could those assets be invested in vehicles that directly benefit the whole of God's creation? Fortunately, the answer is "yes." Our savings can actively benefit God's wider community and be there when we need it. Our investments can support our faith values and grow for retirement. By thoughtfully choosing where we bank and invest, we can make a significant difference in the world.

Such choices aren't always easy. Most of us—as individuals, local churches and institutions—are addicted to our affluence, making it difficult to change the way we think of, and handle, our assets. While dramatic change is possible, we are more likely to participate in God's economy of enough for all if we do so with small, manageable steps. Those steps can, cumulatively, have a significant impact on the lives of God's people.

Let's begin by addressing two issues that lie at the heart of thinking about investments from the grounding of our faith.

## **The financial return on our capital matters, but it's not the *only* thing that matters. What is the capital itself doing?**

When it comes to our money, most of us are working with the old "blind box" model. Our money goes into the economic system, and we don't look at what's going on inside. All we want to know is how much we are putting in, how much risk we are taking, and how much we are going to get when the money comes out of the other side. When we do this, we are worshipping the god of maximum return.

Return is one consideration in making an investment decision, but it is not the only factor or even necessarily the most important. As people of faith, we are responsible for knowing what's going on inside the box. Which investments are life-giving and which are not?

Socially responsible—or socially responsive—investing (SRI) allows us to know much more about what our capital is doing.

## **Capital deposited in any financial institution is a measure of power. The institution that gets our investments is given the right to decide who will get to use that capital and power.**

When we or our church deposits or invests money in any financial institution, we are handing over a measure of power. Most traditional financial institutions rarely hand over any of that power—that

capital--to the poor or to institutions which serve the poor. Their primary emphasis is on maximizing profit, which means the capital flows to the rich, who in turn become richer. Profit is not evil; it is necessary if capital is to be created and made available for jobs and services. But should profit be the only criterion we use to make investment decisions?

Who will hold the power of our capital? Will they use it in ways that support our faith values and mission?

Holding our savings at community development financial institutions or in community investments allows us to make our capital available in low-income communities, where we stand with the poor, as Jesus so often did.

## **Socially Responsible Investing**

SRI helps investors align their social, ethical, moral and religious values with their investment portfolios. Socially responsible investing is usually divided into three areas. The SRI community often talks of a three-legged stool. All three legs of the stool are essential and support the overall social change impact of SRI. The three legs are:

**Screened investing.** This is probably the most well known of the three legs of SRI. “Negative” screens *exclude* some companies from investment portfolios. Traditional negative screens avoid companies involved in alcohol, tobacco, gambling, weapons, or overseas sweatshops, for example, and those who pollute the environment. “Positive” screens result in companies being *included* in investment portfolios. Common positive screens include companies who hire and promote women and minorities, companies with good environmental records, companies that produce goods that actively benefit people and/or the planet, and more.

Selecting and implementing screens allows investors to align their investment portfolios with their religious and moral values. An example of aligning investments with values has been seen in recent years with hospital foundations. Hospital foundations see their mission as promoting health, and investments in tobacco, though long held in foundation portfolios, are now seen as incompatible with that mission.

Academic studies have shown that screened investment products perform just as well as unscreened investments, despite the myths to the contrary. More and more SRI investment products have become available for most interests and portfolio sizes.

Websites: [www.socialfunds.com](http://www.socialfunds.com) and [www.socialinvest.org](http://www.socialinvest.org)

**Shareholder activism.** When you hold shares of stocks, you become an owner in the company. Shareholder activism leverages that company ownership as an opportunity to influence the behavior and policy of a particular company by filing shareholder resolutions and engaging companies in dialogue to advocate for constructive change. This kind of work is almost always done in coalition with other interested shareholders. The Interfaith Center on Corporate Responsibility (ICCR) has been a leader in this area for over 25 years, influencing corporate behavior on environmental issues, international finance, GLBT rights, hiring and promotion of women and minorities, and much more. The more people

invest in SRI investment products, the more power and votes shareholder activists can use to win a resolution or encourage a company to negotiate.

Websites: [www.iccr.org](http://www.iccr.org)

**Community investing.** We all need to keep some savings for emergencies or future goals, but it doesn't have to sit idle until we need it. Through community investing, we can put our money to use in God's world and have it available for our own purposes. Community investments significantly amplify our impact by making capital available to the poor through institutions that serve them.

Website: [www.communityinvest.org](http://www.communityinvest.org)

Below are examples of first-step actions to take back our capital from traditional financial institutions and put that capital in institutions which serve low-income communities in the US and around the world. No investment is right for every person in every situation, and you should discuss investments with your financial advisor. But you can begin to see, through these very few examples, the range of possibilities that now exist for people to use the money we don't give away on behalf of others.

**Community development financial institutions (CDFIs) put our cash to work when we deposit our emergency and reserve funds.**

Many middle class and wealthy people of faith—and our churches—have funds sitting in money market accounts, saving accounts, checking accounts, etc., in traditional banks. We have put our “measure of power” in institutions whose primary purpose is to maximize profit. But we can take back that measure of power and deposit that money in CDFIs whose primary purpose is to loan money to undercapitalized people and to institutions that serve them.

There are CDFIs in most areas of the US; find one in your area at [www.cdfifund.gov](http://www.cdfifund.gov). But location is not necessarily an obstacle in our era of online banking. For example, anyone in the US can become a member of **Self-Help Credit Union**, one of the largest community development credit unions in the US; [www.self-help.org](http://www.self-help.org). Deposits there are intentionally loaned to low-wealth families and communities to build affordable housing, finance small businesses, and more, allowing those families to create economic opportunity for themselves and their communities. Deposits are federally insured and earn competitive interest rates.

Many churches go to great lengths to have a mission for the homeless or a food pantry for hungry families. We can bolster these important ministries simply by moving a checking account, and perhaps learning to bank online, making capital available to people to improve their own economic situations. If enough churches and people of good will moved their money, perhaps we would need only a fraction of our ministries for the poor.

**Oikocredit** is an ecumenical loan fund with about \$1 billion in assets; [www.oikocredit.org](http://www.oikocredit.org). “Oiko” comes from the Greek root meaning “fellowship” or “community.” So Oikocredit means “credit for the fellowship or community.” Oikocredit functions as a kind of poor people's development bank, making loans to co-ops and indigenous microfinance groups who cannot access traditional avenues of credit in roughly 30 countries in Latin America, Africa and Asia.

Microfinance loans can sometimes be as little as \$100, a small amount of capital that can be the beginning of something that really changes a family's life.

Oikocredit is grassroots based; 75% of its deposits have come from local churches and individuals, with the rest of the capital coming from more than 500 national and regional church bodies worldwide. Oikocredit is based in the Netherlands and is not as well known in the US as in Europe. It is widely ecumenical with involvement from Catholic, Protestant and Orthodox bodies.

An individual or church body can start an account with as little as \$1,000 and choose an interest rate on their investment between 0% and 2%. Oikocredit is not federally insured, but has been making loans for more than 38 years without losing a dime of investor money.

**Calvert Foundation** is a fiscally conservative, 501(c)(3) charitable foundation that makes below-market-cost loans to a variety of non-profits. It was created by the Calvert Investments mutual fund family as a separate, but related, non-profit.

The Calvert Foundation makes loans in the US and around the world in four program areas: low-income housing, small business loans, loans to non-profits and loans to microfinance institutions.

Investors can make an investment with as little as \$1,000. Larger investments can be targeted to a particular region of the US or a particular continent overseas, or on a range of topical commitments, for example, institutions that serve the GLBT community or environmental projects.

Calvert Community Investments Notes are not federally insured, but loan loss reserves and other strategies are in place to decrease investor risk, and no investor has lost their money in the note program's 19-year history.

**Other investments, though somewhat conventional in form, are actively working for justice by helping to build low-income housing, making capital available for fair trade business cooperatives, and even participating in the rebuilding of South Africa's economy.**

A mutual fund called the CRA (Community Reinvestment Act) Fund invests in low-income housing. With market-rate returns and high credit quality, this fund is a more traditional kind of bond investment that has community investing impact. Because it meets institutional fiduciary standards, it has been held by government pension plans, church foundations and endowments of regional church judicatories. Investments can be targeted to help finance affordable housing within a particular geographic region; [www.crafund.com](http://www.crafund.com).

**Equal Exchange, a fair trade cooperative, periodically offers preferred stock.** Equal Exchange is the oldest fair-trade coffee company in the US. One can invest \$5,000 or more in preferred stock paying a 5% annual dividend (not federally insured, like all stock investments).

Equal Exchange is a worker-owned, for-profit company. The highest-paid US employee makes no more than three times the lowest-paid US employee. Coffee cooperatives in Latin America, Africa, and Asia that work with Equal Exchange are promised a high and consistent rate per pound for their coffee, guaranteeing those farmers a steady income sufficient to support their families.

Buying fair trade products is a great way to support working people. Equal Exchange has special arrangements with many major US religious denominations for product sales to congregations and church members, and groups can use Equal Exchange products for fundraising. And now one can invest in the fair trade movement through Equal Exchange; [www.equalexchange.coop](http://www.equalexchange.coop). (The website does not have information on investments).

**Shared Interest** is a US-based non-profit that encourages investment in low-income housing and small businesses in South Africa by guaranteeing loans made by South African financial institutions to companies and non-profits controlled by black South Africans. Without the Shared Interest guarantees, many such loans would not be approved.

Black South Africans have some political power since the fall of apartheid, but the economic power remains in the hands of the white minority. Most US churches' interest drifted after apartheid ended, but the economic struggle continues.

Shared Interest requires a minimum \$5,000, 3-year investment, which is not federally insured. [www.sharedinterest.org](http://www.sharedinterest.org)

These are but a few of our available community investing options for depositing, loaning and investing our money to make capital available to the poor of our nation and the world.

## **Communitizing our assets**

Another strategy for participating in God's economy of enough for all is for individuals to act collectively. Perhaps this is easier to explain by example.

My faith community is a small inner-city church of about 40 families. Because the church has long been involved in justice work in our city and actively ministered to the city's homeless, it was a natural next step to begin to look at how we could create more justice with our money. But most of us are teachers, social workers, chaplains and the like, and we don't think of ourselves as having much money. In acting collectively, we surprised ourselves.

Our community asked, "What can a common purse, as described in Acts, look like in today's economy?" Taking the question seriously, we committed to each other to deposit some of our savings in Oikocredit. People put amounts as small as \$25 into a single account that the church started with Oikocredit. Some of the young people put in part of their allowance and college savings. Others who could meet the \$1,000 account minimum opened Oikocredit accounts in their own name, reporting to the church what they had done. Together, we deposited over \$175,000 into Oikocredit. Who could have guessed we had so much money that could be used for God's Realm and still be available to us as individuals when we need it?

A few families have needed to withdraw their money, but most of it remains at Oikocredit after eight years. For eight years, we have provided tiny loans for entrepreneurs in Africa to buy the equipment they need to earn a living. For eight years, we have created jobs, built projects to improve people's health, and financed schools. Think of what larger and wealthier churches could do if a small church can do this! Imagine the potential impact of our personal and church reserve funds if we could think about our money in new ways and then act to stand with God's people around the world.

Another example is the Beloved Community Fund, formed by eight people with support and encouragement from Bartimaeus Cooperative Ministries. This group pools a percentage of their charitable dollars to practice common decision-making on how to give it away. This process challenges one of the most sacred cows in our economic culture, namely our individual autonomy over decision-making about money.

These are just two examples of how we can use our creativity to conceive of new structures and ways to “communitize” assets in support of God’s economy.

I want to conclude with a final thought about the problem of “**paralysis of analysis.**” Progressive, educated church folk tend to want to be sure we know what the absolutely best thing to do is before we act. We want to study things just a little bit more so we can do precisely the right thing. But there is no one right thing, no one ideal way to participate in God’s economy of enough for all.

Let’s lean, instead, toward the action/reflection model of Latin America: take an action; reflect on it; then choose another action based on what was learned the first time around. So let’s start somewhere. Select one or two of these beginning community investing options and actually move some money. We may learn that to change the way we think of and handle our money is not as difficult or frightening as we expected.

As people of faith in the US, we collectively hold enormous wealth in our own savings and investment accounts, in our churches and in church-related institutions. When we put even a fraction of that wealth to work—without even giving it away—we can make an enormous difference as instruments of justice in God’s world.

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