

EPISODE 1232

*“**JF:** It makes me feel personally wonderful to know and helping other woman. It makes me feel personally great to know I’m not invested in things that are polluting. It makes me feel great to know I’m not invested in the prison complex. I feel good about my money.”*

[INTRODUCTION]

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ANNOUNCER: You’re listening to Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

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FT: Welcome to So Money, everybody. I'm your host, Farnoosh Torabi. Our conversation today centers around an issue I know, is very important to us. That is investing with impact. Making sure that we're investing in a way that not only produces positive returns, but can leave a positive impact on the world, value investing or maybe you've heard of socially responsible investing. Our guest today is Janine Firpo. She is a seasoned values-aligned investor and social innovator, with a long history of working at the intersection of women and their money. From her early years at Apple computer to senior positions with Hewlett Packard the World Bank and the Bill and Melinda Gates Foundation.

Janine has always found herself making an impact. A few years ago, she left her successful 35 year career in technology and international development to focus on how women specifically can create a more just an equitable society through their investments. She has a book out called, *Activate Your Money: Invest to Grow Your Wealth and Build a Better World*. Our discussion is not just about investing, but of course, this is So Money, so we go deep and talk

about Janine's upbringing, her initial exposure to money, her fears around money and the steps that she took to transform her portfolio to be better aligned with her values. Here's Janine Firpo. Janine Firpo, Welcome to So Money. It's great to have you on the show.

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JF: Well, thank you so much for having me. I'm a big fan.

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FT: Thank you. Well, you're doing amazing work. I want to talk about your book, *Activate Your Money*, and learn as much from you as I can, all of your investment advice for women specifically. *Activate Your Money* by the way, just to tease the listeners, this book helps readers up level their relationship with money and change the world through their investment choices. We're going to talk about impact investing for a lot of this episode. First, Jeannie and I would love to spotlight more of your background. I know that you spent 35 years in the technology space, international development, corporate space and a few years ago, you decided to pivot and pursue this new role of helping women with their money. What was that transition about for you? What was the purpose of that? What led you to that?

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JF: Well, this is actually my third pivot. I started out my career, as you suggested in high tech. I did that in the Silicon Valley for about 15 years. I started in 1981, before there were even personal computers really. I have an early history in tech. I was always a huge traveler in my life. I set up my career so that I would work for a while and then I quit a job and travel or I'd set up consulting gig where I could go leave for a month and travel. In 1995, I did that and I took a four and a half month solo backpacking trip through Sub Saharan Africa. It was a life changing trip. I saw poverty there like I'd never seen it before. I came back from that trip just as the internet was taking off. I decided to get out of the tech industry, and to figure out a way that I could use my life and use my work to make a difference in the world.

So, that caused me to pivot to a then 20 year career in International Technology where I was applying technology and business thinking to solve problems of poverty. I got very involved in something called microfinance, which is making small loans to women to help bring them out of poverty. It that was an amazing career, and I got involved in something called mobile money, which is using the mobile phone as a bank for the poor.

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FT: Yes.

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JF: So I was doing all of that living in the Bay Area. I was therefore privy to a lot of the early conversations around what became known as impact investing. At some point about 10 years ago, I thought, I made these huge changes in my life, my career, I took pay cuts to do work that mattered to me that was in alignment with my values and my work, my money is working counter to what else I'm doing, it is actually invested in things that I don't believe in. I made a commitment 10 years ago to figure out how to invest all of my personal assets from my cash, to my public equities. I didn't even know about private investing at the time, but I wanted to invest everything in alignment with my values.

I had different financial advisors along the way, who helped me while I was busy with my career, but I retired three years ago, and when I retired, I took my assets back, and I decided I'm going to do this myself. In the process of doing that, I realized what, the time is rife that anyone, whether they're an accredited or non-accredited investor can put their money to work this way. 86% of women want to invest their money in alignment with their values. 95% of millennials want to do this, and no one is helping them. So, I decided, I'm going to write a book that tells them how to do this helps people actually take action to move their assets. So, that's how activate your money got started.

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FT: I love the story. You're right, there are, and I'm sure back when you had this light bulb moment, there were not many resources, if any to help directly guide people, particularly women towards this type of investing. Now we have socially responsible investments, we have the platform's Robo-advisors that claim to specialize in these areas. I think one of the things that people grapple with is, what do we mean by value investing? Right? Everyone has different values, for yourself Jeannie, when you were reflecting on your portfolio, or the way that you were investing prayer prior to all of this, what was it about your portfolio that did not resonate, that was not aligned with your values? How did you identify your values and then start to make those shifts?

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JF: That is a great question. When I started, I think what I really thought I wanted to do was invest in a way that I was not supporting the oil and gas industry, and that I was not supporting companies that were polluting the planet or causing lack of sustainability. However, as I got more involved in this, and because of the work that I was doing, internationally, I learned about something called the Sustainable Development Goals. These are 17 goals that were developed and ratified by 193 nations of the United Nations. They are goals that governments corporations, individuals are working to achieve around the world.

They are the things like end of poverty, clean water for everyone, gender equity, social equity, sustainable cities. So, when I really started getting into this, I decided, I'm going to pick five of those values that really resonate with me and those are the things that are going to drive my investing decisions going forward. So, through that, one of the things that become really personally important is gender equity. So, I look a lot at how can I invest my money in ways that uplift women, and I found I can do that with my cash, I can do that with my bonds, I can do that with my private investing. So there are multiple ways in which I can achieve these goals across different asset classes.

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FT: These days, is it relatively easy to make these changes within your portfolio, without maybe hiring a professional to do it for you? Are there funds? Are there platforms that you recommend?

Are there apps tools to help people identify these investments? And later we'll talk about the pros and cons, the financial pros and cons, there's a big question out there like, will my portfolio perform well? I want to optimize my portfolio in all these ways, but before we get to that, what are some ways that people can do this relatively simply and on their own?

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JF: I think it really depends on where somebody is in terms of their personal investments, how far along they are, how much money they already have in markets, etc. If somebody is just starting out, I mean, you referenced earlier that there are Robo-advisors that help you do this. There are Robo-advisors like Betterment and Ellevest is one that is directed for women that allow you to make these kinds of sustainable choices within a Robo-advisor. That's one option.

Another option is, if you're not quite at the point where you feel like you have enough assets for a financial advisor, you can definitely do this yourself and you can look at each of your asset classes and make decisions within that asset class about what you want to do. The way that I wrote, *Activate Your Money*, the core of the book actually goes asset class by asset class and talks about how you invest in each asset class. Then where you can go to find values aligned options in that particular asset class.

Every chapter ends with a take action section that gives you specific actions you can take, specific places you can go to start moving your money in that particular asset class. The book comes with a companion website called, activateyourmoney.net and that has even more resources. I have created spreadsheets and templates and workbooks and videos, to teach women how to do this and to not only point them to the tools that can help them but actually demonstrate how those tools work.

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FT: That's awesome, activateyourmoney.net will also put that on our site. For you, how have your investments fared? Do you feel as though you have had to make any trade-offs when it comes to earnings potential, rate of return, things like that? Many people are skeptical that

making a portfolio that's entirely socially conscious, but you're leaving some money on the table. But then again, maybe that's the trade-off and that's what you live with.

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JF: Right. I don't believe in trade-offs. I can tell you that personally, my socially responsible investments have outperformed my non-socially responsible investments. So, the way that I got started in this, I mean, I'm like everybody else, right? I'm skeptical too. I come from depression era parents, I grew up thinking that I was going to be 80 years old eating cat food living under a bridge. I mean, I did not dispel Bag-lady syndrome until maybe five years ago. I've been very guarded with my money. I don't just do things without thinking them through. When I started this, I actually would make in – I made investments in traditional kinds of funds. I made investments in socially responsible funds. I looked at how they performed and I learned myself, that my socially responsible funds went did very well.

But you don't have to just believe me in the public equity space and even in the fixed income space. There have been a lot of studies that have been done to show that actually, socially responsible investments can perform as well if not outperform traditional investments. As an example, there was a study done in 2019 by Cornerstone Capital, which was a female LED, financial advisory firm, they have since been bought by another firm, but they looked at over 220 studies that had been conducted since the 1970s and showed that socially responsible stock funds did as well or better, and there are many, many, many of those kinds of funds.

I've got a whole list on my website, of all the research that's been done to debunk that fear about you're giving up financial return. The other thing about this is when people talk about that they're generally focused on the stock market. They don't even think about cash. It doesn't matter where you bank, as long as you have a bank that is overseen by the federal government, your money is safe, you can bank in a huge bank and not know what they're investing in, or using your money for.

Or you can bank in a smaller local bank, community development financial institution and know that your money is safe, that you're getting the same rate of return, and that your money is going to support female entrepreneurs and underserved communities. You can make these

same choices in the fixed income market without giving up financial return, and in public and private investing as well. Across the board, I don't think you have to give up financial return.

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FT: In terms of impact, Janine, can you give us an example of how this effort, maybe you have personal experience with this. I mean, you really do believe that this can help make the world a better place. I believe that, but I think as individuals, we often feel powerless, or we feel like well, it's almost like, I was listening to the radio the other day about global warming and individuals calling into the radio and saying, I do everything I can do to help the environment, I recycle, I use no plastics, I bike everywhere, helps me sleep better at night knowing that I'm doing everything I can do, but I ultimately don't think it's going to make this problem any smaller.

Going back to this idea of socially responsible investing, what keeps you motivated, right? Because it's hard when you feel you're doing everything you can do, but then the majority of ambassadors are not doing this. So, we really moving the needle and how do we measure impact?

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JF: Right. Oh, man, there's so many different ways I could go with that question. So, first of all, how do I stay motivated? I stay motivated for a couple of reasons. One, on a very personal level, I feel like my money is in integrity with the rest of me. At that level, it doesn't really matter what the greater outcome is. I feel good about how my money is invested. I get wonderful reports from some of the people that I invested in, about what my money is doing, it makes me feel great. It makes me feel personally wonderful to know, and helping other women, it makes me feel personally great to know, I'm not invested in things that are polluting, it makes me feel great to know, I'm not invested in the prison complex, I feel good about my money.

I think there's a very personal element to this, because of that, I call this values aligned investing, because it's about our values, and it's very personal to us. The other thing is there's something very powerful in the collective. One of the things that I've learned is that according to McKinsey studies, by 2030, women are going to control the majority of money in this country,

the majority of money. We don't actively take control of our money right now. A lot of us give our money to men to invest for us. We don't pay attention to our money, many of us. If we started to do that, and we started to move it collectively into the things that we care about, I do think we will see a big impact.

The other thing is institutional investors and professional investors are moving their money this way, in a big way. So, in 2019 one out of every \$4 that those types of investors were investing was in sustainable product. Last year, it went to one in \$3. So, this is becoming a major trend among investors who are professional. The reason is, because they're realizing that these externalities that we've really ignored in our investing decisions in the past are starting to matter more and more. They're starting to matter more and more, because we the people are saying they matter. We're saying, we want companies to stand up for climate, we were saying we want companies to stand up and start having women on the boards and women in CEO positions, we're standing up and we're saying these things, and that's putting pressure on these companies and it's changing the way professional investors are investing. I think that's a good indication for the rest of us.

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FT: That is great. I did not know about that. This increasing movement towards investing by the larger institutions in socially responsible companies and initiatives, that's great. You brought up the importance of community and your book really does elaborate a lot on this notion of building relationships and the strength of relationships, which is something that I think as women we are very good at and we are drawn to building relationships. How can we leverage this skill to become financially savvy to invest more wisely?

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JF: Well, one of the inspirations I had for this book was actually a book that came out in the early 90s was called, *The Beardstown Ladies*. It was written by a group of women who started an investment club in Middle America to teach themselves how to buy and sell on the stock market. That book became widely popular, and it launched literally 10s of 1000s of female led investment cops and I was in one in San Francisco in the early 90s for three years. I've been in

two investment clubs since then, and every time I've learned a tremendous amount from the other people in the club.

So when I wrote this book, I thought I want this book to be the Beardstown Ladies of the 2020s. I want it to help women come together to learn together in clubs, because we do learn together and learning how to invest in learning how to invest our values is work. We're taught that investing as a solo game, but I actually think it can for women, it can be a team sport, and that we'll have a lot more fun. We'll learn more and it won't be as much of a burden in terms of time and for us to come together and community.

I'm also starting to work very closely with another woman. Her name is Ellen Remmer and she's been running an initiative called Invest for Better for about three or four years. What she's doing there is she's actually helping to train women to start and run these clubs to invest their values. So, she and I are starting to work a lot better. We're really looking to catalyze a movement of women coming together, to learn from each other to share with each other and we're bringing in a lot of professionals in the finance space to help with that.

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FT: Fantastic. Before we go, though, I want to talk about your upbringing, because you talked about it a little bit. You touched on it, just the sense that like you had this Bag-lady mentality, which I don't think is unique to women, especially of a certain generation. What was your financial life like growing up? And I can only imagine as you became an adult, and you were working, and you had these big jobs that the wealthier you became, maybe your relationship didn't evolve, or I'm just curious, I want to dig into this a little bit. Janine, when she was little, what was your exposure to money?

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JF: When I was little, we were not wealthy, we were poor and money was a huge issue in our family, huge issue. It remained an issue throughout my mom's entire life. I remember being small and my mom worrying about would be having enough money for dinner tonight, we wore hand me down clothes, my mom would drive miles to save five cents on a purchase. We drank

powdered milk, because we couldn't afford whole milk. We didn't have a lot of money, but when I was a preteen, my mom got into real estate in the Bay Area and she started learning how to buy and sell homes and become a land lady and she started making some money.

She also then decided in the 80s, well, I've got a little bit of extra capital I'm going to invest in in the stock market. So, she taught herself how to invest in the stock market. The thing that was remarkable about my mom is she was really transparent about what was going on with her and money. So, I learned from her by osmosis, because of my mom, when I went into my own career and started making my own money, I saved a lot. I've always live below my means even now. As soon as I started having some capital, I started investing it and I bought my first house before I was 30.

When I was on my own, I started having a strong relationship with money, it felt better, but I still had these fears, because I was always taught, Janine you can do anything, but the subliminal messages were then, but marry a man that's smarter than you, taller than you, richer than you, more competent than you. There were always these messages that I was going to be financially dependent on a man. So, even though I was determined to be financially independent this fears lasted a long time.

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FT: That is so similar to I think, my own upbringing and that it was ironic, I found it ironic that I was raised to, I was pushed to do so much and to succeed and to be financially independent. There was always this expectation, this for some reason that I was going to, quote, unquote marry up, and it is, I don't know how else to characterize it, other than it just fell, no matter how hard I worked and earned, if I didn't ultimately marry somebody who made more, that I was never going to be secure. That it was very, almost you under estimate, the potential of a woman to actually be able to be financially independent, even in a marriage and after a marriage if she chooses.

We place this expectation on men that they can handle it, and they're the ones who are going to ultimately provide with a capital P. What was it like for you in marriage? If I may ask, just are at some point, what was the realization that this is like a narrative that you're hearing this voice is it you have to put a stop to it?

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JF: Well, it took me a long time. Then I realized that those dual messages really set us up for failure around our relationships. I was 48 years old before I got married for the first time. The first and only time I'm still married to the same man, I'm married at 48. I was literally 48, which is pretty old. I think that what had to happen is, I had to let go of that old story. I'm very much a type A personality, if you can't tell, from just listening to me talk. I thought I needed another type A personality. I actually had a family therapist that I talked to who helped me understand that a Type B man was better for me.

So, when I was able to make that transition from thinking, and in my heart, believing that I had to be with a type A man to recognize that there was this other man who's much more caring, he's not a striver like I am. I was able to find the man that I married, and he's been wonderful. He takes amazing care of me, he does great things for me and he's just not what I thought I was supposed to be with, but he's so right for me.

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FT: Yes, well, that confirms a lot to in my life, and didn't think we would go to this area of personal finance on the show. But that's why I think this podcast is so fun, and to have a guest you who's flexible to talk about all the things. Tell us about your parting advice for our listeners and the first step they can take. They've got a 401k at work, or they have an IRA, and they've just been, they've done the good work of investing, but now they want to take a moment to really reflect on these investments that may have been chosen for them, because that's one of the benefits, I guess, of living in a technologically driven world. It's like you don't have to – we like the idea of having someone else figure it out for us, but now you don't to do the work of going through at all, what's the first step you recommend?

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JF: Well, the first step is just know what you own, because I realize, because these things I've been chosen for us, a lot of women don't know what they own and that can get us into trouble.

For example, a someone that I was talking to is nearing her retirement age, she's been putting money into IRAs for a very long time. I asked her what she was in, we looked at it together. It turns out that all her money is in these funds that last year returned 7%, which for last year that is a very low return and because she never paid attention to what she was in, she was in something that was very strong in fixed income with much lower returns. She's been in that for 20 years.

First, know what you're in and make sure it's the right set of things for you. Then once what you're in, if you've got mutual funds, there are actually tools in the book and tools on the website, that you can just put in your ticker, the abbreviated name of a company or a stock fund into some of these tools and it will tell you how that company rates in terms of environmental, social and governance principles or how that stock fund is showing up around a whole bunch of different factors like Fossil Free, gender diversity, prisons, guns, etc. Then once what you own, then you can go do the homework to find better solutions for those assets.

You can do like for likes. So, if you are in a fund that is a large cap, stock fund, domestic stock funds, something like the vanguard total stock market index, which a lot of people go into, that is not a very socially responsible fund. I'm in it, I still have some assets in it. I'm moving those assets out. But there are other Vanguard funds, that are other funds from other companies that are also large cap, all domestic, same low fees, etc, etc. that get a much better score when it comes to social responsibility. Again, there are tools that you can use, and I mentioned those in the book as well as the website.

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FT: This just reminds me of why it's is still important to have humans in the financial advice space that where there's such this push for FinTech and automation and I love a lot of those resources, but the future very much still needs human involvement. Pick up the phone, send an email to a representative wherever you're investing for that person, whose job it is, to help you, to take this journey along with you and help you navigate all of the options that you may have. I think that's a benefit we sometimes forget, because we're so used to just downloading the app –

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JF: The other things that I –

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FT: It's swiping away –

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JF: The other thing I would suggest as women start to increase their asset base, and they start to really have significant excess capital and start to move into a level of wealth. The other thing that I really encourage women to consider is private investing, is investing in private companies. There are a couple of reasons for that. One is a great diversification strategy for your portfolio. It's definitely more work, but it can also be amazing fun. The other reason is because female CEOs need the help. Last year, 2020 of all the venture capital investments that were made in this country, only 2.2% went to female CEOs. 2.3% went to female CEOs, and even less went to people of color.

The venture game is basically a white male game, unfortunately. If we want to see female CEOs succeed, and if we want to see those female CEOs make products and services for us, then it's important for us to support them and those women who have the capital to do that, and have some that they are willing to put at risk this way, because it is definitely a riskier way to invest. Might want to look into that and there are a lot of ways for women to join with other women to do this. I do this and I love it, it's so much fun to meet some of these female entrepreneurs and support them.

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FT: Yeah, just one quick resource for everybody. I am very minimally invested in this, but it's cool, it's called Backstage Capital, sure you've heard of it. It's Arlan, yes, Arlan Hamilton is an investor. She's developed this access point for individual investors to invest in these companies that are run by people of color women. Really cool, again, I think I have maybe \$500 in there. Oh, she was doing a fundraiser so I participated, but there's all levels that you can participate.

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JF: Yeah, that's fantastic.

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FT: She raised I think, on Twitter, she was running a social media fundraiser. I think she raised like a million dollars in a day for this particular aspect of Backstage Capital, but that's just one example and there are many like that. I think it's a great era, I think, to your point to be investing in small businesses and startups and to support many of these women and people of color who are not getting the institutional dollars.

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JF: Exactly.

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FT: Well, Janine, thank you so much for joining us and of course, a great resource for everybody here, if you want more to learn how to invest and grow your wealth to build a better world is activate your money. Janine Firpo, Thank you so much.

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JF: Thank you so much Farnoosh, it was really a pleasure talking to you.

[END OF INTERVIEW]

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FT: Thanks to Janine for joining us, again her book is called, Activate Your Money. You can learn more about Janine @activateyourmoney.net. See you back here on Friday for a fresh episode of Ask Farnoosh, we'll be tackling your money questions. I hope your day is so money.

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