

June 2006

[Investment Advisors +  
Socially Responsible Investing](#)

Friends,

I hope everyone is enjoying their summer and not thinking too much about their investments!

The big news this month has been the effect of energy prices/inflation on the U.S. economy. In a nutshell, these increased prices have finally caught up with Wall Street and caused the market to make a significant 'correction' in May and June. Like the guy who shows up uninvited and late to the party – but just in time for the food and beer – high inflation is real buzz-kill for the economy. Why? We have a short article about this below.

What does that mean for you? Probably nothing if you are a long-term investor. These things happen. The news media will make a huge stink about it, but you should not currently be selling any positions that you have. Take these losses on the chin and wait for the storm to pass.

As for social news, the Darfur issue continues to be a front-burner topic throughout the U.S. Just go to [SaveDarfur.org](http://SaveDarfur.org) to see the latest national developments, and you'll see that even George Clooney is getting involved! Can I get a little excitement from the girls out there? We've had hundreds of people access our admittedly less sexy [Darfur screen](#) at Invested Interests over the last month. In addition, some of our non-profit clients have begun to incorporate the Darfur issue into their Social Investment Policy Statements. We are providing the tools, so if you know of anyone that would be interested in using this screen – send them to:

[Screen your mutual fund for involvement in Sudan and Darfur](#)



Also, if you know of any media or influential contacts that would find our recent press release about the Darfur investment screen interesting, you can get a copy here:

[Invested Interests.com First Advisor to Offer Sudan/Darfur Investment Screen Information to Website Visitors and Clients](#)

Thank you,  
Brandon J. Small  
[Invested Interests.com](#)

## Top News for June 2006

### **Invested Interests.com on 'Meet the Planet' – 960AM The Quake**

*Meet the Planet, 960AM The Quake*

Now Invested Interests is going all Hollywood – AM radio style! In June, Brandon was interviewed on Meet the Planet, hosted by Doug Ivey, and broadcast locally on 960AM The Quake – and other stations throughout California and on Sirius Satellite. Obviously a show about the environment, Brandon was asked about what social investing is and if it can be used to benefit the environment. [more >>](#)

### **U.S. Socially Responsible Investment Assets Grew Faster than Rest of Investment World Over Last Decade**

*Social Investment Forum*

Socially responsible investment (SRI) assets grew faster than the entire universe of managed assets in the United States during the last 10 years, according to the Social Investment Forum's fifth biennial report on SRI trends. [more >>](#)

### **Invested Interests.com's take on May-June 2006 Market Decline**

*Invested Interests.com*

Whether it is the heat, kids being out of school, or summer vacation planning, the stock market usually tends to soften/fall during the summer months. This year is no different. For those of you actively in the market, your next statements will reflect a broad pulling back of all the major indices by way of a healthy decline in your balances.

Will it last? Economists are actively debating this. The main point of contention is whether inflation – the term used to describe the rising level of prices for basic necessities like food, clothing and gas – is growing at a manageable rate. If inflation grows too fast, the economy will become crippled by these higher prices – also causing the U.S. Dollar to become devalued relative to other currencies. The flip side is that if we have no-to-negative inflation, there is little predictability of future prices. In many ways, this second possibility is a much worse scenario. The Federal Reserve has historically practiced a policy to maintain a steady rate of positive inflation. However, with the recent rapid increases in energy prices, this may be hard to do. The uncertainty around inflation and the methods with which the Fed will address it, is a root cause of the recent market fluctuation. [more >>](#)

## Top Client Question for June 2006

Submitted by Chistopher on June 2, 2006

*Question:*

What is a Roth IRA?

*Invested Interests.com:*

Awesome question. Thanks. One thing that bothers us at Invested Interests is that retirement accounts are confusing. So confusing in fact that people are scared off to learn about and/or use them. 50 years ago you would have probably worked at a large company with a pension fund. Your company would have had professionals researching and planning for your retirement. Not today! You have to be your own professional – or hire someone to help. We could go on and on about how this new system disadvantages the average worker – but we'll leave that for another question. What's important is that you [need to get started](#) and just knowing what your options are is the biggest obstacle.

There are many flavors of IRAs, but the most important thing to remember is that they all are intended to do the same thing – help you save for retirement. The major types of retirement accounts are the [Traditional IRA, Roth IRA, 401k, 403b, SEP IRA and SIMPLE IRA](#). Again, all of these are designed to help you save for retirement. Also, it is important to remember that these accounts are like “umbrellas” over your investment, in other words, you can put any kind of investment in a retirement account – you don't need to use mutual funds, even though most people do.



One functional aspect that all retirement accounts share is that they allow for tax-deferred growth. This means, in any of these accounts, at the end of the year you will not be taxed on any gains. So, if you buy-sell-buy-sell and make a ton of money, you pay nothing in taxes. That's right, no statement to bring in to H&R Block, nothing! However, if you take money out of a retirement account – you will be penalized, unless you are old enough.

As for the differences between most of these accounts, in all honesty, they are minimal. The differences primarily deal with how money goes in and comes out.

Now, the Roth IRA does have one distinct disadvantage and advantage over the other accounts. First, the disadvantage. When you put money into any non-Roth retirement account, you get to do so pre-tax. In other words, you fund these accounts before the IRS gets their fingers on your payroll. With simple math, if you make \$100 before taxes and want to fund your account, \$100 goes in and starts working for you. With a Roth IRA, if you want to put that same \$100 into your account, you would need to make approx. \$120 pre-tax, let the IRS deduct their share (approx. \$20), and then fund your account with \$100. Now, the advantage of a Roth IRA. When you take your money out of any non-Roth retirement account, you must pay income taxes (that's right, just like the income taxes you are paying today). So, if you take out \$100 in retirement you will have to pay income tax on that withdrawal (the actual amount of tax will depend on your tax rate at that future date). Conversely, a Roth IRA allows you to take money out without any tax – nothing and nada! Now, this becomes a huge benefit if you are in a higher tax bracket in the future – and/or tax rates increase. What are the chances of this – pretty good I'd estimate. I bet almost all of you will be making more money when you are old(er).

So, the Roth IRA could be likened to a good-for-you but hard-to-swallow pill. You don't get that benefit today of lower taxes, but in the future, your tax savings could be much, much more. [more >>](#)

## Top Website News for June 2006

### [New Layout – What do you think?](#)

In our efforts to make the site more useful, we redesigned almost every page – and the navigation. We'd like to thank the web-design firm of [Nine-Eighty](#) for their efforts and the



work of David Hardisty – our programmer. Let us know what you think and how we can continue to improve the site. [more >>](#)

### [Secure Server Account Application](#)

Now we can finally say we are the most “online” social investment advisor around. Now clients can create their [account online via our secure application](#) process. No emailed account applications and no in-person meetings required! Check out the account application. [more >>](#)

### [Newsletter Growing](#)

Last month was our first [newsletter](#) and we were very nervous about it. Everything has turned out great. We are using a vendor called Constant Contact to manage new subscribers and those that would like to be removed, etc. Since the beginning of June, 43 additional visitors have signed up for the newsletter! That brings our list total to 1,648! If you know of groups or organizations that would like to promote our [newsletter](#) through their newsletter or website, let us know. We are willing to do the same! [more >>](#)