

Whats Brewing | Values Based Financial Management

SUMMARY KEYWORDS

Values-based financial management, wealth alignment, impact investing, ESG (Environmental, Social, Governance), community impact, conscious investing, personal values, community support.

SPEAKERS

Speaker 1, Blake Smith, Karsten Kaczmar

Blake Smith 00:07

Hey, Faith Unfiltered Podcast listeners. This is your host, Blake Smith, and I'm here today with a friend of mine. We met at a camp this summer, and we're going to make this part of our What's Brewing series. It's not typical of our what's brewing series, because we're usually talking about things that are happening, but the importance of today's conversation is going to open doors and opportunities, hopefully for you, and ways to think about wealth management that would allow you to do the things that you value and focus you on mission. So, I am here today with Karsten Kaczmar. Karsten and I met at family camp this summer, and he was sharing some of the things that he's involved in, engaged in, and I just thought it'd be great to have him on our podcast with us to talk to you about that. So first of all, welcome Karsten.

Karsten Kaczmar 01:00

Thank you. It's pleasure to be here, Blake.

Blake Smith 01:03

Karsten is the founder of Real Hope Advisors, and he works with values aligned wealth management. And I just think this is something that is good for all of us to hear as we focus on mission and peace and justice and those kinds of things. So, it's really good to hear that you can put your wealth in places that can do good at the same time. So I'm just going to turn it over here to Karsten. First of all, Karsten, if you could just tell us a little bit about yourself so our listeners get to know who you are, and then we'll get into talking more about how you got where you are, and what you're doing.

Karsten Kaczmar 01:36

Yeah, absolutely. Well, and I want to quickly start with the word wealth, because I think that that some of you listening might have just heard that and gone, oh, that's not me. I don't have any wealth. And I really want to invite you to explore in this conversation what that might mean newly, because we all have wealth. It's just whether that wealth is financial or not, and also what we might define as wealth in America versus, you know, Blake, some of the places that, of course, COC has some of their churches, they would not be defining wealth by the same things. You know, most of us feel like we're broke and we have a car and we have some savings, but many people in the world don't even have that. So,

when I say value aligned wealth management, while my particular practice does work with folks that are within a certain asset threshold, the conversation for wealth and what we're going to be, I think talking and getting into today, it applies to really, all people, at the very least, all people in America. We all have wealth of resources, of time or of skill or of capital. There's some wealth of community and our networks, all of those things are part of aligning your wealth with who you are. So, just wanted to give that real quick. I think it's valuable for the conversation.

Blake Smith 03:14

Yeah, I'd say that's really helpful, since that was one of the first things that came to my mind when you were presenting at Happy Valley. So, I can't believe I even just jumped right over that, as if that's a given. So thanks for clarifying that.

Karsten Kaczmar 03:25

Yeah, yeah. So wherever you're at in your journey, you're part of this conversation, and your contribution matters to building a world where all people and the planet are mutually thriving together. So yeah, little bit of about me. So, I grew up in Ohio, and grew up a Pentecostal evangelical Christian doing all the fun stuff, you know, like the Holy Roller guys, you know. And I then moved to LA actually, for acting. And I always wanted to be a storyteller. I always wanted to build a movement that made the world a better place. I really thought that was going to happen through being a writer and speaker in churches, and traveling the world to, you know, build a revival that really made heaven show up on earth like Jesus tells us to. And then, while I was in college, I had a experience. Actually, it was quite profound, and it it rewrote everything about my beliefs. I really saw, I literally saw through Jesus's eyes, and experienced love on a level I didn't know existed. And all of my theology, which was not affirming of queer people, and believing that God was going to send people to hell, you know, and torture them forever because they didn't follow him. In the face of meeting that God, all of that fell apart. I didn't believe any of it anymore. I was like, Nope, that's not who he is. I've met him. And that in turn, I love to tell people that Jesus destroyed my faith, [Amen] that just destroyed where I thought I was going, because all of these evangelical churches were no longer so keen on having someone through their doors that thought that God created queer people exactly as they are, and that God loves the beautiful diversity in those communities, and that God actually cared a lot more about things like justice for the poor and caring For the weak and the sick than he did for whether or not you voted Republican. So I, I went through a real, real, no man's land period. And, you know, growing up in a pretty unstable house without any real, like, financially very unstable. You know, we had some food, food scarcity here and there, some church checks got us through that. We lost, almost lost our home many times. Church checks here and there, kind of just random people giving to keep us from being homeless, got us through and until we did lose our home in 2008. And so, you know, I didn't have a financial background. And then, with my theology and English degree, and having radically ruined my faith system, to go that route, I didn't have a career path anymore either. I almost went bankrupt, and I called my dad, and I said, "Dad, I don't know what to do. I'm about to go 60 days late on all of my credit cards. I can't pay the bills. They're going to turn the electricity off." And my dad is not a person of means, but he had managed to, at that moment, have a little over \$900 and he gave me that. And he said, you know he said, Here, like, you know this, he asked me, How much do you need? And he gave it to me. And that gift, I was like, I'm not going to be this person anymore. I'm going to use this to turn my life around. And I called my friend Doug, and said, Doug, I don't know what to do with money. Tell me what to do. I'll do

anything you say exactly as you say it. And I did. And over two years, I turned around my financial life became an Uber driver, actually. So for all y'all out there who are like, Oh man, this butt head talking about wealth, I'm just an Uber driver, well, trust me, that's a great place to start. And then a skyscraper fell on me. So that's a bit of a turn. Yeah, I began to help my friends and family get out of debt. I was doing great, and then a building, big piece of a San Francisco skyscraper, ripped off the building and hit me while I was driving Uber. And I didn't have a career path, including Uber anymore. And in that period, I met someone in finance who said I had the heart for it, because I've been helping friends and family so much. And I he said, 'Do you think you've ever considered a career in finance?' And I said, 'Hell no, they're all corrupt. I want nothing to do with them.' So then I saw what he did. He helped friends and family, he helped his community, just like I was. And given that my prospects were slim to none, I was like, You know what? Maybe I could do this. So that's actually how I got into the industry. And I quickly learned that all of my fears about corruption were pretty accurate. And eventually ended up founding my own, my own firm, a friend of mine broke ties with his broker dealer, which just means that he went fully independent and needed somebody to help launch. And we kind of launched together. And then a few years into that, I launched my arm of the practice, which is Real Hope Advisors, so, yeah, that's, that's a little bit about my story.

Blake Smith 09:47

That's, that's a heck of a journey. I always thought that I kind of went around the world to get to where I am, but it's nothing compared to that.

Karsten Kaczmar 09:55

Yeah, yeah. It's my friend Bobby says that he thinks I could. I win an award for most interesting man in the world because I have so many weird pieces to the story, like I skipped over a lot, just to give you that.

Blake Smith 10:10

This was the Reader's Digest version.

Karsten Kaczmar 10:12

Oh yeah, yeah. We left out the filmmaking part. We left out the acting. We left out a lot of interesting stuff. But that's okay. You just keep hanging out with me. We can talk more.

Blake Smith 10:22

All right, so you got to where you are, you didn't think you'd ever go into financial management. And have found yourself in that place, and have found a way to match that with what you value, what you believe, what you love. How did, how did that transpire? I mean, was that just kind of all part of that story weaving through, or was there just this moment that, well, other than your father, maybe it is the time when your father gave you the money that seemed to have flipped a switch.

Karsten Kaczmar 10:57

Yeah, yeah. I think it did, in a way. You know, Doug gave me this tool to which is basically a combination of reading Total Money Makeover by Dave Ramsey and a spreadsheet that was one that he had built. And I began to turn things around with it. And I, like, helped my immediate family and friends, and I got pretty good at teaching people how to, like, transform their finances. And I said to Doug, like, you know, I think I could probably monetize this, like, I might start selling it. And, and Doug was like, no, like, you, I gave this to you as a gift. And, and it really, it really hit home for me. I was like, You know what? You're right. Like, I'm going to give this back to people for free as something that I that I contribute. And so, that was the beginning of like, while I began to move more into thinking about helping people with their finances, there was always something driven for me in this has to be about transforming people's lives and like, it can't be all about profit. So, I think that was, that was always there, especially given the, I mean, I wanted to be basically a world traveling pastor and movement builder. So, that heart never shifted. It just I found myself, at first not sure how to express it over when I got into finance and I started working for Merrill Lynch after the first company I was at, and I I got to work with every person that walked through the door I was in like a bank branch. And so one day I'd be helping someone learn how to save money, and the next day I'd be helping someone invest their million dollar portfolio. And I just got to see the entire spectrum, and I began pointing people towards this new thing at the time called ESG investing, which stands for environmental, social and governance, as in, like, the corporate governance of a company filtered. So, it's looking for companies that are doing at the very least less harm in those categories. So, you could have, like, let's say, you know, a lot of people will mention things like a Vanguard S&P 500 fund, a lot of people have heard of that. You could have an environmentally and socially just, or more just, at least version of that. It's still tracking, you know, the S&P 500. If you don't know what that is, it's just the big index of the top 500 companies in America. But it's doing it. It's kind of giving you that kind of return, but it's filtering out some of the most harmful companies from an environmental, social and governance perspective. So, I began getting more interested in this. I'm like, Well, if you're, if you're going to invest and grow your money, like, at least do good with it to whatever degree you can. Like, I know you need it for retirement, but maybe we can do some good along the way, or at least less harm. And that was really the beginning. I didn't even really know that. I'd always thought of it as like, well, you make your money and your retirement is just sort of your money machine that's in the background, and you use it to fund the good that you're doing out in the world. And as I began to learn from the inside of the industry, I was like, actually, this money machine is literally being ran off of fossil fuels. And the systemic oppression of communities of color and minorities like this is, this is not like the it doesn't matter if I'm doing good in terms of donating to my church and doing activism work, if my money machine funding it is destroying those very causes I believe in. So that was really a turning point for me when I was at Merrill and thinking about these. Things and and then I dug under the hood of their environmentally and socially just portfolio at that time, and I saw their standard portfolio was 3% invested in Chevron, and their socially conscious portfolio was 2% invested in what an improvement, right?

Blake Smith 15:21

Wow. It's a step in the right direction, I guess.

Karsten Kaczmar 15:27

Yeah, yeah. And I was like, I can't, I can't do this. I know I can do better. I know that I can do more good than this. And I'm, I'm handcuffed by an institution. And, I mean, a lot of us are like, if you work with a lot of these bigger firms, these advisors are being told what to do, what to sell, how to sell it. Even if they're independent, making their own decisions, they're being influenced. And they're not being influenced towards good in the world. They're being influenced purely towards profit. So, that really is what I was like, I'm I can't I'm done. I can't stay here. And that's when, out of the blue, my friend Jess gave me a call, literally hadn't talked very much in the last two years, and said, Hey, I'm going independent. You would take a \$40,000 pay cut from what you're making at Merrill, but I could pay you a minimum salary, and you could help me found this thing, and then do things on your own terms. And I was like, I'm in. And he was like, I don't think you realize how much a 50% pay cut is. Like, I really? I was like, No, I don't care. I'm in. I will. I got my spreadsheet. I got my Dave Ramsey principles, I will live off 20 grand a year, if I have to, but I am in like I am making this happen. And once we were able to hire an admin to replace the 17 hats I was wearing at once, and I could really build out my arm of the firm, that's when I got to take real hope advisors to another level and begin to distinguish like, how do we not just invest, but how do I live all of these principles, everything that I've ever cared about? How do we build a world that works for everyone, with the planet as well, like all thriving and that, that's kind of the work that I've been doing since.

Blake Smith 17:28

I want to step back just a minute, because in the beginning, when you mentioned this word wealth, that might automatically make some people feel like this is not a conversation for me, because I don't have that. I don't foresee that anytime in the future. What? What do you say to someone who's just kind of getting started, who feels like, gosh, I don't have, I don't have money to invest. I'm not sure where I fit in this. How do I, What would I do to get started? Not not even necessarily values based or otherwise. But what's, where does, where does someone start?

Karsten Kaczmar 18:04

Yeah, I would say that this really relates to a bigger conversation I've been building out that I suspect will one day be a nonprofit foundation, or like a nonprofit entity, which is what I call the real hope paradigm. And there's three parts and a context. So, part one being, who are you committed to being in the world? I think that's really where we start. And if you want to have the greatest progress, start with who are you and who are you committed to being? Because if you start with what you're doing, there's a million experts out there you'll like, and to be honest, most of them are decent, like you're there might be one that is perfect for you, though. And if you start with, who am I, like, what am I committed to? And who do I want to be in the world? Maybe that's like for me. I knew since I was 11 years old that I wanted to be a millionaire, but it was never because I wanted to have a million dollars. It was because I wanted to be radically generous. I and so if you were to ask what I wanted to have or what I was going to do, I might have said I have a million dollars, you know, little 11 year old me. But what I really, what was really there is who I am is I'm going to be radically generous. And for me, that meant radically generous financially. That was one of those things that I knew was what I wanted to have to express who I am. But for some, some of you, you may find that you don't give a crap about that. And I think that's awesome. Like you might be like, who I am, like, you know, as far as financially, you may not care at all, but you might be like, Who I am is I'm going to, like, give my life to loving the poor. Well, that's going to really shift how the rest of this conversation happens. So, start with who you are and

really make that a declarative statement like this is who I am in the world. And from there, move into the reflection of your resources. And when I say your resources, I mean all of them, your time, your skills, your financial resources, your material resources, like the things that you have in your house or in your car or, you know, on your person, all of your material resources. Hold that up like a mirror to the declared statement of who you are. Do they match? And it really there's, there's two pieces here that are so valuable. One is, you actually get a real idea of what you have in terms of your resources. So, doing that assessment alone is going to show you the wealth that you already have. It may not be financial if you're just starting out, but you have a wealth of skills, and maybe a lot of people that are cash poor are time rich, that not always. I know those of us that work in nonprofit spaces, we know, not always, but you have these, all these different areas of Wealth. So, look at that. Look at where do I land in all these places, and do that assessment. And then does that actually reflect back to me who I'm committed to being who I've declared myself to be in the world? If not, bring the most glaring things into alignment. Don't worry about getting it all right. Just bring the most glaring things. So if you know you work for Chevron, but you're committed to ending fossil fuel extraction, maybe that's a contradiction. Maybe it's not. Find how that's glaring. Bring it into alignment. If you're, you get, if you're just starting out, you don't, probably work for Chevron, so you know, if you're, I'll use a more relevant example, if you were...

Blake Smith 22:09

You could be a custodian at Chevron, yeah, there you go.

Karsten Kaczmar 22:14

Let's say you're the, you know, the church janitor, and you're just starting to think about what you want to build. You know where you want to go with your future, starting with who you are. Maybe you say, I'm someone who takes care of my family. And then you look at your resources, and you find that you may be surprised. You may find that, oh well, one of the ways that I really spend my money is I'm going out to fast food every day on the way to work because I don't have time to cook and I can't afford good food. You have all these reasons. But the most glaring thing that actually comes up for you when you look at your resources, it's not how much money you're spending, it's that you've gained 25 pounds in from eating fast food over the last two years. And you're going, Wow, if I'm someone who cares for my family, this is out of alignment, and you may take that action to bring your lunches to work with you, and it's a healthy lunch, and you end up saving some money. You end up, you know, dropping 10 pounds over the next few months, and suddenly you're healthier for your family, your money is more in alignment, and you have more wealth across all those areas because you brought the most glaring thing into alignment. Does that make sense?

Blake Smith 23:35

It does. It's getting very personal, but yeah, it makes a lot of sense. I may not be able to walk after this because you're stepping all over my toes.

Karsten Kaczmar 23:47

Well, you know, we are on Zoom. I can only see from like the shoulders up, so I have no idea what you're talking about. So, from, from there, once you've brought those things into alignment, you look at your lifestyle and your legacy, or said, another way you're now and your future, and bring those things

into harmony with your, your declared identity and your resources. So again, it's kind of another place to look from like you notice that bringing in that fat, you know, bring that fast food thing into alignment, that is a little bit of your lifestyle, but it's coming from what you're doing with what you have. But then maybe you know what, we'll stick with this, this church janitor. Maybe he looks at his lifestyle and realizes that he's working 12 hour days for the church, and you know, financially, it makes sense, but that lifestyle, when put up against 'I'm here for my family,' it doesn't work, and maybe that inspires him to either ask for a raise. And or ask them to, you know, keep at the same pay, but hire another person, maybe go to another maybe, you know, if you really value working at a church, maybe go to another church that is in the network of your denomination or your community, and bringing that into alignment so that that lifestyle allows for that value, and looking at the future, that that's where a lot of times Real Hope Advisors comes in in a very specific way, where it's like, Well, are you going to have enough if you want to take your kid, if you want to help your kid go to college, or if you want to know that your family is provided for? Are you contributing anywhere into savings or retirement? Do you have an emergency fund? Things like that kind of come up as you look at your future, so but that conversation of harmonizing your lifestyle and legacy and doing all of this in a context, and that context is the context of community. If you're doing this in isolation, it's going to be very hard, and your community is also one of your greatest resources. So bringing your community into this conversation of what who you are and of what you're doing, and then partnering with your community in creating it. So this, for no matter who you are, no matter where you are, whether you have \$0 negative \$100,000 like where I was when I finally got my measly \$20,000 settlement Check after the neck injury from the skyscraper. Like, it doesn't matter whether you're there or you have \$2 million like, using this paradigm creates a virtuous circle of positive impact in your life, not a vicious circle, but a virtuous circle that is self-reinforcing and that creates an upward spiral as any of these areas begin to get touched. Once you've kind of created that whole wheel of it, then all of the other areas are reinforced and improved. So, you can start coming from this and do this kind of assessment. Who am I? How do my resources align or not, bringing them into alignment, and then harmonizing my lifestyle and legacy and playing this game in the world of community, no matter where you are, you can do that, and it's going to begin to move you into where you want to be, and to filter out the stuff that's actually not a fit for you.

Blake Smith 27:46

That's some, some great stuff, but so not a but at all. I want to say, when we talk then about valued, aligned management, financial management, I'll, I'm going to weed out the wealth there for a minute to so that we're not, not excluding anyone, at least in the way they see it. I'm hearing you say that it makes a difference where we invest. If we're, if we're only have even a little bit to put away on a monthly basis, make a commitment to that. Why does it, why does it matter? I mean, if we're, I, so you were saying earlier that, oh, I make all I make this money, and I can do good, but behind the scenes I'm doing, possibly, doing harm, even counteracting what I'm doing in live person. How do we how do we align those things? It? I hear you say, I know you say that's possible, and you have some great ideas for that. So help me understand that. And our listeners understand that.

Karsten Kaczmar 28:55

Yeah. Absolutely. Well, the first thing I think I want to say, you didn't say it, but just saying the word "but" makes me think someone might have just heard that and go well that's great, but what the heck do I do? I don't have any money, like, what do I do? [Right] So, I will give that first to just say, if you're

just starting out and you're coming from this paradigm then what you do with your money is, for One, almost certainly that high interest credit card debt needs to disappear. So, find some kind of system to begin tracking your stuff. Something like a budgeting app. You've got Every Dollar, Monarch Money, Rocket Money, lots of things like that. Find something that can help you start getting aware of how your money is flowing. And then, get out of the really bad debt and also build an emergency fund. You know, there's a lot of great books out there -- *Finance for the People* by Paco De Leon, is one that I really like, and *Total Money Makeover*, if you can handle, you know, an angry boomer yelling at you that all your money problems are your fault. It's actually a great book. It's just, you gotta understand, think of it as your angry grandpa telling you what to do, but he actually knows his stuff. So, I would say start there, like, and really bring your community into it. I wouldn't be here if weren't for my dad, and I wouldn't be here if it weren't for Doug. Like, let your community support you. Play these games with them. Because when, it's one, easier for us to all rise than for just you to rise if the community's not rising. And, two, when we are all rising, we're all rising. Our whole community is improving and growing. So, create this with your community, but that's kind of where to start... paying off the debt, building an emergency fund, then once you have those going, you want to start talking about how you're investing. Let's get to your question.

Blake Smith 30:57

OK, and that is a really helpful piece Karin, because I have heard many people over the years say, you know, you can say, well, I'm putting money away. But instead of paying off this high debt and not realizing that 19 or 29% credit interest rate when you're making, even if you're in a great program and are making 7% you're still losing money. You need to pay off that debt first. So I think that's, that's a big piece. That's helpful.

Karsten Kaczmar 31:31

Yeah, if you're aggressively invested, let's say, in the top performing companies in the market, kind of like the S&P 500, or the total market index, something like that, you're probably making around 10% per year. And if your credit cards are charging like you said, 19 to 30% per year, every dime that you're putting into investing, you're actually losing something like 20%. If you're at 30% like you're negative actually. So put the all of those dimes towards paying off your debt. Get that to zero. Once you're at zero, then, you know, begin building up your emergency fund. And Dave Ramsey has a great idea. He talks about saving \$1-2,000 quick. So set aside a grand or so, hit that goal quickly, and now you have an emergency fund so that when the little thing happens that costs you \$700 you're not pulling it from a credit card. You're actually, you know, you're breaking that habit right out the gate. So I think that that's really valuable. If you are in credit card debt, save 1-2000 of your baby emergency fund and then pay off your debt really, really aggressively. Once the highest debt you know that credit card interest stuff is paid off anything under 10% it's more of a conversation of when you pay that off versus your investments, but you want, you want to focus on getting that and your emergency funds probably three to six months of your expenses. You know, depending on your comfort, we'll just keep it that simple. But if you've got, let's say, three months, and you've got of expenses, and you've got no credit card debt, and you're saving money every month. Now we're ready for that conversation about, what are you doing with that money that you're saving like and you're investing? Okay? So, yeah, with that side of the conversation, you asked me why, like, why it matters and and, like, what difference does it make? And you know, we were just together at the Peace Colloquy in Portland, and we heard from some

incredible speakers. And I'm going to use some really specific examples. So, one of the speakers that we heard from is providing housing support to keep people of color in Portland in their homes by doing things like covering major home repairs, like a new roof, so that folks that are black homeowners don't lose their houses, he mentioned that he got funded by a grant to do some of that work. Well that, most foundations that are writing those grants, about 5% of that money goes to grant writing, and 95% of it stays invested in whatever is in the markets that's helping them keep the grant, you know, keep the foundation growing so they can keep doing their giving. If that foundation, I don't know anything about that foundation, so I am not speaking to this one specifically, but I'm speaking hypothetically that the majority of foundations are invested in standard investment practices. So they're really only filtering for profit, not for people or the planet. They're not really looking at the good or harm so much as are they in a healthy, diversified, risk conscious portfolio. So, in this case, it's very possible, and even probable that that foundation around, if they're, let's say they're giving away a million bucks a year and, in grants, then that means that that foundation probably has around \$20 million. Of that 20 million probably somewhere between five and 10% of that money is being invested in companies that are intentionally engaging in practices that would drive people of color out of those regions so they can buy up the properties, invest in like, flip the properties, gentrify the neighborhood and sell them for massive profits. So, while that foundation just wrote a grant to help support the work to keep black folks in their houses in Portland, that same foundation, it could very likely be funding real estate investment trusts and investment companies and companies in their portfolio that are actively pulling in the exact opposite direction and canceling out the work their grants are doing. Does that make sense?

Blake Smith 36:40

It makes absolute sense. Yeah. So how do I how do I go ahead? Go ahead. I'll ask another question in a bit. Yeah.

Karsten Kaczmar 36:47

So I'm giving that to you on the the highest side of the conversation. For you know, for churches, this is especially relevant. If you're your church reserve fund or your growth fund or your pension fund, they are often contradicting all of the values that we're actually committed to, and there's no awareness of that, and that can be corrected while still maintaining that fiduciary obligation of the returns and the things that you need so that you're taking care of with the work you're doing. So that's the like high affluent side of the conversation. You know, 10s of millions kind of conversation or more. The other side of the conversation is at the same conference we heard from the Poor People's Campaign, and I managed to say something very silly and stupid. I did math terribly wrong. So if any of you were there and you heard me say that \$1,000 somehow is 300,000 within, within 18 years. Don't know. I'm sorry. I was very inaccurate, and I sounded like an idiot. So, you know, we all make mistakes, but I got to chat with them after and we were talking about the work that they're doing and how important it is, and I asked a question, you know, I said, you're talking about like giving poor people a voice in these conversations and making sure their voice is heard. What if every person, so this is a little bit of a statistic for you. If you were to look up what percent of the bottom 50% of Americans, in terms of wealth, actually own stock in the stock market? It is, depending on when you're looking at the stat, somewhere between one and two and a half percent. So we talk a lot about the 1% and we are the 99% or we are the 98% you know, we talk about the top one 2% of the population, but just looking at the other side, the bottom 50%, only 1% of the entire bottom half of the population own stock at all.

Now here's what happens when you own a stock, you become an owner in that company. So like, you know, if you wanted to open a sandwich shop, and you didn't have the money for it, you know, Blake, you might talk to your cousin or uncle. Hey, I want to open this sandwich shop, and it's going to be great. It's going to make all this money. We're going to throw people's sandwiches here. You want to invest. I don't know why I became Italian. I was just thinking of a deli, but hey, I'm going to make you a deal. Gonna make you a sandwich. You want to take my money so, you know, your uncle might, might, you might make him an offer he can't refuse, right? I'm just going with it now. [Keep rolling]. Maybe he decides to invest 15% Of what you need now, he's a 15% owner in this sandwich shop, right? Well, if, if he's a 15% owner, even though you own the other 85% he gets a say. When Uncle Vinnie is like, Hey, your sandwiches aren't selling. You know you need to add this to the menu, or you're saying, you know, you're not making enough money, you need to raise your prices. You have to give that. You got to give uncle Vinnie some voice there. Like, he gets the right to say something because he's an owner. We don't realize it often. I think a lot of us think of stock market like playing the lottery, like, well, I bought a ticket, and now I hope it goes up. Like, you know, have my Apple stock, and I hope I win the lottery and it goes up in value. But when you buy Apple stock, you become an owner of the company. You have the same kind of rights and privileges as any other owner. Now, there are, you know, certain privileges that come with how what percent you own. But imagine that all 50% of the bottom 50% just owned a couple stocks in a company that we want to make a difference in in the world, and then all of them have the right to show up to shareholder meetings, all of them have the right to vote on company issues, like you want to make sure that a factory doesn't get built in your neighborhood in Detroit, have every person in that community own one share, and now they're looking at building a factory where there's 20,000 shareholders that show up to a shareholder meeting and say, as an owner in this company, we demand you build somewhere else. So, when we talk about giving a voice to folks that don't yet have that voice in capitalism, stock ownership and participation is a powerful way to do it, even if you can only buy one stock. It's really about understanding your power, understanding how capitalism works, and participating in it in a way that, going back to the real hope paradigm, actually matches who you're committed to being in the future that you're committed to seeing. Does that land?

Blake Smith 42:26

Yep, yep, does make sense.

Karsten Kaczmar 42:30

So, you know, for most of us, we're not in either of those places. We might not be. Some of you maybe are in that place where you know, thinking of owning one stock for 50 bucks, feels like a ton. And I get that, and I've been there, I think a lot of people that are we kind of think of as working class or the middle class, you know, folks that might actually be listening to this podcast on their drive to work, you know, who have a car, right? It's maybe a bit more than one stock. And when we're talking about impact, that example is great, but when we're talking about you need a diversified investment portfolio that will grow until you have enough to retire on. You can't put it all in one company and then hope that your votes are going to make the company change like you need, you need a diversified approach, which means you're going to own a lot of different companies. And this is where a conversation for filtering and as well as seeking the greatest possible impact when you can. That's where that conversation really comes in. So, I call this the spectrum of impact. Essentially, on one side, we have 'I know that what I'm doing is harmful. I'm a profiteer. I'm profiteering, and I don't care. I'm doing it on

purpose for the money, and it doesn't matter how much harm I cause.' On the other side, we have philanthropy, where the only goal is impact. Now the whole world to responsible and effective philanthropy out there. It's not simple, and I'm not going into that, but for my purposes, those are kind of the two opposite ends of the spectrum. Money only for money's sake, to get to make me rich and don't care about anything else, and money only for goods sake, for nothing else. Just give it out there to make an impact. Most of us think, most of us land slightly further from the like profit at all costs, and we're in the realm of, well, everybody's doing it, so I'm going to do it the standard way. I'm going to invest in these index funds or go to this financial advisor with Ameriprise, or Merrill Lynch, or whatever it might be, and they'll take care of it. Like that, that's where most people land. Is kind of overweight on that side, but there's this entire world before you ever get over to philanthropy, and it looks kind of like this. Profiteering, not thinking about it much. I would call it naive, harmful investing, sort of the typical standard. Filtered investing. This could be ESG investing. It could be something called BDS Boycott Divestment and Sanctions really popular in the Israel conversation around how they were treating Gaza, these are movements for filtering out the most harmful companies. Those filtered investments you're going to tend to still try to stick to those market indexes, or like you're sticking to sort of fiduciary financial principles, but your which fiduciary just means, like financial best interest kind of the shorthand there. So, you're sticking to those principles, but you're filtering out as much harm as you can while still trying to get the best return. Then you've got impact investing, where you might have profit and good as a double bottom line. So they have to do as much good as they are profit, like they're positive, like they're equal. Then you've got where you get into things that sometimes get called Solidarity Economy, investing, kinship economy investing, some philanthropy organizations will have something called PMIs, which is basically a a program where I'm just going to leave it at the acronym. I'm not going to get into that, but these are spaces where good is the primary goal and the secondary goal is return asset protection, etc, and then you get more over into philanthropy. And to be fair, you know, my friend John was talking to me about this, sometimes those impact investments actually do more good than philanthropy. So, it's not black and white, that one thing is always going to be better in terms of impact than the other. Does that make sense?

Blake Smith 47:09

Yeah, I think so. Yeah. So how do I know where I'm investing and where it's going? What are, what are the ways to find that out. Are there resources? Is it about being with particular investment companies?

Karsten Kaczmar 47:27

Yeah, so for one you, if you're just invested in what your 401k defaulted you to, you can, almost certainly, like, 99% guarantee you, you are not in anything that is north of neutral harm-based Investing like, you know, sort of the the default settings you're You're not doing any form of conscious investing so that and that would be typically true for any financial advisor you're with if you haven't had this conversation. So, if you go to them and you've said, hey, I want to be invested in a way that matches my values, only about 2% of advisors in the world can really do that well. But any advisor you have, they might say, okay, and then they'll at least do something. You know, kind of like my Merrill Lynch. They'll go from, go from 3% Chevron to 2% Chevron, but they'll, they'll at least have done something. So that's how you know where you're starting from. If you've never had this conversation, you are probably in that space of doing harm unintentionally. From there, it's a matter of what resources you go to. So, there are some public resources that are like companies that are doing this kind of work for the

public good, and they're accessible. So, for example, there's one called As You Sow, and you can look up any investment fund, and it's going to tell you the impact you're having in a good handful of key areas. It's not for making wise financial decisions, it's for understanding your impact. And I want to make that really clear, because if you chose all the funds that are straight A's on your, you know, on the report card that they provide, you might build a very imbalanced, you know, portfolio that could that could really hurt you in the long run. So so it's important to understand what the tool is for, but that is a public tool anybody can access. There are also tools like I use a tool called Your Stake, which allows for you to like for advisors like me, to build out impact reports and so a good. Advisor is going to be able to use a tool like that to build a portfolio or a plan, you know, financial approach that not only matches your values, but also your, like your needs financially and so that would, you know, that's a great tool. There are other tools, like Goods Unite Us that allow you to see the political lobbying being done by the companies that you're invested in. So you there's, there's a lot of different things out there, but I would say that really one of the best ways for folks that are not in this industry is to get into a conversation with somebody that is an advisor and that can provide you with some of this more in depth perspective, like it, because you got to synthesize it, and it's kind of hard to do that when you're outside of of the industry. But that's just, you know, you would expect me to say that too, right? I do this for you know, and I ...

Blake Smith 51:06

Well you've got to be honest about it. I mean, if, if a very small percentage of investors who would be able to, or have access to, that kind of information, that it matters enough to them that they would have that available to be able to give you options. Is important to know.

Karsten Kaczmar 51:26

Yeah, exactly. I sometimes will say, you know, if I told you that your entire house was plumbed with a kind of pipe that was radiating cancer, like it was giving off radiation that was causing cancer. One, you'd want to measure how much radiation is coming off these things. Like, is it actually making its way into the house? Is it affecting me? What's it doing? Right? You want, you'd be great to measure the impact. Once you've met like, but you probably wouldn't really be asking, like, well, how can I figure this out on my own? Like, could I go buy a tool from Home Depot? Like, you might want a professional to actually analyze the impact, because if you're wrong about it, you know not, not great for you. But let's say you've got that clear you then could go, Well, I can fix it myself, and I can learn how to do it and how to remove the harm and re-plumb my whole house, or I can hire a plumber that actually specializes in this and in addressing this issue, dealing with the harm and impact, and building me something that works for me. Now, I think people get weird about money, and they assume that if somebody wants to touch my money, they are they want to, like, take something from me or cause, you know, like, especially like someone like me that grew up close to the poverty line, like, it's like, no way you're not getting my money. Like, I'm not giving you. Like, why would I pay you? I can do it myself. Like, there's a there's a fear around partnering with a professional. And I would encourage you, like, look for someone who is a fee only fiduciary. That means they only charge a flat fee. It could be a percent or something else to act in your best interest. So those folks, they're not selling you products, and you're not going to tend to find them so much at some of the basically, if the if the name, if the name, life or insurance is in the title, you're not going to find it there. So that's a, you know, public service announcement, I will. But, you know, looking for someone who is a fee only fiduciary that also specializes in impact conscious or

values aligned investing, you know the different ways to say it. That's really, that's going to steer you to where you can get the impact side, and you cannot end up buying a product that's going to cut into what you're out to create for yourself and your family in terms of growing your funds. Does that make sense? Is that helpful?

Blake Smith 54:17

Yeah, that's that's very good. I'm just trying to think what else might be helpful for us to ... Can you give an example? I guess would be maybe. So say, I, the one thing that's most important to me is the environment. Can I, when I'm speaking with someone, just focus in particular? Say, I, you know, yeah, I've got other values, but what I really want to look at is this area, or I want to make sure, I really care about the worth of all people, and I don't want, I don't want to invest in companies that use for lack of term, better term slave labor or forced labor. I want people to make a living wage. I want, you know, that kind, of my coffee, I want to use fair trade coffee or that kind of thing. Can I pick particular areas and say this is where I want to focus on, on doing good?

Karsten Kaczmar 55:12

Yeah, absolutely. And I that getting back into that spectrum of impact conversation, there are easier and harder ways to do that, depending on the category that you're interested in, and there are also more financially beneficial and less financially beneficial ways to do that. So, what I mean by that is, if you really, you may really care about a particular issue, but to skew your portfolio to like, get that issue all the way to zero, it might put you in a situation where your financial integrity is compromised. So, there has to be a real conversation of like, yes, we can do this, but here's the risk you're taking on if you do it. Certain issues, especially the environment or like human rights, those are a bit easier to filter for and getting to a pure absolute zero, let's say if you ever you need \$700,000 to be able to retire in 20 years. If that's the case, you are going to need to mostly, and you don't, you know you don't have it. Let's say you have 200 right now. You're going to need to grow your money, and we're going to need to do it from a financial best interest perspective. So, we're going to need to make sure that we're not taking the kind of risk that could result in you losing that 200 and not ending up at the 700 that you need, right? So, on the spectrum of impact, we're going to lean a lot more on the filtered funds side, whereas impact-based Investing where profit and impact are like the double bottom line, those companies are going to have a little bit more, they may have a little bit more risk. They may have some different factors. We're not going to be like in a broadly diversified standard approach. We're doing some things a little bit more creatively in that impact investing space. Well, that's great once you have 800,000 because if you only need 700 that last 100, we can go into that impact investing space, and we can target any issue that you're really passionate about and look at how do we specifically do good in that space while still kind of protecting the cushion that you have beyond the minimum that you need. If you are in a position where you have significant wealth, that's an even broader conversation. Maybe the 700 is on the filtered side, and then maybe we've got another 500 that's in that impact space, another big chunk that's in the solidarity and the kinship economy space, and then some that's going into philanthropy, whether it's a donor advised fund or which a lot of you maybe haven't heard of. But there are different tools for giving that money away, and it's all about where you are to determine how much we can target one area versus another, or like, I guess, how impactful that targeting might be. Does that make sense?

Blake Smith 58:41

Yeah, yeah. One of the things that's come to mind, and you mentioned, you mentioned earlier about, you know, if you're trying to invest only in A+++ companies or whatever, what immediately came to mind was, you know, 1520, years, I don't know how long it's been when the Better World Buying Guide came out, and you could look at companies, you could say, oh, I want to buy from this company, because they get a good rating in these kinds of things. But what I found a lot of times, as I was talking with people, they would say, 'well, that'd be wonderful, but I can't afford the products from that company, so unfortunately, I can only afford from this discount company that I know gets their clothing from sweatshops and that kind of stuff, but it's all I can afford.' How does that differ in the investing? Obviously? Well, not obviously, I guess I should, I should not say anything is obvious to me. That's why I'm having this conversation. But if a company is doing the right things, paying the right salaries, all of, all, you know, protecting the water supply, all of the things that are necessary for protecting the environment, etc, etc, their profits are probably lower. They're, so investing in those companies... How? How? How is it possible that companies that are doing good can provide me a similar outcome or a positive enough outcome that I would say, well, if I'm going to do any good in my real life, I have to invest in these other companies. [Right] I don't know if that makes sense, the question.

Karsten Kaczmar 1:00:24

Makes perfect sense? Yeah, it makes perfect sense. And I'm really, really glad that you brought this up, because this is one of the most pernicious and vicious rumors about conscious investing that I, if this were to disappear, I think the world would change almost overnight. Because that is false. The belief that these companies would underperform is just not true, and it, but yet it has been a myth that's been perpetuated by, I think companies trying to protect their profit at all cost, and those companies have quite a lot of power. And so when you get these conversations going and people start realizing that they can do good and do well at the same time, it threatens companies that are really just there to make money. So you, you've seen, especially in the last few years, a lot of backlash against specifically the term ESG, but really this entire conversation for conscious investing. And there was even a article that, I believe it was in the Wall Street Journal that was like a five part article that did tremendous harm to accurately representing this conversation, you know, written, obviously by somebody that their agenda and tilt was a lot more towards the side of protecting these larger for-profit at any expense kind of corporations. So it's, it's really unfortunate, and we're having to, I'd say, work twice as hard in the space of conscious investing to correct for a lot of the harm coming from some very loud voices on the far right. But in reality, just, just think about this for a second. Would you rather if you're going to, like, buy a sandwich locally? We're going to go right back to the sandwich shop. It's just, I'm I haven't had lunch yet. I think it's just, [Are you going Italian again on me?]. We'll, we'll avoid that one this time. But alright, rather buy a sandwich from Subway, or buy a sandwich down the street from like, a mom and pop sandwich shop that, like, you know, the owners, you know, they take care of everyone, and also their sandwiches just as good as Subway. Maybe it's not that much better, but it's just as good you'd probably like, which one would you rather buy from?

Blake Smith 1:03:03

Well, I'd buy from the local owner, because I probably have a relationship with them.

Karsten Kaczmar 1:03:07

Yeah, yeah. You know their values. You know that their values match yours, and so you're going to put your capital where the values actually match you, and so as long as there's not a major cost difference, then that's the way you're probably going to go. And this is true on a much grander scale, like if a company, a big, if a big company gets found out for corporate fraud, like, you know, massive money laundering or something. They're probably not going to be the company that's going to outperform their competition, because the behavioral issues about how they're doing what they're doing, that immorality is going to spill out. It's going to impact a lot of different pieces of their company. So, what has actually been found, and my friend Sloan, over at Ethical Capital, has some really phenomenal research on this, that when like Sloan actually filters for something like 3000 different behavioral and ethical factors in company decision making. And what she has found is that when a company gets basically caught by any of these filters in, like a big way, within the next 90 days, on average, that company will drop by 18% in their value, like their stock evaluation. So when you're doing there are ways that you can do this. That, you know, if we were to get really technical, if I was on a different kind of podcast, I think we could jump into some of the technical pieces around which sectors and how you can do, how, like, how to address some of those unique niche arguments that are being made against the conversation. And I could explain and go into why those are not valid, in my opinion. But on a broader level, companies that are doing good are the companies that people want to buy from, companies that make quality products, companies that are not exploitative, companies that are environmentally sound. These are the companies that they're still going to be thriving in 20 years, because they're, you know, they're not real. If their company is not reliant on fossil fuels, then as the world moves away from fossil fuels, that company pivots easily, their their profit margins end up doing better. So, in general, these the funds that I know, that we use here at Real Hope Advisors, they often tend to outperform the non conscious funds. The main fund that I use for the s p5 100 over almost any period that I've tracked since it launched, has outperformed the base S&P 500 fund that you might buy from, like Vanguard or iShares, by anywhere from one to 2%. So, you're not, in fact, losing money. You're not underperforming. You're often outperforming. And it's, it's really not, there's not a risk there. But there is a perceived assumption that there is a risk there. Yeah, yeah.

Blake Smith 1:06:45

Well, gosh, Karten, you've given us so much to think about, and it's great stuff. And I, it's hopeful for me, I think, not helpful, well, helpful, but it's what I'm saying is it's hopeful for me to know that these important pieces of peace and justice and social justice and worth of all persons, the Enduring Principles that we talk about in Community of Christ can be lived out in ways just beyond our day to day actions, but how we're how we're investing and spending our money. So that's really, really helpful. I want to ask you, is there anything that I haven't asked you? I'm sure we could probably spend hours and hours and hours with questions. But is there anything in particular that you think our listeners need to hear before we wrap up this podcast?

Karsten Kaczmar 1:07:37

Yeah, the biggest thing that I think we all, like that, if you're listening right now, you I want you to hear, is that you are a part of this -- that right now, all of your decisions have an impact, and that impact

ripples when, from what you buy that you know, and who that's supporting, and the companies that's supporting, and the jobs that are employed through the making of that product, to what you invest in, your, to how you spend your time in all of these areas, you have an impact already, And it's just a question of, are you conscious of that impact? Are you aware of what that impact is doing in the world? When we were at, I was at a conference recently, and I, we were talking about building impact based businesses, and you know, everybody there is there to make a difference and build a business that makes a difference in the world. And we had a catering company come in and bring in a big bucket of plastic silverware. Now, you know, in my community over here, I live in Eugene, Oregon, there are a lot of hippies. So like, you know, you've always got the the vegan hippie that brings their like, wooden spork to the restaurant, because they're like, oh, I don't use plastic cutlery. Like, you know, we got that in my world, and it can drive me a little bit crazy at times. But the more I've lived out the Real Hope paradigm in my life, the more I become conscious to little things that that virtuous circle has caused me to start noticing things that they weren't glaring before, but now I notice them. And so they bring out this big bucket with, you know, all these pre packaged plastic fork, spoon, napkin, in the in the little, you know, plastic foil or whatever. And we're at an Airbnb for, like, a giant Airbnb that has silverware. And I, I was like, first thought was, you know, I'm going to use one of the forks because, you know, that's, that's the paradigm that's aligning my resources, what I have, with what, with who I say I am, you know, and who I am, and really, who, what Real Hope Advisors even stands for, is that all people and the planet are mutually thriving together. That's That's our mission, and that's my mission as a person as well. And so I'm like, Okay, I got to use, I got to use a fork from the thing. And then I went, Okay, in the context of community, instead of leaving that behind, I was like, you know, let me go ask the host said, hey, you know, we have 40 metal forks that are in this drawer, if we use those, do you think you could wash them after, like, Would that be okay? Because I'd rather not use those 40 forks on, you know, plastic. It just there's an environmental impact there. And she goes, Oh, of course, absolutely. And so, gone go the bin of plastic forks, and out comes the silverware drawer. And everybody had the same exact amazing lunch. And all of the sudden, my one choice, to do this in the context of community, saved 40 plastic forks. I was at another event not long after, with 30 people having breakfast together, same thing. Out come those plastic pre packaged forks. And I was like, Oh, this isn't that hard. I'll wash them. It takes five minutes. Like, I don't care. So, I said, Hey, and they Oh, my gosh, of course. And they have a value for environmental consciousness, and away go the plastic forks. And now, in two months, I've saved almost 100 plastic forks from being used. Like, I don't go out and use those forks enough in my life that that's probably 20 years of my life worth of plastic forks that I just saved in two months in community. So, why do I tell that story? Because who you are makes an impact, and the choices you make in community make an impact. If you have a mission in your life or in your business or in your church, every decision that you make is already having an impact, and that impact has a ripple effect. So wherever you are on the journey financially, or in any other area, you have a community and you have a massive impact already. Take this on. Declare who you're going to be in the world, look at all your resources, bring it into alignment with you who you're committed to being, and then begin to live your lifestyle and legacy of yourself, your church, your foundation in alignment with this in the context of community, If you're broke, your best friend's dad might not be. Has he ever considered the impact the church elder or your dad? You know they have. They ever looked at this? You may be the one person in the community that becomes the spark that saves 200 people in terms of how they're investing or the impact they're having, like it does not matter who you are, what you have,

where you're at in the journey your contribution and taking this on matters and it will make a profound difference. I believe that with all of my heart,

Blake Smith 1:13:42

Wow, thanks. That's that's an excellent way to wrap it up and to kind of package it. I really appreciate that encouragement and challenge to all of us. And Karsten, I just want to say thank you so much, because this is really, really helpful information. So thank you for being here with me today.

Karsten Kaczmar 1:14:00

You're, you're so welcome. It's been really fun to get to chat with you.

Blake Smith 1:14:04

I want to, I want to ask, because sometimes, when we have guests on we we ask if we can put their contact information, email address in the show notes, in case there are people who have questions. Is that okay to do?

Karsten Kaczmar 1:14:18

Absolutely, yeah. I'm happy to talk with anyone you know. Our firm where we're at, you know, we do have an asset minimum, but we have other advisors and other folks that we partner with as well, so that we can help anyone. I still do that same pro bono work that I was doing 15 years ago when I turned my own finances around. I have a few clients right now that I'm doing that for, and there also will be things in the future in terms of like conferences for folks of all different levels on this journey, so that we can actually live this out and practice it, and have the tools we need to transform our lives and our finances. So, I'm happy to be connected to anybody that's that would like to have a conversation. Let's talk.

Blake Smith 1:15:08

I appreciate that. That's really helpful. And I'll just say to our listeners that I'm very comfortable recommending a conversation with Karsten if you have questions. We've been around each other a couple of times now, and we've had these conversations. I've never felt pressured by him to do anything, but he is passionate about it, and he does have some answers. So, hopefully this has got you thinking and wondering how you might make a difference in the world with as much as you have or as little as you have. So, thanks to our listeners for being with us. Again. I'm Blake Smith. I've been your host for this episode of What's brewing. A bit of a unique episode in what's brewing, because we're usually talking about mission specifically, but in this episode, we've been talking about how to make it possible to do mission and do good things with not just your time and energy, but also your finances. I'm especially thankful to Karsten Kaczmar, who has been with us as my guest. And Karsten, again, is the founder of Real Hope Advisors, has some great information about how to align your values with your wealth. We hope to have you with us again listening here at Faith unfiltered podcast. Please check out the show notes for some information about the books that Karsten lifted up, and also for his contact information in case you have questions. Until next time, I will borrow a phrase from my fellow host, Robin Linkhart, go out and make the world a better place.