

ACTIVATE YOUR MONEY

INVESTMENT POLICY STATEMENT WORKBOOK

Overall Investment Objectives

This workbook is intended to help you create a simple statement of goals and guidelines for investing your assets for both financial and social return. In this section, state your overall investment goals. Examples include: saving for a major purchase, long-term growth, safety of principle, cash flow/income stream, and increased involvement.

Investment Expectations

- **Time Horizon:** Consider the number of years until you need to access funds
- **Cash Flows/Income:** How much money do you need in a liquid form to cover expenses?
- **Risk Tolerance:** Do you tend to be conservative, moderately conservative, moderate, moderately aggressive, or aggressive when it comes to investing?
- **Expected Returns:** How much do you want your portfolio to return on an annual basis?

Asset Allocations

In this section, enter your current asset allocations, as well as your target objectives. Feel free to include a range or add more asset classes if you would prefer this table to be more granular.

Asset Class	Current	Target Minimum	Target Maximum
Cash & Cash Alternatives			
Fixed Income			
Public Equity			
Private Investments			
Alternative Investments			

Impact Objectives

What values would you like to integrate into your investments? Which Sustainable Development Goals are most meaningful to you?

Risk & Tax Mitigation Strategy

Will you increase (decrease) the diversification in your portfolio to mitigate risk? Will there be tax implications of your investment and values-alignment strategy? If so, how will you mitigate those consequences?

Investment & Values-Alignment Strategy

What strategy or approach will you use to start moving your assets into greater alignment with your values? Will you start with one asset class? If so, which one? Will you keep your current assets but move new money into alignment? Will you shift funds held in one asset class into a new investment class, such as private investments?

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INVESTMENT POLICY STATEMENT EXAMPLE 1: ANIKA

Overall Investment Objectives

Anika is 29 years old, single, and lives in Minneapolis, Minnesota. After completing her MBA with honors, Anika landed her dream job as a digital marketing associate at a major consumer products company. She earns \$60,000 a year, recently finished paying off her student loans and has been saving aggressively since. In addition, Anika recently received a small family inheritance and with it was able to buy her first home. Anika has accumulated \$30,000 in retirement accounts, along with another \$20,000 in a taxable investment account.

Investment Expectations

- **Time Horizon:** 30+ years
- **Cash Flows/Income:** Anika is using her earnings to cover her expenses. She has no need for distributions from her investments at this time
- **Risk Tolerance:** Moderately aggressive. Anika seeks to aggressively grow the principal value of her investments over time. In pursuit of these gains, she is willing to invest in securities that have historically demonstrated a high degree of risk.
- **Expected Returns:** Anika hopes to achieve 7% to 8% growth per year across her portfolio

Asset Allocations

Asset Class	Current	Target Minimum	Target Maximum
Cash & Cash Alternatives	10%	3%	5%
Fixed Income	30%	17%	20%
Public Equity	60%	80%	85%
Private Investments	0%	0%	0%
Alternative Investments	0%	0%	0%

Impact Objectives

Anika has decided to focus her investment strategy on the following four SDGs

SDG 3: Good Health and Well-Being

- Avoid investments in unsafe/unhealthy products (e.g., tobacco, guns, opioids)
- Vote proxies and advocate as an investor on issues related to health & safety, particularly around guns and access to healthy food

SDG 5: Gender Equity

- Seek investments in companies and organizations supporting women and girls

SDG 7: Affordable and Clean Energy

- Avoid investments in producers of fossil fuels (oil, gas and coal)
- Seek investments in renewable energy, energy efficiency and natural resource conservation

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SDG 11: Sustainable Cities and Communities

- As her wealth grows, Anika hopes to allocate some of her assets to private investments. She will start with some small experiments with crowdfunding platforms. Her goals will be to target sustainable businesses in her community and the Midwest region of the US.

Risk & Tax Mitigation Strategy

Anika's personal account is taxable, her 401(k) is tax-deferred and her Roth IRA is tax-exempt. Anika is projected to be in the 24% federal tax bracket, and investments made in her portfolio – in her taxable account in particular -- may be subject to federal and/or state income, capital gains, and potentially other taxes.

Investment & Values-Alignment Strategy

Anika has realized that she can afford to be a bit more aggressive with her investments. As a result, she will begin to move funds that are currently held in cash and fixed income into public equities. She has also decided from this time forward all of her investments will be values aligned. She is going to start with the assets in her retirement accounts because she will not incur any tax consequences. Once that is accomplished, she plans to research financial institutions and will move her savings and checking accounts to a CDFI or credit union that provides loans to women-led small businesses.

As Anika accumulates more assets, she plans to invest them in values-aligned stock and bond funds that she learned about during her Invest for Better training.

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INVESTMENT POLICY STATEMENT EXAMPLE 2: MARTA

Overall Investment Objectives

Marta is a married 51-year-old with two children. The start-up business she co-founded was recently acquired by a big company, making her a multi-millionaire. As a result, her investment goals of financing her daughters' college educations and having a comfortable retirement are already covered. She realizes that she has enough wealth now to do more. Marta is grateful for her good fortune and wants to use her wealth to create deep impact. She is both an accredited investor and a qualified purchaser.

Investment Expectations

- **Time Horizon:** Marta is not concerned about her time horizon
- **Cash Flows/Income:** Marta needs part of her portfolio to cover living expenses and she wants some of her money to be safely invested for her daughters' retirement.
- **Risk Tolerance:** Moderate to aggressive. Marta plans to keep some of her assets in safer investments while taking some risks with a portion of her portfolio.
- **Expected Returns:** Marta thinks she will be happy with a 5% to 6% annual return, excluding the investments with which she is taking greater risks.

Asset Allocations

Asset Class	Current	Target Minimum	Target Maximum
Cash & Cash Alternatives	20%	3%	5%
Fixed Income	5%	20%	25%
Public Equity	70%	50%	60%
Private Investments	5%	20%	25%
Alternative Investments		7%	10%

Impact Objectives

As a female entrepreneur, Marta knows the challenges that women face raising money. She enjoyed her journey from the early days of starting her business through its growth and eventual sale. She believes that she has a lot to offer other women traveling a similar path and she wants to support them with both her money and her time. Therefore, she is taking a singular gender-lens focus on her investments.

SDG 5: Gender Equity

- Supporting female founders through private debt and private equity investments both domestically and abroad

Even before the sale of her company, Marta had started making some private equity investments through her association with a female-focused angel group. That activity is now accelerating.

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Risk & Tax Mitigation Strategy

Upon the sale of her business, Marta received both cash and stock in the company that acquired her business. She is concerned that so much of her stock holdings are held in a single company, so she plans to sell those assets over time to move them to more stable investments that will afford her a regular cash flow and provide the security she needs to cover her daughters' education. Marta is working with her financial advisor to watch the market. Should there be a downturn, she plans to use any losses to offset gains. This may help her accelerate her divestment strategy.

Marta is also planning to put some of her fixed income into municipal bonds in her state to attain some tax advantages.

Investment & Values-Alignment Strategy

For the time being, Marta is going to focus her values-alignment strategy on investing in the start-up ecosystem. She has also asked her financial advisor to look at her other holdings so they can be shifted into investments that support women and girls in her community, the country, and more globally. Marta has a particular interest in Latin America because she still has family there and visits frequently.