EPISODE 594

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[00:00:24] WS: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Jared Williams. Thanks for being on the show, Jared.

[00:00:33] JW: Yeah. Thanks, Whitney. I'm very excited about it. Thank you for having me.

[00:00:36] WS: Yeah, my pleasure. It's been great to get to know you quite a bit over the last several months now, and I look forward to having you on in this discussion. I think you can add a lot of value to the way we are thinking about investing and thinking through some of that, so I'm looking forward to getting into this.

But a little about Jared: he's the founder of Biblical Wealth Solutions. He's the host of the Biblical Wealth Podcast and he's on a mission to revolutionize Christian personal finance. Jared, thank you again. Maybe you can elaborate a little bit on who you are and maybe where you're located, your focus. Let's kind of dive into what does that mean, Biblical Wealth Solutions, and how you're going to revolutionize just Christian personal finance and why we should be concerned with that.

[00:01:18] JW: Yeah, absolutely. I'm based out of Tennessee. I'm married. I have three kids. My wife homeschools the kids. Between business and family and church, that's pretty much my life. I used to have hobbies. Not so much anymore. Although I enjoy –

[00:01:32] WS: A bit has changed, right?

[00:01:33] JW: Yeah, it changes. Yeah, it changes a lot. But I enjoy all of the things that I'm getting to do today. So, yeah, coming to Biblical Wealth Solutions was certainly a journey, a process, I think. Many providential things happened along the way. But ultimately, I'm seeking to solve two problems. One was introduced to me, and that was the fact that most investors in the US and around the world even, most Christian investors are invested in companies that support or sometimes even profit from un-biblical activities such as abortion, pornography, addiction, child labor, and other un-biblical activities that we –

I know your podcast isn't necessarily Christian audience, but my people that I'm talking to are, and so we, as Christians, wouldn't want to be involved with. We wouldn't want to be profiting from. We believe that the money that we're invested, that everything belongs to God, and so we are just stewards and we have to be mindful of how he would want to use his money and sort of in our spending, in our giving, and even in our investments. That was the first problem that I became aware of and that really was what got me into the investment industry as a financial advisor.

Initially, I was helping families move money from secular mutual funds into these biblically screened mutual funds, and there's really lots of them that exist today. We just help them move their money over so that they could be confident that their investments align with their values. That the funds they were using had been screened, and so that there weren't any of these companies that were however involved in these activities that our clients would've wanted to be involved in.

But after I did that, I learned that, hey, once we move the money, that was really the easy part. That was generally an easy sell, so to speak, and an easy process, and then people needed real financial advice. They still needed real financial planning. They needed help making wise decisions and they would be all across the board in terms of their needs based on age and situation. I became very passionate not only about helping people improve their stewardship through those types of investments but solve the financial problems in all of the space and that we're trying to figure out.

After several years of following what I tend to call the typical financial approach, following that as an advisor, following that personally with the one exception of using these biblical mutual funds, I discovered that, again, most US families are losing substantial wealth or substantial wealth potential due to this approach. They're losing wealth and they're losing control, and so then I began to figure out how do we solve that problem? I'm happy to talk about what causes that. I don't how much time we'll have for it, so can kind of lead that part of the conversation, Whitney.

[00:04:10] WS: Yeah. I wanted to back up a little bit though and say I just remember it's probably been eight or 10 years ago. I mean, I probably – I don't know. Eight years or so ago when like it was exposed to me that by investing in the mutual funds that I had or whatever it may have been that I was investing in things that I completely disagreed with and would never want to support. It didn't even cross my mind until then. I just didn't even think about that that was happening.

[00:04:38] JW: Yeah. I was just going to agree. I think that's in my experience 95% of people at least that I talk to and myself included. We were introduced to this idea, this realization, this fact of what's going on. It's been a rare person that calls up and he's been like, "I was thinking about my investments and what is going on behind the scenes and the companies I've invested in." That was happened, but it's really unusual. So, I think most people are in the boat that you and I were in that someone else brought this to our attention. I had forgotten. We talked about this before. I'd forgotten that you had used to biblically screen mutual funds at some time in the past.

[00:05:09] WS: Right, right. I had. The reason I bring this – I think you're a great guest too like for the listeners. It's like I want the listeners to be thinking about like, "What are you invested in?" Not all of my investments are in in real estate, while that's the majority by far. But I still have some mutual funds. Even if our mindset shifts completely to investing in real estate, most of us still have some mutual funds sitting back there doing something and just thinking about what are those funds invested in. I just feel like you should know. Even if you're not a Christian, there's probably still things you're potentially invested in that you don't agree with or that you haven't thought through.

Even as you're investing in real estate, I just encourage you to have this mindset of that operator that you're investing with, like what do they stand up for because you're know, because you're investing in their company as well. You're investing alongside them. Just knowing some more details about them and their company and what they stand for I just think is very important.

[00:06:10] JW: Yeah. There's been a growing industry over the last couple decades really called values-based investing. Biblical-based investing or biblically responsible investing is a subset of that. So, for people who wouldn't share my values personally, there certainly are mutual funds out there to fit any value set. There ones that are very focused on environmental consciousness or – I don't know. There's other things. But there's many of them out there now, so people really can invest not only for profit but to support whatever it is that's important to them through these value-based screened mutual funds.

[00:06:47] WS: Let's let's talk about that losing wealth and control a little bit and what causes that like you were talking about a few minutes ago.

[00:06:55] JW: Yeah. This was definitely an unplanned discovery on my part. I had a couple of meetings with a Christian financial planner out of Louisiana, and he was sharing with me his retirement investment strategy. This was specifically for people who were about to enter retirement or already in retirement and how he helped them manage their mutual funds. It was all stock-market-based investments. We talked about the just reality of volatility in the market long-term, how are we going to manage these inevitable ups and downs, and specifically the downs while taking income? And having to make it last a long time.

I won't go into great detail, but as part of this very fact-based presentation that I was learning from him and I was beginning to implement the strategy in this presentation with my own clients who were at the age that it made sense, I saw that over 38 years at that period of time that I was doing this, I don't try to update that year every year. I just remember at that time it had been 38 years since we began looking at these historical bear markets in the market. This S&P 500 had grown 19 times over that 38-year period. And I knew that just looking at a long-term perspective that the S&P 500 tends to return about 9.5, 10% a year over really long periods of time. That's a decent average to count on.

I knew those facts and I was talking with my daughter who was eight at the time, and she owned eight dollars of Lowe's stock and eight dollars of Cracker Barrel's stocks, so we – She wanted to learn about investing. She's very entrepreneurial in mind that she's always trying to figure out how she can make money. I was trying to – As a good financial advisor, dad, teacher, how to be an investor. Those companies were biblically responsible, so she had these two stocks. Within like two weeks, she was wanting to get her money back out and spend her 20 bucks or whatever on something. I was trying to show her, like any responsible parent, I got a compound interest calculator out for my eight-year-old and was trying to using one dollar and show her what that could do over time. Of course, she very quickly didn't care and walked away from that conversation.

But I decided to kind of test what I had been seeing in this presentation and what I had been talking with clients about using this calculator, and so I put just a dollar into the calculator, 10% a year average for 38 years, and fully expecting it to have grown to $19 and over that period of time. I hit the button and it had grown to $38. That was just a coincidence of 38 years and a 38 time. So, it was just a coincidence, but the calculator said it should've had a result that was twice as much as what we were seeing in the market. I thought, "What caused that? If it had been slightly off, no big deal, but this was a huge difference." I thought about it and I thought, "This is a calculator. There's no emotions. There's no mistakes. There's no fees. There's nothing. It's just a calculator." The market or the indexes anyway, they're just tracking.

Again, there's no fees. There's emotions. There's no errors. It's tracking what happened. The only difference between these two if they're both averaging 10% is that one is a fixed return and one is a variable return or a volatile return. That really made me think about how volatility may be impacting long-term returns. Of course, being the nerd that I am, I built this big spreadsheet calculator and tested multiple hypothetical scenarios. I won't walk through all of those but basically, I found that the more volatility there was, the more variable or variation in returns, the less money was there at the end. It became very substantial, losing 30,40% over 30 years just due to volatility.

Then I added fees onto that and I knew that my clients paid fees, and everyone has to pay for the people they work with and partners in some way. But these types of fees are on top of or they're after the investment itself has produced its return. I looked at what just the 2% fee would do to someone's portfolio over 30 years. Again, it was a 30+ percent reduction in wealth. Looking at those two things in combination, if someone did exactly what I was advising them to do and the majority of financial advisors was advising them to do, they were on track to lose over 50% of their wealth in a 30-year period of time, and it gets worse if you keep on investing in retirement.

Then I began learning about other things as well, other problems. But the solution that I found, again, unplanned. I was introduced to three different non-Wall Street type investments within a pretty short period of time. They weren't all necessarily good investments, but they did open my eyes to the fact that people could get equity-like or stock-market-like returns and not without risk but certainly without the volatility and without the additional fees and costs that come along with stock market investing. Things have gotten much more sophisticated. I've learned a whole lot more and how to vet these and how to find new investments and how to work with different ones and brought even more to the table for my clients in terms of how to help them preserve their wealth and not lose so much wealth and maintain control.

But that was really the beginning of it, and so then I started introducing the one of those three that I thought was a good option to just a handful of clients and was really pleasantly surprised to hear how excited they were to have an alternative to the stock market. I thought there's real opportunity here. Several years later, I'm continuing to learn and was introduced to you. Actually, I heard you on another podcast, and so I reached out and have been excited to learn more about LifeBridge Capital and everything that you're doing as one of the several different alternative investments that we're able to introduce clients to.

[00:12:21] WS: Nice. You're talking about like the 2% fee was more than 20 or 30% reduction. I mean, that's – When you think about just 2%, you think, "Well, okay. That's just the print cost of doing business." But then when you think a 30% reduction, I mean, that's a lot. That is a – It's neat to just hear that. It kind of sticks in our mind a little bit, so we can really think through that. Maybe you can elaborate on like, again, how you help clients to reduce that loss or what that looks like or maybe what we should be thinking if we're working with somebody like yourself or how we reduce that reduction?

00:13:02] JW: Well, from the fee standpoint, it certainly made as an advisor become much more fee-sensitive for my clients. Now, that obviously means a potential reduction in revenue on my end. But sometimes, that revenue reduction on my end is relatively small, but the impact it can have on my clients is massive. One of – Another I guess sub-discovery in building that spreadsheet, I looked again at those fees and I wondered how much of this in this particular scenario that I ran. So, the numbers would change, of course. In this particular one, it was a $360,000 loss to fees over this 30-year period of time. I would say, “How much of that was actually the fees?” And it was just under 50%. Maybe 48% was actually fees. The rest of that loss, so $180,000 in this instance, was lost opportunity cost. It was the money that those fees, that those dollars were not able to grow into.

That $200 fee in year one and that $250 fee in year two and as it grows, that added up because those dollars lost 30 years of compounding interest in those scenarios, and it really made an impact. It certainly made me rethink my model and how can I bring value to clients in a way that I can reduce or sometimes eliminate their out-of-pocket fee costs altogether. That has become possible by working with alternative or non-Wall Street investment providers who sometimes are able to compensate me in a way that it doesn't have to come out of the client’s pocket, and so they can save their money there. Or it means I'm working with mutual funds or mutual fund managers who have lower fees. Maybe we’re not eliminating it but we’re trying to reduce it as much as possible.

It has in some instances gone to me charging flat fees to my clients rather than percentage-based fees because it's the same of work, and why should one person pay me 1,000 and someone has to pay me 10,000 for the same amount of work.

[00:14:52] WS: If I’m working with you, I appreciate that you are thinking this way, that you're looking for alternative methods of even yourself gaining an income, so it doesn't affect my returns as much. I just think that's another perk of working with somebody like yourself. But one thing I wanted to bring up before we moved to a few final questions is like you’re talking about your daughter investing or owning some stock. Tell me a little about how you introduced that to her or just to children in general. Just your thoughts on introducing them to investing and win and maybe a little bit about how you've done that.

[00:15:32] JW: Well, I wouldn't say that has been successful yet to be quite honest.

[00:15:36] WS: She hasn't retired, huh?

[00:15:37] JW: No. Still doesn't care too much about investing, so she is still taking a very short-term approach to money. The other two children are younger. Her big concern right now is learning how to make money, which that has been really interesting to be honest. I have been able to give her some I think interesting ways of thinking about making money and starting her own business. It's very small scale. But I think if I were trying to teach children, I would begin by teaching them to save, not to invest. I think when they – Whatever their income is, whether it's an allowance, whether it's money they make at home doing chores or mowing the neighbor's yard or they're old enough to get a job or whatever, whatever that is, I would encourage them first to learn to tithe and learn to save. When they have become very good savers, then I think it's time to have conversations about investing. From there, I would refer them to my podcast.

[00:16:30] WS: Awesome. I just think it's so important that we're teaching them from a very early age. I try to share what I can with my boys, they're five and seven, and just to get them thinking that way. We have little banks for them, and there's three sections. They're like give and save and – My goodness. What is –

[00:16:51] JW: Spend, I guess.

[00:16:52] WS: Spend, yes. Yeah, there you go. Just thinking through, "How do we split this up? How are we thinking ahead?" Or maybe they do spend a little too much and they kind of have the hard reality of, "Well, I don't have any money to spend now." It's better for them to experience that with $20 than it is 2,000 later, right?

[00:17:10] JW: Yes. I'm happy to let my kids blow their money and feel the pain of it later because if they can learn that now, they will avoid a lot of pain as adults, I hope. That's my hope.

[00:17:19] WS: Yeah. Right, right. Well, Jared, what about how do you help people prepare for like a potential downturn or maybe something like we're experiencing now? How are you helping people prepare for something like that?

[00:17:34] JW: Yeah. I think two main ways there. One is not being afraid to have cash. I think that most of us want to keep as little cash as we can. We'll have our emergency fund, and for some people that's very small. For some people, it's 3 to 6 months, maybe 12 months tops. I rarely see more than 12 months of expenses and I think the reason is we're afraid to save more cash because we don't have a productive place to put it. If we had a place where cash can earn money, can be productive but still maintain liquidity, we would be much less afraid of missing out on the returns for having cash.

There's a few options for that. I do try to help people find productive places to store their cash so that when the market has these downturns or whatever kind of economic problems or difficulties arise, they're just in a much more secure position.

The other way is by using nonvolatile assets, non-correlated assets like real estate investments and other types of non-Wall Street investments. Again, not that they don't have risk. Not that they may not face some impact from the broad economy as a whole but they shouldn't just plummet in value the way that the stock market can.

I believe that whether you still maintain some money in the market or not, that adding nonmarket assets really is true diversification. I don't care how many mutual funds somebody owns, but they're pretty much all like the same with small variance, so I really encourage people have money, whether it's in cash, whether it's in alternative investments. Both is best outside of the market so that they're really in a good position to take advantage of whatever opportunities arise and avoid huge impact, devastating impact from, again, whatever may arise in the economy.

[00:19:13] WS: What's a way that you've recently improved your business that we could apply to ours?

[00:19:17] JW: I think that I am always striving to be really creative and finding solutions. I'm always willing to have multiple conversations to ask unusual questions to maybe even seem weird in my asking of questions to find solutions that are going to be a win-win for everyone. I don't like settling for this is good enough or this is okay. I really want to find the best solutions for people. For me, it has been getting creative and how can I be compensated in such a way that is a win for everyone and it's not taking money out of my clients' pocket sorts or reducing whatever? Reducing that or how can I structure my business in such a way that I can do multiple things that most advisors aren't able or willing to do at the same time?

I think I've recently added a lot of informal partners to my business, and that has been extremely helpful in a variety of areas. I brought on a partner for my podcast. Rather than just hiring someone out, I wanted someone who really had the incentive to help make it grow and make it the best so that he's not just editing. He's co-hosting. He is editing but he cares about it growing and doing really well. I think that will pay great dividends in the future, because he's truly a partner and not a vendor.

[00:20:32] WS: Love that. Thinking outside the box and with partnerships as well. But even earlier there, you talked about asking good questions. It's so important that we ask good questions. The questions you ask are so important. Tell us, how are you finding investors right now?

[00:20:48] JW: To be quite honest, that has been the challenge, and I find that that is a challenge for a lot of advisors. I think there are a lot of really good financial professionals, whatever license they have. There's a lot of really good ones out there, and many don't realize getting into the business that you not only have to be a financial advisor and be knowledgeable there, but you have to be a salesperson to some degree. You are a business owner. Unless someone is bringing the prospective clients to you, which is very unusual, you have to wear a lot of hats. That's been a challenge for me. I've been able to do great work and had great relationships with the clients that I've had. But adding new clients has been a consistent challenge, and I think it is for the majority of people in my industry.

Over the last year, year and a half, I've been really, really focused on just getting good at that, doing whatever it takes to learn how to be able to systematically bring in new clients and realizing there's opportunity there to serve other advisors like myself who aren't good at that. I personally know a number of people who I think are very trustworthy, high integrity, great advisors, and they struggle to be able to talk to enough clients. There's so many people they could help if they had the opportunity to talk with them. I really want to make that a possibility as well. I want to be able to have enough clients that I can serve those families, those advisors by bringing clients to them.

I have done that by taking courses on how to grow social media and have a larger presence that way. Obviously, starting a podcast. It’s relatively young at this point, so starting that podcast and then looking at being a guest on shows just like yours and others who would speak to an audience who would find what I have to say interesting. There’s other things planned for the future, but I can only do so much at once.

[00:22:30] WS: Sure, yeah. Jared, what's the number one thing that's contributed to your success?

[00:22:34] JW: Well, I mentioned it at the very beginning. I think that many things have been providential. So, I think many of the things that I have discovered, many of the relationships that I have, as I look back, most of the really big career-changing things that have happened were not planned. They were not out of my efforts. I do work hard. I think I'm fairly smart and certainly innovative in what I do. I hope this doesn’t seem cliché. But, I mean, in reality, I think that the Lord has been growing my business and I'm very much along for the ride. I think outside of that, it has been being willing to think very outside of the box to do what is not typically done. I think I tend to be pretty contrarian in a lot of ways and I think that can lead to a very successful business.

[00:23:17] WS: How do you like to give back?

[00:23:19] JW: Financially, most of my giving back right now is through tithing. It’s through giving to my local church. I certainly like to give back with my time. I like to give back helping people, whether they can pay me for it, whether it's a really small opportunity, but I know they could use the help. I know I’ve been in those positions where I could use the help, so I like to give back in that way.

Certainly, I think that helping my clients be able to recover wealth that they’re likely to lose. To be able to provide great service in a way that costs them less or nothing is a really great way of giving back and helping other great investment providers like yourself to be able to find clients and then have more people coming in. It’s just a very, very win-win situation that I think brings value to everyone. I do feel like the fruit of my labor, so to speak, is very impactful and gives back. I look forward to giving back in other ways as the business grows, and there is more surplus with which to do that. I'm very excited about those times and opportunities as well.

[00:24:16] WS: Nice. Well, Jared, grateful for your time today, and I just appreciate just helping us really think through or maybe even change our mindset on what we're investing in and how we're investing. Just knowing what we're investing, and just the value-based investing, and even just the points you brought about losing the wealth and control and thinking about what – How those things affect us long-term. It seems small now. But over a long period of time, wow, and really think through that and even teaching our kids to invest a little bit as well.

Jared, grateful for your time. Tell the listeners how they can get in touch with you and learn more about you.

[00:24:51] JW: Yeah, thanks. You can find my website at biblicalwealthsolutions.com. You're welcome to send an email if you have any questions, comments at hello@biblicalwealthsolutions.com. I'd be happy to share more. You'll hear more of my story, hear more of what we're doing for clients at the Biblical Wealth Podcast. I'm trying to make everything streamlined there. It should be very easy to find me with the name.

[END OF INTERVIEW]

[00:25:12] WS: Don't go, yet. Thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook, so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So head over to lifebridgecapital.com and sign up for the newsletter. If you're interested in partnering with me, sign up on the contact us page, so you can talk to me directly. Have a blessed day, and I will talk to you tomorrow.

[OUTRO]

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