VALUES

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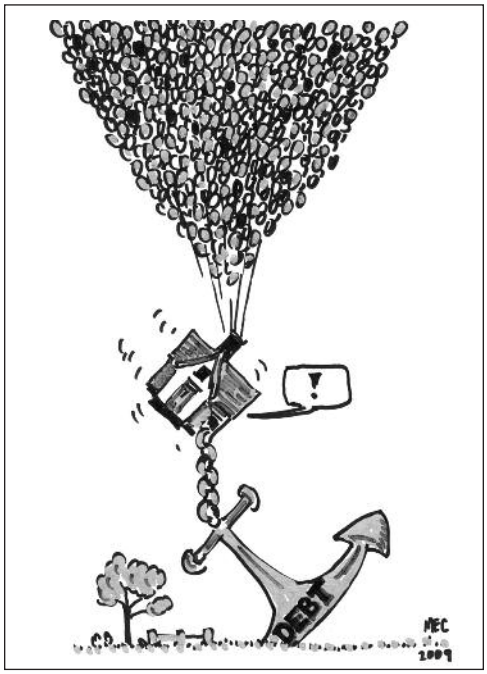
Growth Expectations: A New Era?

In a widely discussed book, *Dow 36,000*, published near the time of the market peak in 1999, James K. Glassman and Kevin A. Hassett proposed the appealing theory that stocks were less risky than traditional alternatives like long-term bonds. As such, they deserved to sell at high price/earnings (P/E) ratios. The claim was neatly based on history and math. Market volatility, and thus risk, had been declining for years; equity investing had produced good results; and the most widely accepted formula for valuing stocks included a "risk premium." Plug the numbers into the formula and much higher valuations were forecast.



Ten years later the theory seems a naive artifact of a delusional time. Market volatility has risen dramatically. (Since early 2000 the stock market, as measured by the S&P 500, has twice dropped by roughly half and doubled once.) In 2008, the entire financial system teetered on the verge of collapse. There is no longer any argument: Stocks are indeed very risky. But what about the underlying economic trends? Are they too a chimera? Strong economic growth provided the best rationale for good market returns. Does the market collapse signal a permanently lower rate of growth for the U.S. economy?

Here are some numbers about the past trends. Over the last 60 years the gross domestic product (GDP) has grown 6.7 percent per year. When you subtract inflation, "real" growth has been 3.2 percent. That can be divided further into annual productivity gains averaging over two percent, labor force growth of more than one percent, and a small but persistent decline in average hours worked. All of these figures should be treated with skepticism since they entail myriad statistical complexities, but they provide some context for thinking about what is in prospect.

First and foremost, unlike the stock market, and with the notable exception of inflation, economic trends have been remarkably stable. Productivity, the key generator of economic progress, was a bit lower than its long-term average during most of the 1970s and 1980s, but has more often exceeded the average in recent years. Annual rates only rarely have dipped below one percent. True, demographic trends ensure that the labor force will grow more slowly during the next decade than in the past, but this would have no impact on per capita wealth if population growth slows at the same rate.

Still, the widely held suspicion that the sustainable pace of U.S. growth has slowed is more than an overreaction to the sharp decline in the stock market. There is, in fact, good reason to think that simply extrapolating from the recent past to predict the economy's future won't work

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About Walden Asset Management

Walden Asset Management is the socially responsive investment division of Boston Trust & Investment Management Company. Walden began offering socially responsive investment services in 1975. We are among the largest and most experienced investment managers specializing in services for individual and institutional investors with social concerns.

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ACCOUNTABILITY THROUGH PUBLIC POLICY

Since the 1970s Walden Asset Management has worked with portfolio companies to promote leadership on environmental, social, and governance (ESG) issues. Through letters and meetings, private negotiations and public shareholder resolutions, we have been an active shareholder voice engaging the business community. We have addressed dozens of topics from executive compensation to climate change, employee diversity to unsafe and abusive working conditions, and from board structure to recycling. Certainly, investors have been and continue to be an important catalyst for change in company policies and practices.

Tim Smith is Director of Socially Responsive Investing.

Equally important, however, is the enactment of meaningful public policy to govern business behavior. Whether the policy originates from regulatory agencies such as the Environmental Protection Agency (EPA), Federal Trade Commission (FTC), or Securities and Exchange Commission (SEC), or is legislated by Congress, it creates "rules of the road" for all companies to follow. In that sense, right thinking public policy, accompanied by meaningful enforcement, creates fair and uniform standards for business. In fact, on issues like Say on Pay or disclosing greenhouse gas emissions, many companies tell us they feel more comfortable if they are not acting alone but in concert with other companies—safety in numbers.

On a multitude of issues Walden pursues along with similarly minded investors, the new administration in Washington demonstrates a fresh and open mind, as well as willingness to work actively to create new laws and regulations. Thus while Walden has been involved for the last decade in joint and individual calls for action on public policy, in 2009 and beyond we are optimistic that reasonable new legislation and regulation will advance good governance, help protect the environment, and address corporate responsibility.

Therefore Walden, in collaboration with other investors, has ramped up its public policy advocacy in the belief that now is a propitious time to have a positive impact. For example, this summer Walden will be encouraging the SEC to require that companies do meaningful ESG reporting to enable investors to better compare performance and evaluate risks and opportunities. Members of industry associations Ceres and the Social Investment Forum will be sending letters in tandem, urging action by the SEC. Recent initiatives in which Walden participated include:

- In December we joined an open letter to President Elect Obama, orchestrated by the Social Investment Forum and signed by dozens of investment organizations, laying out our common priorities for the new administration. We sent another joint letter after the president's inauguration, reiterating our suggested policy priorities.
- In February we joined a broad range of pension funds, asset managers, and institutional investors with more than $3 trillion in assets under management, urging Congress to enact a strong national Energy Efficiency Resource Standard and calling for a national policy to reduce greenhouse gas emissions. Recently, we were one of 150 signatories to an Investor Statement on a Global Agreement on Climate Change, representing institutions with $9 billion in assets under management.
- In March Walden responded to an invitation from CalPERS, one of the largest pension funds in the United States, to join it in endorsing a set of Principles of Financial Regulation Reform. The Principles called for transparency, independence of regulatory agencies, accountable corporate governance, and analysis of systemic risk as component parts of future financial reforms.
- Under the leadership of the OMB Watch, Walden encouraged a restoration of stricter Toxics Release Inventory reporting rules,

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WHAT ARE WE TALKING ABOUT?

In the following commentary, guest columnist Stephen Viederman offers his reflections on the debate about industry nomenclature.

Civil rights leader Rabbi Abraham Heschel observed, "Words create worlds." Confusion over terminology describing an investment approach that considers environmental, social and governance (ESG) factors obscures the point of our work linking investing and corporate change. We need to be clearer about what we mean and why it is important.

For example, in a recent interview (*Responsible Investor*, 5/2/09) Amy Domini, CEO of Domini Social Investments says she is worried about the semantics of the socially responsible investing (SRI) world gradually shifting towards the concept of "sustainability." Observing that some companies with poor ESG records tout the mantra of sustainability, she suggested that "It's a bit of a marketing term; a comfort word…. Personally I like SRI or responsible investment."

But Corporate America's embracing of sustainability terminology confuses language with practice. No one I know has ever suggested that talking about sustainability or producing a sustainability report is a real measure of a company's sustainability performance. Furthermore, couching the choice of the terms *SRI* or *responsible investing* (RI) as a personal preference makes it easy to disregard important conceptual and methodological differences between those and *sustainable investing* (SI).They share a common goal–achieving long-term shareowner returns and corporate change–but the approaches are different.

The terms sustainable, social, and responsible all suggest that the investment process recognizes there are companies that are better than others and companies that do less harm in comparison to others within or across economic sectors. But the broad-stroke differences, I believe are that:

- SRI/RI is more about investing with personal values; SI is about investing for shareowner value using ESG as a lens to assess a company.
- SRI/RI employs positive and negative screens to identify good or bad companies across economic sectors; SI ranks the best and worst companies within economic sectors. Thus, relatively few integrated oil and gas companies will likely appear in an SRI/RI portfolio, while the best of these companies will appear in SI portfolios.
- SRI/RI methodology is more retrospective, looking at the past performance of a company on social and environmental issues; SI uses retrospective data but emphasizes the capacity of a company's governance structures to respond to likely future trends, such as climate risk, in its particular economic sector.
- SRI/RI promotes shareowner engagement; SI does not.

Clearly this all too brief comparison looks at the ends of a continuum and not to the points in between. But somewhere along the continuum we must acknowledge dissimilar approaches that require terminology that matches so that different investor needs can be met.

Addressing environmental, social, and governance (or ESG) issues in ways that conventional finance has overlooked as intangible and extra-financial is common to SRI/RI and SI. But it leaves us with the dilemma between the adage "manage what you can measure" and Einstein's wise observation "Not everything that counts can be counted, and not everything that can be counted counts."

Stephen Viederman, former president of the Jessie Smith Noyes Foundation, writes, lectures and consults on issues of fiduciary duty and investment.

What E, S and G criteria are material? Some investors argue that if ESG factors are used, they are by definition material because they are perceived to be linked to financial performance. But to Einstein's point, others argue if something is generally believed to be "right," for example, the subject of internationally agreed upon conventions, but not proven to have financial or operational impact, it should still be included in our investment criteria. An example would be considering workers' rights or a ban on child labor.

I believe that ESG is not simply a descriptor of inputs into the analytical and investment process, but an equation, E + S + g = G. We need to add a small 'g' which assesses the quality of existing corporate governance structures, including the ways they deal with what is material and what is "right." The large "G" is then the sum of the equation, measuring the capability of a company's board and management to deal effectively with future E and S trends.

Investors, their managers and advisers, who share common concerns about the present state of the corporate world and its capacity to change from operating under the principle 'the business of business is business' to a more positive relationship with society, have a variety of options. Differences among these are inevitable and productive if they are aired.

Reactions, critiques and comments are very welcome at s.viederman@gmail.com.

RESEARCH & ADVOCACY IN ACTION

Heidi Soumerai is Director of ESG Research.

June marks the end of the "proxy season" for most companies, a period that began six to nine months earlier when concerned shareholders filed resolutions on environmental, social, and governance (ESG) topics to be introduced at company annual meetings in the spring. What makes this year unique is the season's overlap with the nearly unprecedented financial market and economic upheaval. Within this context, would shareholders be apt to view ESG matters as important or frivolous? Would companies argue that the economic climate trumps all such considerations?

Walden's experience is unambiguous: Regardless of the path of engagement—dialogue, resolutions voted or withdrawn—we are pleased to continue to observe significant interest in and progress on ESG performance and accountability.

Resolution Wrap-Up

Walden led, or co-led with clients or other investors, 19 resolutions on corporate governance, environmental, and workplace policies and practices (see *Summary of Walden's 2009 Shareholder Resolutions*, at right). Over half were withdrawn because negotiations produced meaningful results. Five companies committed to commence or expand ESG reporting, three granted shareholders an advisory vote on the compensation of executive officers (known as "Say on Pay"), two developed vendor standards that address agricultural suppliers, and one company adopted a more inclusive nondiscrimination policy.

To date, of five resolutions that have been voted, two won majorities (both on Say on Pay) and two more garnered greater than 40 percent support, including one that was among the highest votes ever for inclusive nondiscrimination policies. By any measure, these votes signal substantial mainstream approval that should be hard for management to ignore.

The Power of Dialogue

Walden files shareholder resolutions, which are unavoidably high profile, when we believe that companies are not sufficiently responsive to specific concerns or we have reached an impasse in our engagement. Yet quiet behind-the-scenes interactions with responsive companies can be just as effective in encouraging more sustainable business practices.

Exposés on the use of forced child labor and abusive working conditions in Uzbekistan's cotton fields, along with allegations of complicity on the part of the Uzbeki government, prompted Walden to follow up with companies with potential exposure. **Timberland**'s response was laudable. The company sent a letter in April to all of its licensing partners with textile-related products pronouncing an expectation that "factories producing Timberland product will not knowingly source textiles from suppliers that source cotton from Uzbekistan," and requiring a list of cotton suppliers along with certification "of strict notice of this prohibition." Vendors with an unsatisfactory response will be reevaluated.

Along with Pax World and Calvert Asset Management, we wrote **Costco** to encourage greater transparency on equal employment opportunity (EEO), in part because of an ongoing class-action discrimination lawsuit. In its March response, Costco reported plans to increase diversity reporting on its corporate website and provided detailed EEO statistics on the racial and gender composition of its workforce (now also on the website). This high level of disclosure reflects positively on Costco's EEO commitment and enables us to observe its progress over time.

We inquired about product packaging and recyclability of plastics used in **AptarGroup** and **Green Mountain Coffee** products, including our specific concern about PVC plastic that can contaminate the recycling stream. AptarGroup confirmed it uses a very small amount of PVC plastic in two products that are being discontinued this year. Green Mountain also updated its progress on product packaging challenges, reporting that a specific product line we questioned did not contain any PVC. Both companies are strengthening product life-cycle analysis to further reduce their environmental footprints.

Numerous recent Walden initiatives on sustainability reporting attest to the efficacy of constructive dialogue. **Illinois Tool Works**, **New Jersey Resources**, **Under Armour,** and **Watts Water Technologies** all initiated or expanded ESG reporting. At the invitation of **Walt Disney**, Walden joined Disney's stakeholder review team, which provided feedback on the company's first comprehensive corporate responsibility report, published in February.

Clearly, despite the tough economic environment, and often *because* of it, pressure to strengthen corporate responsibility and accountability is on the rise. By and large, companies with which we have contact seem to get that and are responsive.

—H. Soumerai

SUMMARY OF WALDEN'S 2009 SHAREHOLDER RESOLUTIONS

Much of Walden's success in advocating for greater corporate social responsibility comes from constructive dialogues with companies over many years, entirely outside of the resolution process. Yet sponsoring shareholder resolutions remains another avenue for investors to influence company practices. These resolutions can be an important tool for change, as illustrated in this summary of 2009's shareholder resolutions.

CORPORATE GOVERNANCE

Executive Compensation

A shareholder advisory vote to ratify the compensation of executive officers, known as "Say on Pay," is now a mandate for the 400 Troubled Asset Relief Program (TARP) fund recipients. Walden withdrew resolutions at **Goldman Sachs**, **Hewlett-Packard***, and **Intel** after they committed to grant shareholders the advisory vote. Those resolutions that went to ballot garnered remarkable shareholder support, a majority at **Hain Celestial** (62 percent), **Pfizer**** (52 percent) and **Yum! Brands**** (52 percent), as well as 43 percent at **General Electric***, 44 percent at **IBM*,** and 42 percent at **Walt Disney**. Say on Pay resolutions at **General Mills**, **Microsoft*** and **Procter & Gamble** are pending annual meetings in the fall.

Proxy Voting Policies

State Street's public stance touting corporate environmental and social performance as significant to long-term business success is contradicted by a proxy voting record that votes against all such shareholder proposals. Walden requested a review of State Street's proxy voting policies, including the economic merits of social and environmental resolutions addressing topics such as climate change. The SEC allowed State Street to omit the resolution on ordinary business grounds; however, we continue to raise our concerns directly with the Board.

Sustainability/ESG Reporting

Encouraging corporate transparency on ESG challenges and progress remains a high priority at Walden, including most recently with small cap companies that tend to disclose relatively little information. For the first time, all Walden resolutions requesting sustainability reports were withdrawn based on company commitments to commence or expand reporting at **DENTSPLY**, **Kadant**, **Saint Jude Medical**, **South Jersey Industries**, and **Stryker**.

ENVIRONMENTAL IMPACT

Climate Change

A repeat resolution asked industry laggard **ExxonMobil*** to adopt quantitative goals, based on current technologies, for reducing total greenhouse gas emissions from its products and operations. Continued strong shareholder support, at 29 percent this year, exerts ongoing pressure on management.

Oil Sands Development

31 percent of shares voted supported a resolution at **ConocoPhillips*** requesting a report on the environmental impact of oil sands operations in Canada's boreal forest.

Recycling

Walden is co-leader of a successful multi-year effort to engage beverage companies on the efficacy of their container recycling programs. Our resolution asking **PepsiCo*** to adopt publicly stated, quantitative goals for U.S. beverage container recovery and recycling was supported by 9 percent of shares voted.

WORKPLACE POLICIES AND PRACTICES

Inclusive Nondiscrimination Policies

A resolution requesting that **Commercial Metals**** amend its non-discrimination policy to include sexual orientation and gender identity and expression was supported by 44 percent of votes cast, one of the highest tallies ever on this issue. The same resolution was withdrawn at **Dionex** when it amended its policy to include gender identity.

Vendor Standards

Resolutions on labor standards and monitoring at two agricultural sector companies were withdrawn after successful negotiations. Both **Diamond Foods** and **United Natural Foods** agreed to develop a vendor code of conduct that includes agricultural suppliers.

COMMUNITY RELATIONS

Human Rights

Freedom of association and privacy concerns associated with **Cisco Systems*** operations in countries with poor human rights records prompted a resolution seeking an assessment of steps the company could reasonably take to mitigate the likelihood of complicity in violations of human rights.

To strengthen our influence, Walden often collaborates with other concerned investors.

**In order, these shareholder resolutions were led by: Communications Workers of America (co-led), William Steiner, Boston Common Asset Management, Dominican Sisters of Caldwell N.J., Calvert Asset Management, Trillium Asset Management, As You Sow (co-led), and Boston Common Asset Management..*

***In order, Walden assisted clients leading these resolutions: Reynolds Foundation, Home Missioners (co-led), and Pride Foundation (co-led).*

GROWTH EXPECTATIONS: A NEW ERA *continued from page 1*

Bill Apfel, EVP, is a Senior Portfolio Manager and Director of Securities Research.

much better for economic forecasters today than it did for market forecasters in the late 1990s. Most obvious is the massive and unsustainable household debt that we have accumulated over the past decade. For the 10 years prior to the current recession, household debt, mostly mortgages, grew 10 percent, outpacing economic growth of less than 6 percent. By the end of 2007, household debt had risen to over 90 percent of GDP from about 60 percent just 10 years earlier. It is a standard assumption of blue chip forecasters that the rebuilding of household balance sheets will slow the recovery from the current deep recession. But as severe as the pattern is this time around, excessive debt expansion and subsequent debt liquidations are standard features of economic cycles. They don't have much to do with the long-term growth rate of the economy as a whole.

Of greater concern is that the growth in debt in recent years did not fund investments in the productive capacity of our economy. More typically, funds were borrowed to buy a bigger house, upgrade a current one, or simply acquire more consumer goods, often manufactured abroad. Here's an extraordinary statistic: While the size of the average American household fell from three to 2.5 persons over the past 35 years, the average size of an American home rose from 1,600 square feet to more than 2,500. By the end of 2007, consumer spending had reached an all-time high share of the total economic activity. Business investment spending, in contrast, stayed near historical averages. When you put the numbers together, it is apparent that economic growth, as measured by the GDP, has been kept strong by consumer spending funded by borrowing. And just as more of the products we purchased were manufactured abroad, lending increasingly came from foreign sources too—often funneled through our overly leveraged financial institutions. Given all that, it now appears that the sustainable growth rate of our economy had declined well before the current recession—it simply wasn't apparent as long as we persisted in living beyond our means.

If this is true, it still leaves unanswered the question of why underlying growth seems to have slowed. Some of the reasons are clear. In a global economy, labor is also global. In a slow but inexorable process, a massive global labor arbitrage is occurring. Most commonly, this means that less developed economies willingly supply manufacturing or service workers at much cheaper rates than the American norm. Increasingly, highly skilled and creative professionals, like those in technology or medical research, also compete effectively with Americans. We should, of course, applaud the strides made by others as they earn their place in the global economy. But we can only regret the failure of our educational systems to keep pace with a rising global standard.

Exploding healthcare costs and the end of cheap energy are the other main culprits usually cited in explaining our economic challenges. To a large extent, both are consequences of our success, not our deficiencies. Healthier citizens add to economic vitality, but good health also means that life can be extended long beyond traditional retirement ages, reducing the size of the labor force relative to the population. Better health outcomes are a worthy goal in and of themselves. But inefficiently delivered healthcare is simply a waste of resources. There seems little question that among developed countries we spend more resources and have less to show for it.

Higher energy costs will also restrain growth. This is true whether we succeed in developing more sustainable energy alternatives or if we continue to extract fossil fuels from more challenging environments. If we accomplish the former, and in a manner that is more environmentally benign, we will smooth the path to sustainable growth. This, however, will be expensive. Unlike better healthcare, the best we can hope for from our energy future is a substitute for fossil fuels, an energy source that has long been beguilingly cheap.

So what pace can we expect for growth in the years ahead? In the near term, perhaps for the next three years, a convincing case can be made that growth will stay closer to two percent rather than the three percent historical average. The factors are straightforward. Consumers will spend less. Large resources will be devoted to higher energy costs. The total healthcare budget is unlikely to trend downward soon.

But over the long term there is every reason to believe that the sustainable growth rate will be closer to the long-term average. Long-term economic trends are not easily disturbed by the emotional swings that can make equity investing so risky in the short run. At its core, the U.S. economy retains the extraordinary flexibility that has sustained its steady growth over many years. Each of the limiting factors cited can be addressed by innovation and good policy. Globalization can foster more efficient production and distribution just as it encourages more competitive labor markets. More efficiently delivered healthcare can make our economy more competitive. Higher energy prices induced by scarcity and good policy can prompt innovation that has a ripple effect throughout the economy. And the education system is simply in our own hands. The surest path to strong long-term growth is reinvigorating the skills of our people.

—B. Apfel

NET1 UEPS

cutting edge companies

This column highlights companies in the business of providing solutions to social and environmental challenges. Featured companies are typically held in the SmallCap Innovations portfolios offered to Walden clients.

Developing countries confront a number of challenges altogether unfamiliar to the industrialized world. For example, how to disburse welfare payments to poverty-stricken citizens living in remote villages that lack a banking infrastructure or even electricity? The legacy answer was to dispatch payment agents and armed guards to a temporary kiosk once per month to distribute cash to the villagers. This enormously inefficient system was beset by corruption, administrative errors, and crime, as recipients were targeted by thieves cognizant of the monthly payments. It also discouraged savings and promoted price gouging as recipients quickly spent their money on hard goods rather than risk storing paper currency.

An innovative technology company called Net1 UEPS has delivered a smart-card solution to the South African market, where 40 percent of the population is "unbanked" and 54 percent live in rural locations. The system utilizes a smart card embedded with a small chip, powerful encryption, and biometric fingerprint authentication technology. Payments are automatically loaded onto the cards on a monthly basis and Net1 pays nominal interest on unused balances. Cardholders can receive cash from 8,500 ATM-like terminals located throughout the country or can use them for payment at more than 4,000 merchants who rent POS terminals from Net1. A key feature of the system is that the smart card functions as a self-contained bank account: Transactions can be completed offline, stored on the card, and then synched to the mainframe intermittently. Users can even engage in person-to-person transactions by utilizing any terminal. Also, a transaction history is distributed throughout the network (via terminals and other smart card holders a user has transacted with) so a sophisticated audit trail is maintained for accuracy and security.

In 15 years of operations, there has never been a reported incidence of fraud, theft, or misplaced funds. Finally, the card can only be used by its owner with fingerprint authentication; it even has a "panic finger" feature that will disable the card if the pre-selected finger is presented for authentication. The benefits of this system are plentiful for consumers (increased security, convenience, lower cost, access to financial system, ability to build credit history), government (less costly, more efficient, more accurate, less fraud-prone), and merchants (lower cash handling costs, increased security, increased store traffic, revenue-sharing opportunities, more accurate bookkeeping).

Net1's system is currently undergoing trials in Botswana, Iraq, Nigeria, Namibia, Colombia, and Vietnam. There are a wide range of potential applications beyond welfare payments: payroll, electronic bill payment, micro lending, burial insurance, and even health care records management. It may turn out that developing countries leapfrog industrialized nations in the deployment of secure smart-card systems for a wide range of financial applications!

—S. Franco

Stephen Franco is a Portfolio Manager and Securities Analyst.

ACCOUNTABILITY THROUGH PUBLIC POLICY *continued from page 2*

which had been weakened under the Bush administration. In early March the new administration did just that, and now communities can more easily identify and track toxic emissions from facilities in their neighborhoods.

- We joined appeals to the Uzbek President, International Labour Organization, and U.S. State Department to address the extensive use of child and forced labor in cotton production in Uzbekistan. Some of the world's largest apparel companies, including Wal-Mart, now refuse to buy Uzbek cotton.
- We joined with other investors in urging the United Nations Global Compact to address the complicity of Chinese oil company Petrochina in the human rights crisis and genocide in Darfur.

On behalf of our clients, Walden will continue to call for public policy reforms that we believe help advance sustainable business practices.

—T. Smith

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Values

Green Tax Credits

If you've been putting off some home improvements, now may be the right time to call your contractor so you can take advantage of the deals offered by the federal government. The IRS Code related to tax credits for existing homes, which had expired at the end of 2007, was reinstated as part of the economic rescue package. The credit rate and lifetime cap were tripled to 30 percent and $1,500, respectively. So, for example, if you spend $5,000 or more on new qualifying windows, you will receive the maximum credit of $1,500. Additionally, the list of eligible improvements was expanded and the deadline for applying has been extended through the end of 2010. The $1,500 credit is the total allowed for the two year period (2009-2010). There is no upper or lower income limit to qualify for these credits.

Stephen Benevento is an Administrative Officer.

Eligible improvements include energy efficient doors and windows, insulation, heat pumps, furnaces, roofs (metal and asphalt), HVAC, biomass stoves, and water heaters (non-solar). The items you purchase must be installed during 2009 or 2010 and must be in your principal residence. The item must also have a Manufacturer Certification Statement to qualify (not all Energy Star rated products qualify). While the Manufacturer's Certification and receipt are not required when you submit the appropriate IRS Form to receive the credit, it is a good idea to hold on to the documentation in case you are audited. (For more information on qualifying items and eligibility requirements visit www.irs.gov.)

More efficient homes save on water and energy bills and these tax credits allow such upgrades to be more affordable. Good news for all of us who are finding it difficult to buy that new fridge to replace our leaking one in these uncertain times. And you thought that the government was only giving money to banks and auto companies! This break not only helps homeowners, it helps us all take a step toward a more responsible energy future.

—S. Benevento, CFP®

As always, we strongly recommend consulting with your tax advisor prior to making any decisions related to your tax or estate plans.