

Sustainable Investing E-Newsletters
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Hello all,

Hope you have had a wonderful summer – it always goes too quickly.

Upcoming Events

Money and Values: September 21st and 28th, 7-9 PM. Participants will begin to create their personal money autobiography as a process for understanding money actions, and making financial decisions that are aligned with personal values. I will be conducting this workshop with **Ed Keener**, “a 65 year old recovering wealth and money addict” who has worked as a pastor and is a community activist committed to the concept of “stewardship,” which we will explore. Please contact me directly if you are interested in signing up for this workshop: Kstearns@arcadvisers.net or 208-350-6557.

Introduction to Sustainable Investing: October 28th, 7-9 PM. Back by popular demand, this class explains the basics of SRI, including shareholder advocacy, screening, and community investing. It provides participants with the tools needed to apply their own criteria to an effective investment portfolio that also contributes to a more just and sustainable world. For more info and to register: www.boiseschools.org/commed

Sustainable Investing News

The economic crisis continues to wreak havoc for individuals and businesses. The first community development bank in the US, **ShoreBank**, is a recent casualty. ShoreBank did a tremendous job revitalizing the South Side of Chicago by making loans to “mom and pop” rehabbers who renovated, lived in, and managed 2-6 unit apartment buildings throughout the neighborhood. They built on this success and expanded their activities to other low and moderate income communities in Detroit and Cleveland. The economic crisis hit their neighborhoods particularly hard and they could not maintain the health of their portfolios. At the end of August the FDIC took over ShoreBank because of capital erosion due to the poor quality of its real estate portfolio. ShoreBank was one of 37 banks in Illinois to fail since 2008; only Florida and Georgia have had more failures.

The demise of ShoreBank is very painful to those of us who watched the bank do tremendous work and lead the community development finance industry since 1973. Fortunately, no depositors lost any money (although the FDIC insurance fund is paying out \$368 million) and the remaining assets are being purchased by Urban Partnership Bank*. Urban Partnership Bank has indicated that they will maintain ShoreBank’s focus on underserved areas of Chicago, Detroit, and Cleveland, and plan to apply to become a Certified Community Development Finance Institution.

For additional articles about what's going on in the [Sustainable Investing world](#), check out the News and Events page of my website: www.arcadvisers.net

Personal Financial Planning

Likely tax increases strongly argue for making any changes to your portfolio before 2011! With no further action from Congress, the tax on capital gains is scheduled to go from 0% for the two lowest tax brackets and 15% for higher brackets, to 8%-20% depending on the bracket. **This means that if you are considering making changes to your portfolio, or moving it, you could save a lot on taxes by doing it in 2010!** Feel free to contact me if you would like help with this: Kstearns@arcadvisers.net

As the economic crisis grinds on, many people are struggling with their personal financial situation and how to make ends meet. If you can't get yourself to sit down and do a budget, **consider the bucket model for managing your cash flow.** You have three buckets that you need to fund. The first is for current fixed expenses based on past decisions (mortgage, car payment, utilities, insurance, monthly bills, etc.). The second bucket is for current discretionary expenses, things you get to decide how much to spend on each month, like groceries, eating out, entertainment, etc. And the last bucket is for your future – an emergency fund, retirement savings, college savings, savings for a big vacation, etc. **Obviously, the bigger the first bucket (fixed monthly expenses), the smaller the other two (for current discretionary expenses and your future). Managing the size of that first bucket is critical.**

Each bucket should have its own account(s) associated with it. Once you figure out your fixed monthly expenses you will know how much of each paycheck needs to go into that checking account. Decide how much of the remainder you can afford to save/invest and have that portion go directly into savings/investment account(s). What's left goes into another account for your discretionary expenses for the month. It's easier to manage those expenses because you know exactly how much money you have available in that account.

For more information on this strategy check out the Introductory Video (7 minutes) at: www.firststepcashmanagement.com

As always, please let me know if you would rather NOT receive these periodic emails and I will take you off the list immediately. Also, feel free to let me know of any suggestions or questions you would like me to explore in these brief newsletters.

* Mention of a specific security should not be considered an offer to buy or sell that security.