



### Financial Planning and Investing - Develop an Investment Strategy

Developing an investment strategy that you stick with can relieve anxiety and put you on track to reach your financial goals. Once you take the time to develop a strategy, staying the course becomes a simple process.

**1) Have a plan and a goal.** It's hard to get someplace if you don't where you are trying to go. Investing for kids' college expenses is different than investing for your own retirement, or saving money to change careers.

**2) Control what you can.** How much you spend, save, and invest will have a much bigger impact on your financial future than how you invest.

**3) Take on the least amount of risk necessary** to have a high likelihood of reaching your goals. For example, college funds you expect to use in three years should be invested very conservatively so that they aren't worth less when you need them. You might need to be more aggressive with funds for retirement in 15 years because you need those funds to keep pace with inflation and grow. If you want your investments to grow over time (and at least keep up with inflation), you have to take on some risk.

**4) Don't take on more risk than you can stand.** If you abandon your strategy in a downturn, you are likely to miss the upswing. For your strategy to work you need to be able to stay with it.

**5) Diversify among different asset classes.** Chances are you need both equities (stocks) and fixed income (bonds) in your portfolio, and should have at least some of all the major asset classes: US large, mid- and small cap, international, and fixed income. Although it seems counter-intuitive, adding a riskier asset to a portfolio actually reduces the level of risk of the overall portfolio!

**6) Invest responsibly.** See below. There is no reason *not* to incorporate environmental, social, and governance concerns when you are making investment choices.

### Sustainable Investing - Competitive Performance

The amount of data indicating that investing with environmental, social and governance (ESG) criteria does *not* have a negative impact on returns continues to grow. The MSCI KLD 400 Social Index includes 400 companies with high ESG ratings relative to their peers and with no significant business activities involving alcohol, tobacco, firearms, gambling, nuclear power, or military weapons. The Social Index and its non-social parent, the MSCI USA, both maintain about 90% in large cap, 9% in mid-cap and 1% in small cap. **For the past 10 years the performance of the Social Index has been as good or better than the performance of its parent.** The compound annual return of the KLD social index over the past 10 years has been 1.13%, and 12.15% over the past three years. The return of the MSCI USA over the past 10 years has been 1.01%, and 11.98% over the past three years.

If your investment portfolio is likely to perform just as well when it is invested with environmental, social and governance criteria, then why not apply those criteria?

### Upcoming Events and Announcements

**Discussion Circle for Women on Finances.** January 17, 7:00-8:30 PM, at my office in Boise. In this third meeting we will be doing an exercise and discussing financial archetypes. If you are not already on the list and are interested in participating, please [email me](#).

**Impact Investing: How to Invest for People, Planet, and Profit.** February 9, 6:00 PM, at The Community Library in Ketchum. All investments have social, environmental and financial impacts, the question is "what kinds of impact?" This presentation will offer an array of options to help ensure that your investments have a positive impact. Whether you have millions or a small IRA and bank account, you can put your money to work in a way that supports the environment, communities, and corporate responsibility. I will be presenting with Elise Lufkin of

ImpactAssets.

**Divorce Resource Workshop.** I am working with several other professionals to put together a workshop for women who are divorced or might be getting divorced. It will cover topics including legal issues, financial planning issues, and how to take care of yourself during and after the process. Please [email me](#) if you are interested and I will make sure you get an invitation!

**CORRECTION.** The November newsletter indicated that you could wait until April 15th to take your first Required Minimum Distribution if you turn 70.5 in 2011; the correct date is **April 1st!**

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