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## The “I” in “Community Investing”

You volunteer.

You donate.

You vote.

You’re a good neighbor.

You buy local produce at the farmer’s market.

You eat and drink at locally-owned restaurants and coffee houses.

You do all these things to help build a strong community – either where you live or globally.

Do you know you can also use your savings and investments to finance community development projects?

Community investing allows us to strengthen and develop our local community and communities around the world.

### **What are community investments?**

Community investments can be familiar savings and investment vehicles with an extraordinary impact. They include savings and checking accounts, CDs, money market accounts, and bond mutual funds.

They allow people and non-profit organizations who may not be able to access affordable financing from the financial services industry to purchase homes, start businesses, develop community facilities, build affordable housing, create jobs, and develop life-enriching community services to help make our collective communities more stable.

### **Are they as safe as my other investments?**

Yes. The community investments offered by banks and credit unions are federally insured – just like conventional bank and credit union products. Those community investments you would buy at your brokerage firm are not insured, just like other investments offered by your brokerage firm. As with all investments, it’s important to do your due diligence.

Perhaps surprising, experience has shown that the default rate on community investment loans is lower than the default rate of conventional lenders. Alison Yonas, VP for Finance at Latino Community Credit Union, adds that “many community development lenders have specialized their lending to address the

needs of a certain population, thereby lowering the risk of lending to that community.”

### **Is the investment return good?**

Yes. Many community investments offer very competitive returns.

For example, many traditional banks pay very low interest on their money market accounts and certificates of deposit. By moving your money market to a community development financial institution, you may actually earn higher rates – plus you’ll be supporting community development!

	Money market (APY)	12 month CD (APY)
Self-Help Credit Union	4.69%	4.97%
Latino Community Credit Union	3.04%	5.15%
Big Corporate Bank	0.20%	3.15%

Rates as of 8/23/2007

While many community investments offer a market rate return, in some instances you may choose to receive a below-market rate return. When a community development financial institution (CDFI) pays you slightly less interest for the money you leave on deposit than you might be able to get elsewhere, they can lend out that money at a lower interest rate – making the capital affordable to more people – and generating a higher social return on your deposit.

### **Tell me more about the social return.**

The good thing about community investments is that you get 2 returns – a financial return and a social return.

For example, \$10,000 invested for one year at the Latino Community Credit Union (LCCU) can be loaned out to 20 previously unbanked members. This helps them establish a credit history, enabling them to acquire future loans for a vehicle, their own home or to start their own business. Read more of LCCU’s social returns at <http://cooperativalatina.org/publications/testimonials.htm>

At Self-Help Credit Union, \$10,000 has helped fund a \$80,000 mortgage for a single mother of 4, allowing her to purchase her first home – and one in a safe neighborhood. Read more of Self-Help’s social returns at [www.self-help.org/success-stories/view](http://www.self-help.org/success-stories/view)

### **How do community investments fit into my financial life?**

There are many ways. This list is not intended as investment advice, but is intended to provide a starting place for your research.

**Banking services** – checking and savings accounts

Latino Community Credit Union has five bilingual walk-in branches across North Carolina, and its members can freely use all 900+ CashPoints ATMs.

Additionally, they will soon launch online banking services at [www.latinoccu.org](http://www.latinoccu.org).

Outside of North Carolina, there are several internet banking options. For a complete list, see the resources at the end of this article.

**Emergency fund** – it's an important safety net in everyone's financial life!

Whether it's \$3,000 or \$30,000 – imagine the cumulative social impact if everyone kept their emergency fund at a community development bank or credit union?

**Short term savings** – money market account and certificates of deposit (CDs)

Some CDs allow you to choose where you want to make your social impact:

- Self-Help Credit Union – environment, child care, economic development
- Latino Community Credit Union – unbanked and immigrant communities
- Hope Community Credit Union – rebuilding after Katrina
- Shorebank Pacific – environmentally sustainable development in the NW
- Wainright Bank – Equal Exchange (fair trade)

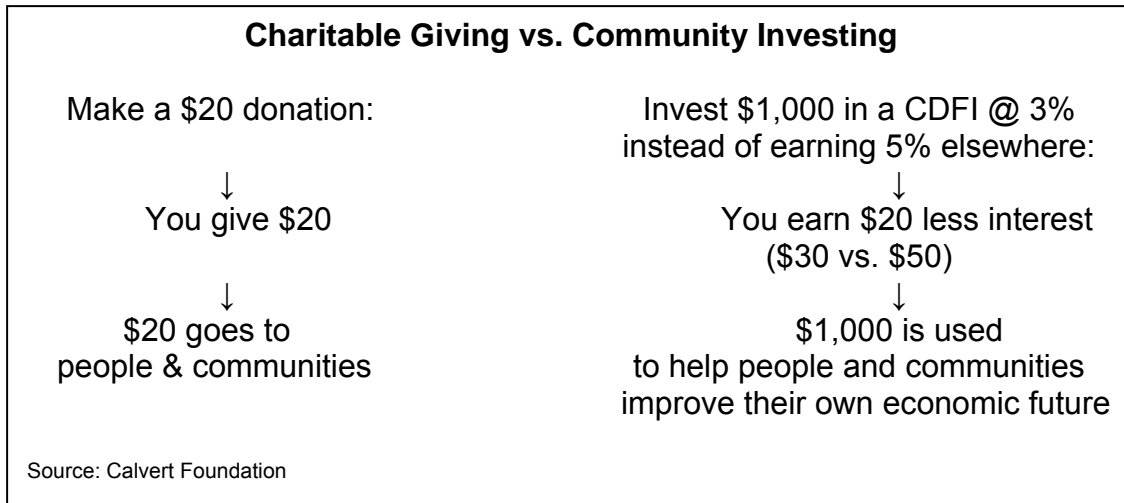
**Fixed income portion of your investment portfolio** – or – **retirement income:**

- Money markets
- Certificates of deposit
- Calvert Foundation Community Investment Notes
- Bond mutual funds that invest in community development

**Philanthropy** – for many people, giving back is an important part of their financial life. There are 2 ways that community investments help here:

1. Perhaps you're unable to donate as much as you'd like because your cash flow is tight and you're building your own financial foundation. Banking or saving at a community development financial institution (CDFI) enables you to leverage your dollars in a way that benefits others. Your deposit will be used over and over as the CDFI lends it for community development purposes, until you need your money back.

Though many CDFIs pay competitive interest rates, you may choose an option with a lower interest rate because you believe strongly in their mission. As the example below shows, you can have even more of an impact investing in community development than providing a philanthropic donation!



2. Outright donations to programs that support community development, such as Calvert Foundation's GiftShares program, can also enhance your philanthropic impact. Your donation makes and leverages community development loans 20 times the amount of donation. As these loans are repaid, more loans are made. Essentially, it's a gift that keeps on giving.

### Where can I learn more?

The most comprehensive source of information about community investing is The Community Investing Center. Read their "Investing in Communities Guide" at [www.communityinvest.org](http://www.communityinvest.org).

To find a list of community investments:

- [www.communityinvest.org](http://www.communityinvest.org) - search their Community Investment Database
- [www.coopamerica.org](http://www.coopamerica.org) – search within the "financial" category of the online National Green Pages

In North Carolina, check out these 2 credit unions (membership is open to everyone):

- Self-Help Credit Union – [www.self-help.org](http://www.self-help.org)  
*Self-Help focuses on helping women, people of color, rural residents and low-income families build wealth through home and business ownership. In addition, Self-Help works with a variety of partners to develop affordable housing and convert abandoned historic and downtown properties into office space for small businesses and non-profits. Deposits and other investments help fund Self-Help's lending and community development programs.*
- Latino Community Credit Union – [www.latinoccu.org](http://www.latinoccu.org)  
*Since its opening in 2000, LCCU has provided over \$77 million in financing to North Carolina's low-income, immigrant and Latino populations. By providing a full range of bilingual financial services, including deposit, loan, and transaction services, as well as financial education, LCCU has become one of the fastest growing credit unions in the nation. Socially responsible*

*investments help provide LCCU's members, 75% of whom were previously unbanked, access to credit to help expand their economic opportunities and transform their lives.*

### **What's the 1% or More Initiative?**

SRI investing has often been compared to a 3-legged stool made up of screening, shareholder advocacy, and community investing. Within the SRI community there's an initiative to urge investors to put at least 1% of their portfolio into community investments. With so many options – from banking to emergency and other savings to a portion of your long term portfolio – meeting the 1% initiative is easy.

Steve Schueth, President of First Affirmative Financial Network, says: “All investing is future-oriented; socially responsible investing is even more so. Socially conscious investors are not only looking to secure their own financial futures, they are also looking for ways that their money can work to improve our collective future.”

And isn't that what building a stronger community – whether in your backyard or across the globe – is all about?