

Morally Responsible Investing

For investors with ethical concerns, strong moral convictions and a desire for proper stewardship over all that God has generously provided

P.J. Harper, RIA, CSA

Harper Financial Services, LLC

15415 Schleweis Road

Manchester, MI 48158

734-428-0324

800-720-4142

www.harper-enterprises.com



March 17, 2007

Morally Responsible Investing

YOU CAN MAKE A DIFFERENCE

Mutual funds are America's road to Wall Street. Millions of American households have invested trillions of dollars in one or more mutual funds. Assuming a conservative estimate that over 40% of these American households are Christians, trillions of dollars invested in mutual funds are Christian controlled dollars.

Do you think that 40% of any group could effectively make a change in America? Hitler said "If 5% of a nation moves in any one direction, they can change the direction of the entire nation" Hitler proved that. The homosexual community has proven that in America with less than 2% of our population. Edmund Burke probably said it best over 200 years ago "The only thing necessary for evil to prosper is for good men to do nothing."

TWO REASONS FOR MORALLY RESPONSIBLE INVESTING (MRI)

- You believe that your faith requires proper stewardship
- To help mend the moral decline in America - one bandage at a time

STEWARDSHIP

God reveals to us that everything is His. We are called to be faithful stewards over all entrusted to our care. Are we good stewards if His financial resources are invested, for profit in companies that promote and profit from abortion, pornography, non-married lifestyles and other social ills that corrupts our culture, destroys life and the family unit? "You must not bring the earnings of a female or male prostitute into the house of the Lord your God to pay any vow, because the Lord your God detests them both" (Dt. 23:18).

For investors with ethical concerns, strong moral convictions and a desire for proper stewardship over all that God has generously provided, investments need to be subject to standards of moral responsibility. In this way, the investor gives witness and sets proper example for others. It sends the message that - morality matters!

AMERICA'S MORAL DECLINE

If you are concerned about the moral decline of America you may want to scrutinize your savings and investments. Christian investors may unknowingly, or knowingly, be invested in the same companies whose corporate practices undermine our nation's basic moral value system. What does making a killing in the stock market suggest? Abortion is alive and well on Wall Street. Hundreds of companies are involved in the business of abortion or financially support those that are. By owning these stocks directly or within mutual funds many pro-life investors unknowingly own companies that directly kill the unborn.

Reformation in America may very happen on Wall Street rather than through the White House. Corporations will listen when Americans begin holding them accountable for their culturally polluting activities.

ARE THERE SURPRISES IN YOUR MUTUAL FUNDS?

For years, investors have used a screening system referred to as “Social Responsible Investing” (SRI) to screen out environmental polluters from their investments. Today, social conservatives and principled investors can also screen out **Cultural Polluters**. For the most part mutual funds are all doing the same thing but Morally Responsible Investing (MRI) is different by screening for these moral issues.

- Abortion
- Pornography
- Non-married lifestyles
- Anti-family entertainment
- Alcohol
- Tobacco
- Gambling

MORAL SCREENS and PERFORMANCE

The majority of mutual funds with good management, over time perform about the same (Morningstar Principia). The reality is investors need solid long term investments, not trend chasing performance managers, to reach their goals. Performance is not a goal, living your life with integrity by maintaining your purchasing power is a goal. Investors, on their own or maybe through a commissioned based broker or through financial media advice, can get caught chasing returns. By jumping from investment to investment many investors suffer diminished returns. This is like driving a car by looking in the rear view mirror; you’re bound to run into a few ditches.

There are two Morally Based mutual fund companies that stand out. They actually follow their screening standards, utilize top tier money managers and perform well. These fund managers will be the first to tell you that they have not experienced a penalty for moral screening. A portfolio of Morally Based mutual funds that performs in the top quarter and 2nd quarter of their class can be constructed. One fund received the Lipper Performance Award for ranking first in their classification.

DO YOU KOW WHAT YOU OWN?

Have you ever looked inside your investment to see what kind of business the companies **you own** are supporting? When you send your money to a mutual fund, your money is invested into the stocks of dozens of companies like: Playboy, Walt Disney, Aetna, Johnson & Johnson, Barr Labs, etc.

I subscribe to a service that uses research to monitor public companies to identify those whose products or practices violate one or more of the screens. With this information, mutual funds are categorized based on the exposure each fund has invested in companies that fail one or more of the screens. Following are sample reports from the three largest mutual fund companies, Fidelity, American Funds and Vanguard. The intent here was not to search for a bad apple but to look at a typical popular fund from that company. These reports were run in April 2006 with the worst violator first.

1. Total Offensive Dollars Invested \$64,864,627,571 or 61.17% of the company holdings
2. Total Offensive Dollars Invested \$7,071,246,701 or 57.66% of the company holdings
3. Total Offensive Dollars Invested \$6,535,308,894 or 39.60% of the company holdings

If I could give you a report that shows what kind of business the companies you own are supporting would you be interested? For complimentary reports on 3 mutual funds call or send me the following information:

- The Mutual Fund Family
- The Mutual Name

- The Mutual Fund Ticker
- Your Name
- Your Address
- Your Phone Number

Only stock mutual funds, not bond or money market funds can be reported at this time. The screens are: Abortion, Pornography, Non-married lifestyles, and Anti-family entertainment. Optional screens are: Alcohol, Tobacco and Gambling. All reports will be run with all screens unless you request which optional ones to omit.

PUT FAITH INTO YOUR INVESTMENTS

Once you have decided that Morally Responsible Investing is for you, a portfolio can be constructed utilizing mutual funds that do the moral screens. This should be a properly diversified, allocated portfolio based on your tolerance for risk, goals and time horizon.

Many people have 401k, or similar, plans through their employers where the company will match some dollars for investment. This is like free money and should be taken advantage of while considering MRI. If a person is investing in the employer plan beyond the company match, they could possibly take these dollars and invest in an IRA or a ROTH outside of the employer plan.

If a person, has changed companies or is retired and still, has money in an employer plan this could be rolled over into Morally Responsible IRA. This usually provides more investment options and more control especially in distribution and preservation/stretch planning. If a person is still employed some employer plans will allow a partial rollover. The plan document may need to be reviewed to determine this.

FINAL NOTE

MRI is a place where all Christians have common ground. Please inform your pastors, family, friends and others that they too can "know what they own" in their portfolio(s) and help make a difference. Have them call for a free booklet. MRI workshops are available.

QUESTIONS YES, BUT.....

Addressing what people do with "their money," is sensitive but is that vital we do so. Our intention is not to offend anyone but to educate and hopefully help people increase their convictions.

IT REALLY DOESN'T MATTER WHERE "MY MONEY" IS INVESTED.

When you invest in corporate stock (or bonds) you are part owner (or lender).

- Do not be yoked with those who are different, with unbelievers. For what partnership do righteousness and lawlessness have? Or what fellowship does light have with darkness? 2 Cor 6:14 (NAB)
- Do not be led astray: Bad company corrupts good morals. 1 Cor 15:33 (NAB)

See Also: Ps 1:1; Prov 22:29; 2 Pet 3:14

MY PRESENT PROGRAM IS PRODUCING A VERY GOOD RETURN ON "MY MONEY." IF IT EVER DETERIORATES, I MIGHT CONSIDER CHANGING.

God expects us to be good stewards of all we possess.

- "As a partridge that hatches eggs which it has not laid, So is he who makes a fortune, but unjustly; In the midst of his days it will forsake him, And in the end he will be a fool." Jer 17:11 (NAS)
- Woe unto him that buildeth his house by unrighteousness, and his chambers by wrong; Jer 22:13 (KJV)

See Also: Num 32:23; Eccl 5:10; Ezek 22:13; 1 Cor 4:2; James 5:3

I REALIZE "MY MONEY" MIGHT BE INVESTED IN COMPANIES INVOLVED IN ABORTION OR PORNOGRAPHY. NO COMPANY IS REALLY RIGHTEOUS, SO WHERE DO YOU DRAW THE LINE?

When you have knowledge of a wrong and are participating in it, you are a co-conspirator.

- And do not participate in the unfruitful deeds of darkness, but instead even expose them. Eph 5:11 (NAS)
- The path of the wicked enter not, walk not on the way of evil men. Prov 4:14 (NAB)
- Ill-gotten treasures profit nothing, but virtue saves from death. Prov 10:2 (NAB)
- So for one who knows the right thing to do and does not do it, it is a sin. James 4:17 (NAB)

See Also: Ps 119:115; Prov 24:1; Jer 12:13; Dan 1:8; Titus 3:8;

I DO NOT KNOW THE FIRST THING ABOUT INVESTING OR ABOUT MORAL SCREENING. HOW CAN I MAKE AN INTELLIGENT DECISION ABOUT THINGS I DO NOT UNDERSTAND?

No one knows these things by instinct. We all have to educate ourselves about the important things.

- Poor is he who works with a negligent hand, but the hand of the diligent makes rich. Prov 10:4 (NAS)
- The soul of the sluggard desireth and hath nothing; But the soul of the diligent shall be made fat. Prov 13:4 (KJV)

See Also: Ps 19:12; Prov 28:13; Luke 12:2

I AM COMFORTABLE WITH WHERE "MY MONEY" IS CURRENTLY INVESTED. WHY SHOULD I GO THROUGH THE TROUBLE OF CHANGING?

It is required of a steward to be found faithful.

- "Therefore, come out from their midst and be separate," says the Lord "and do not touch what is unclean; and I will welcome you." 2 Cor 6:17 (NAS)
- You cannot drink the cup of the Lord and the cup of demons. You cannot partake of the table of the Lord and of the table of demons. 1 Cor 10:21 (NAB)

See Also: Deut 4:40; Prov 1:15,16; Acts 2:40

BUT IT'S "MY MONEY!"

The Lord has entrusted it to your care and you are accountable for it.

- Riches and honor are from you, and you have dominion over all. In your hand are power and might; it is yours to give grandeur and strength to all. 1 Chr 29:12 (NAB)

See Also: Luke 16:1-9; 19:11-27; Mt.25:14-30

BEING A GOOD STEWARD MEANS EARNING THE BEST RETURN POSSIBLE ON "MY MONEY." SCREENING MIGHT HURT THAT.

It is more important how you make your money than how much of it you make.

- Better a little with virtue, than a large income with injustice. Prov 16:8 (NAB)
- Woe to you, scribes and Pharisees, you hypocrites! You cleanse the outside of cup and of the dish, but inside they are full of plunder and self-indulgence. Mat 23:25 (NAB)
- For the love of money is the root of all of evils, and some people in their desire for it have strayed from the faith and pierced themselves with many a pains. 1 Tim 6:10 (NAB)
- Those who want to be rich are falling into temptation and into a trap and into many foolish and harmful desires, which plunge them into ruin and destruction. 1 Tim 6:9 (NAB)

See Also: Prov 15:16; Luke 9:25;; Heb 11:25

FOR CATHOLICS THERE IS MORE

In searching for "Catholic Investment Guidelines" the best source for guidance is the "National Conference of Catholic Bishops/U.S. Catholic Conference Socially Responsible Investment Guidelines. <http://www.usccb.org/finance/srig.htm>

Owners and shareholders are responsible to look beyond returns when selecting investments. All individual and institutional members of the Church should apply unblemished moral principles to the selection of each investment. The Bishops put emphasis, with italics, on the absolute exclusion of investment in companies whose activities include direct participation in abortion.

Part I: Principles for NCCB/USCC Investments; Section A Background

1. Church as Shareholder and Investor

"Individual Christians who are shareholders and those responsible within church institutions that own stocks in U.S. corporations must see to it that the invested funds are used responsibly."

2. Shareholder Responsibility

"Although shareholders can and should vote on the selection of corporate directors and on investment questions and other policy matters, it appears that return on investment is the governing criterion in the relation between them and management. We do not believe that this is an adequate rationale for shareholder decisions."

3. Church as Economic Actor

"Although all members of the Church are economic actors every day of their individual lives, they also play an economic role united together as Church." "All the moral principles that govern the just operation of any economic endeavor apply to the Church and its agencies and institutions; indeed the Church should be exemplary."

Part II: NCCB/USCC Investment Policies; Section 1; Policy

"In view of the nature of abortion, the investment policy of the NCCB/USCC should remain as it is, namely, *absolute exclusion* of investment in companies whose activities include direct participation in abortion."

Paul James (P.J.) Harper assists investors to preserve their capital, increase their income and more profitably organize their investments. People, who consult P.J. find that they can lower their tax bills, eliminate taxes on their Social Security income, increase their fixed monthly income, and obtain better protection for their financial future.

P.J. Harper is a Member of the National Association of Christian Financial Consultants (NACFC). The NACFC is a group of investment professionals committed to investment and financial planning disciplines centered upon biblical principles.

P.J Harper is one of 3000 Certified Senior Advisors in the nation. To become a Certified Senior Advisor (CSA), he had to complete a twenty topic program of study in the financial, physical, emotional, and personal issues of seniors. Requirements also include passing a qualifying exam and signing on to a code of ethics. You can call the CSA Board of Standards at 1-800-653-1785 to verify that Mr. Harper is a CSA in good standing.

Harper Financial Services, LLC is a Registered Investment Advisor firm in Michigan. Some large financial firms have brand name, but limited propriety products and solutions. You may need a larger account size to receive personal service and the recommendations may be more of a canned template approach. These limitations can penalize clients in their financial planning. Bigger is not always best. Choosing an independent Registered Investment Advisor (RIA) can bring you a superior model for your investment program. This is a more personalized and objective experience without limited solutions.

Services offered:

- Complimentary Personal Financial Checkup
- Complimentary Initial Consultation
- Morally Responsible Investment Programs
- Safe Money Places and Income Protection
- Stretch IRA's, Rollovers and Distribution Planning
- Long Term Care Insurance & Alternatives!
- Retirement and Investment Planning
- Life Insurance and Annuity Planning
- Health Insurance and Dental Insurance