



Socially Responsible Investing

December 2006
Investment Advisors

- End-of-Year Planning
- Sen. Sam Brownback Uses Our Tool to Divest from Sudan!
- Micro-loan Pioneer Wins Nobel Peace Prize

Friends,

Year-end financial planning strategies? I know you have enough to think about during the next two months, but a few simple things can save you money and headaches. Below we share a couple ideas that everyone can use.

Senator Sam Brownback (R-KS) used our Sudan screening tool to divest! Read about it below and in an article from the Kansas City Star.

Under the headline “super important news” - the 2006 Nobel Peace Prize has been awarded to Muhammad Yunus, a Bangladeshi economist for pioneering work in micocredit (tiny loans) to millions of poor that no bank would touch.

“Microcredit has proved to be an important liberating force in societies where women in particular have to struggle against repressive social and economic conditions.” - Nobel Peace Prize Committee

Many of our clients are actively involved in similar micocredit projects in Haiti, South America and Africa.

Thanks,
Brandon J. Small, CPA
Invested Interests

Financial Planning December 2006

'tis The Time of Season To Do Some Financial Clean-up.
Invested Interests

What to think about:

- Rebalance your 401k
 - Estate plan?
 - Do you know how much you can contribute to your 401k?
 - Charitable contributions.
 - Review your health plan.
 - Do you have a taxable investment account?
 - There are some new tax credits for 2006 that everyone should know about.
1. **Rebalance your 401k.** Hopefully you had an initial plan for your allocation, but even if you didn't, the end-of-year is a perfect time to dig in. Don't chase returns and don't make wholesale changes. Only bring you allocations back to where they should be. You may know the rules of thumb – 60% equity, 30% bond, and 10% cash. But that isn't the best allocation for everyone. However, as we tell our clients, even the most aggressive investor has to spread their assets. Many of these asset classes act very differently from one another. But don't over do it. A 401k with \$10,000 should reasonably have 3-4 funds, \$100,000 – 5-6 funds.
 2. **Estate plan?** I always like to think of death this time of year – and you? But seriously, what would happen to your assets if you were to die. A few calls and signatures can take care of your retirement accounts. A simple will can guide your other assets to the right beneficiary. If you don't have complicated trusts and/or business ownership interests, estate planning is actually quite straightforward – but like most things in life, if you procrastinate just a second too long, sorry!
 3. **Do you know how much you can contribute to your 401k?** This year the maximum for individuals under the age of 50 is \$15,000. If you can afford it, max it out.
 4. **Charitable contributions.** Remember, if the value is over \$500, you have to get a receipt. And most people didn't hear, but a new law was passed in 2006 that requires that donated goods must be in "good used or better condition." What does that mean? Honestly I'm not sure. It is so new that the rule hasn't been tested or defined further. They are probably going after the 'donate your car, even if it doesn't run' operations.

5. **Review your health plan.** Can you utilize a health savings account (HAS) or medical savings account (MSA)? In a nutshell, they work much like a retirement account (money goes in tax-free and comes out tax-free), however, unlike a retirement account, you take the money out for medical expenses. Many people are combining HSAs with high deductible health insurance plans. You would use the HSA for the small expenses, yet you are also covered for the really big hospital stays, etc.
6. **Do you have a taxable investment account?** If so, do you have some dud stocks? Sell them and take the capital losses in 2006, but you have to do it before December 31. And do you want to know a trick? There is a rule called “wash sale” that prevents you from buying the same stock within 30 days after a sale (if you want to take the loss). However, you could buy a stock back in your retirement account. Most people don’t realize, but a retirement account is actually held by an institution in your name – the FBO you see on your statement means, For the Benefit Of.
7. **There are some new tax credits for 2006 that everyone should know about.** Have you made your home more energy efficient? If so, there are credits available up to \$500. And to refresh your memory, a credit is the one where you get money back, a \$500 credit means an extra \$500 in your pocket. Deductions are simply reductions in your taxable income. So, a \$500 deduction could mean only an extra \$200-\$300 in your pocket. There are also new deductions available for solar water heaters and hybrid cars. However, you need to be using the equipment before the end of the year. Thinking about ordering a car doesn’t count. Building the car on the web doesn’t count either.

Top Invested Interests News for December 2006

**Brownback pulls his family’s money out of Sudan:
He widens his call for divestment from funds that do business with
genocidal government.**

*By Matt Stearns, The Star’s Washington Correspondent
Posted on November 29, 2006*

WASHINGTON | Sen. Sam Brownback of Kansas will put hundreds of thousands of his family’s dollars where his mouth is when it comes to divestment from Sudan.



Brownback, a Republican who is contemplating a 2008 presidential bid, wrote last week to 44 state governors urging them to divest from state pension funds

investments in companies that do business with Sudan, whose government is sponsoring genocide in the country's Darfur region. Six other states already have done so.

Individuals, as well as institutional investors controlling billions of dollars, should also divest, Brownback said. His family has directed its brokers to divest all family holdings related to Sudan, he said. [more>>](#)

Top Socially Responsible Investing News December 2006

2006 Nobel Peace Prize

The methods that Muhammad Yunus pioneered show how important small practical loans can be to the world's most impoverished people. By managing credit – and not allowing borrowers to suffocate under excessive payments – lending can be an important tool in extinguishing poverty.

Furthermore, the story of Muhammad Yunus is inspiring in that he started the Grameen Bank with only \$27 in 1976. Today, the bank has 6.6 million borrowers, of which 97% are women. [more >>](#)