

\$1.00 Saved is \$6.80 Earned

CityLights “Common Cents Investment Club” members have learned and earned

By Rich McFarland, Ted Behr, and Donna Henry

Several decades ago, when Wayne Presbyterian inaugurated its unique CityLights ministry in Southwest Philly, WPC members brought a wide variety of skills and interests to the mission outreach table.

For Rich McFarland, for instance, it was investment expertise. “But how,” he ruminated, “could that capability be of practical benefit to residents in one of poorest sections of America’s poorest large city?”

Rich did recognize that the median net worth of fellow Main Line families was some 8 times that of Southwest households (and remains so today.)* How could he help close that gap?

He came up with an investment club for adults and a savings program for people in Southwest, but he was particularly interested in the students at Cornerstone Christian Academy.

On the agenda for the adults was learning the ABCs of investing and by putting small amounts away each month to generate a meaningful nest egg for future needs... and in the late 1990’s created an investment club that lasted about 5 years. Then in 2006, he and Ted Behr created the Cornerstone Common Cents Investment Club, launched with many staff from Cornerstone.

CityLights members were invited to attend monthly sessions and a dozen or so folks from Cornerstone Christian Academy, Southwest Community Development Corp. and Presbyterian Children’s Village. The meetings were held at Cornerstone since its President Dick Ollinger and many teachers had joined.

Rich began each meeting by asking members what products or services they had confidence in through personal experience, and target companies would be selected: Initially, Apple, Procter and Gamble, Estee Lauder, Johnson & Johnson, Starbucks, and Microsoft. A couple of members would volunteer to analyze the related industry and Rich would provide the Value Line pages for the target and two competitors. He also provided a worksheet for the amateur analysts to compare sales, earnings, cash flow, and other financial parameters, and space for a recommended purchase.

At the next meeting, the investment sponsors would report their findings. The members then voted whether to invest or not, and if so, how much of the club’s current cash to spend for the shares – and Rich would make the purchase through the club’s account with Vanguard. One of the sponsors was assigned to follow that company and report any important developments at subsequent meetings and whether to increase or decrease that investment or sell the stock holding.

For every monthly meeting over the past 16 years, Rich prepares detailed updates on the current value of each stock and the total portfolio return as well as an individual monthly summary of

the value of each member's own holdings! At year-end, he also prepares individual 1099's for the taxes paid on the club's earnings.

As the club grew, Donna Henry, Executive Director of Southwest CDC became the meeting moderator. Currently, 27 club members own 23 stocks – each one selected by the members themselves. The total value of the shares is presently about \$180,000.

One way to measure the success of Rich's efforts: If members invested the minimum of \$20 a month over the 16 years – a total of \$1,920 – the current value of their shares would be a bit over \$13,000! That's enough for a down payment on a Southwest house and some furniture to go in it! (And Donna Henry's Southwest CDC Housing Counselors could provide helpful first-time homebuyers advice.)

The Cornerstone students' Savings Club has been promoted regularly at after-school meetings. Encouraged to save money, the youngsters have also learned the value of compound interest earned on savings over the years.

*www.brookings.edu/blog/up-front/2020/12/08/the-black-white-wealth-gap-left-black-households-more-vulnerable/