



The Growing Popularity Of Sustainable Investing

A growing number of investors are factoring in the social impact of their investment dollars when they buy mutual funds or ETFs—for a variety of reasons. One reason is to avoid supporting companies or industries which, they believe, are not making the world a better place—such as weapons manufacturers, tobacco companies, or firms that have a track record of polluting the environment or running sweatshop factories in third world countries.

Other ‘socially-responsible’ investors embrace companies that they believe are enhancing our collective lives, which might include companies that produce solar, wind or other sustainable energy, who embrace diversity in their workforce and on their corporate boards, bring clean water to global populations or provide lending services to impoverished communities around the world.

Still others hope to mitigate downside moments in their portfolios by investing according to socially responsible or ESG (environmental, sustainable and governance; preferentially investing in companies that achieve better scores) believe that by screening out firms that are not sensitive to social issues they can reduce the risk of earnings surprises when a company is sanctioned or boycotted for its less-than-savory practices.

Whatever the reason, socially responsible and ESG investing trends are enjoying rapid acceptance among investors. According to Morningstar’s fund research, \$21.4 billion in new funds flowed into what it calls “sustainable funds” last year. In 2019, 30 new sustainable funds were launched, and 38 more were added the previous year. There are now 303 mutual funds and ETFs in what Morningstar considers to be its “sustainable universe”—following SRI or ESG principles, or both.

These funds are popular, but how well did they perform? Morningstar reports that 35% of those funds finished in the top quartile of fund performance in their category—which is well above average for any sector.

Source:

<https://www.morningstar.com/insights/2020/03/18/sustainable-funds-in-6-charts>



Tax Changes for 2021

Every year, the U.S. tax system resets its limitations and allowable contributions due to inflation, and the most recent changes—affecting tax year 2021—were recently announced.

Last year, single taxpayers could fully deduct their contributions to traditional IRA accounts if their income was at or below \$65,000; now that income limit has moved up to \$66,000, at which point the allowable deduction phases out until it disappears completely at the \$76,000 income level. For married filing jointly couples, the phase-out range shifted slightly, from \$105,000-\$125,000, up from \$104,000-\$124,000 income levels. The limit on annual contributions remains at \$6,000, with a \$1,000 additional permitted “catch-up” contribution for people age 50 and over.

The limit on contributions that can be made by employees who participate in 401(k), 403(b) and most 457 plans was unchanged at \$19,500, and there was no change in the \$6,500 catch-up contribution limit for employees age 50 and over. Participants in SIMPLE retirement accounts can still contribute \$13,500.

The limitation on the annual benefit under a defined benefit plan remains unchanged at \$230,000, and the limitation for defined contribution plans will go up in 2021 from \$57,000 to \$58,000.

Sources:

<https://www.irs.gov/newsroom/income-ranges-for-determining-ira-eligibility-change-for-2021>

<https://www.irs.gov/pub/irs-drop/n-20-79pdf>



Population Growth

You might remember dire warnings some years ago about global overpopulation, and the threat of overcrowding in the U.S. So how fast, exactly, is our population growing?

The numbers might surprise you. U.S. population growth from 2016-2017, 2017-2018, 2018-2019 and 2019-2020 (so far) have been all below 1%: 0.64%, 0.62%, 0.60% and 0.59% respectively. There are currently 331,002,651 people living in America, up from 325,084,756 in 2017. The growth rate is projected to continue declining down to near 0% over the next 50 years.

But of course, the world's population is growing pell mell at an unsustainable rate, right? Actually, global population growth is higher than the U.S., but not by nearly as much as you might imagine. In the years 2015 to 2020, the world population's annual growth rate was 1.19%, 1.14%, 1.12%, 1.10%, 1.08% and 1.05%. If you have nothing else to do, you can watch the number of people living on this planet go up in real time on [this website](#), where every second seems to bring about ten new people into the world. There's also a list of births and deaths on the calendar day that you log in, and a running tally of births (more than 116 million) and deaths (almost 50 million) this year around the world.

The site also lists the most populous nations, and you already know numbers one (China: 1.44 billion; about 18.5% of the total) and two (India: 1.34 billion; 17.7% of the total). The U.S. is a very distant third (4.2% of the world's population), followed by Indonesia (274 million), Pakistan (222 million), Brazil (213 million), Nigeria (207 million), Bangladesh (165 million), Russia (146 million) and Mexico (129 million). Finally, you can see the rankings that demographers expect in the year 2025. They expect Nigeria to replace the U.S. as the third most populous nation on Earth, and that Ethiopia will come in at number 8, followed by the Democratic Republic of Congo at number 9.

-Bob Veres

Sources:

<https://www.macrotrends.net/countries/USA/united-states/population-growth-rate#:~:text=Chart%20and%20table%20of%20U.S.,a%200.59%25%20increase%20from%202019.>

<https://www.worldometers.info/world-population/#:~:text=Population%20in%20the%20world%20is,81%20million%20people%20per%20year.>

<https://www.worldometers.info/population/most-populous-countries/#past>

Meritas Advisors, LLC
info@meritasadvisors.com
meritasadvisors.com

4040 Civic Center Dr., Suite 200
San Rafael, CA 94903
415-690-8547

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