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Voice Over: Welcome to the REI Diamonds Show with Dan Breslin, your source for real estate investment jewels of wisdom.

Dan Breslin: Welcome to the REI Diamonds Show. I'm Dan Breslin, your host. This is episode two hundred and fourteen on Protecting and Multiplying Wealth with Alternative Investments with our guest, Dave Wolcott.

If you're into building wealth through real estate investing, you are in the right place. My goal is to identify high caliber real estate investors and other industry service providers, invite them on the show, and then draw out the jewels of wisdom, those tactics, mindsets, and methods used to create millions of dollars and more in the business of real estate.

Today's guest, Dave Wolcott, is the founder and CEO of Pantheon Investments. After serving the country as a captain in the Marine Corps, Dave and his wife hit the baby lottery having triplets. This inspired Dave to challenge the traditional financial planning advice of Wall Street. Over the past twenty years, Dave has founded several businesses and invested in alternative assets while also creating the Pantheon Holistic Wealth Strategy, the playbook, to becoming ultra-wealthy and having freedom of time money and relationship.

Today, Dave and I discussed building wealth by passively investing in superior real estate and alternative assets that provide predictable cash flow, tax efficiency, and upside potential as a reliable alternative to the volatility of the stock market. Two areas of focus today are oil and gas investing which can generate humongous year 1 tax write-offs and the infinite banking strategy which you may or may not have heard of which is the method of recycling your investment dollar to make it work, at least, twice for every deployment. Shall we begin?

Dave, welcome to the REI Diamonds Show. How are you doing today?

Dave Wolcott: Hey, Dan. Doing awesome. Grateful to be here and connect with you and your listeners.

Dan: Nice. We already did a little bit of a geo stand. But why don't we do it again for the listeners? I'm tuning in now from Chicago. The listeners know I was in Florida for the winter, loving it. You are in?

Dave: I am in Florida. Because you know why, Dan? I got tired. This was part of my strategy. I got tired of winters and state taxes. We came down to Florida. We're on the West Coast. It's been a fantastic experience, so far.

Dan: It seems like the progression of, at least, the old real estate investors I looked up to would go to Florida in the wintertime. It was the big dream growing up when I was really young and got to do that for first time this year and, certainly, will hope to do that again next year if all things work out well. Congratulations on making that move yourself.

Dave: Awesome.

Dan: Cool. Dave, maybe you want to give us the introduction a little bit about your business model and a little bit about the progression of how you got to the business model that you're running today.

Dave: 100%, Dan. Look. I grew up in a middle-class family in Connecticut, probably, like a lot of the listeners out there. I was told that the recipe for success was to go to school, get good grades. You're going to get a job. That was what you were striving for.

I followed down that path. I went to GW in DC and actually did the Marine Corps ROTC Program and had the opportunity, after school, to actually go and serve my country. In the Marine Corps, I had a phenomenal experience and really got to learn some things they just don't teach you anywhere else in the world, things such as leadership, teamwork, and integrity.

After 4 years in the Marines, I then transitioned into the tech industry, got into the corporate world. I became really frustrated quickly, because I lost that same sense of mission and purpose that were so resounding to me when I was in the Marines. At the same time, my wife and I actually had an eighteen-monfth-old. On October 24, 2000, we literally had triplets.

Dan: Wow.

Dave: Dan, we quadrupled the size of our family. If you could just imagine that. I know you have kids. You just think about what that does to you.

The first thing I did was have a drink. The second thing I did was go and see my financial advisor and said like, "Hey, how am I going to do this? How am I going to really provide for my family, create this financial security that I really need to?" You just move the goalpost 1 mile down the field. It was at that point in time that it really dawned on me that the top 1% were not building their wealth [inaudible], alternative investments, different things.

I launched down this kind of obsessive path to figure out how the top 1% are building their wealth. I started investing in alternative assets, everything from oil and gas to raw land to office space to retail, multifamily. You name it. I also became a business owner. I created a tech consulting company which I took full cycle and exited. Running a business, I learned a lot of things including taxes and creating a proper tax strategy.

Fast forward twenty years, I wrote my book called the Holistic Wealth Strategy which is really an encapsulation of my learnings over the past twenty years to try to really create this comprehensive system of how can you build your wealth outside of Wall Street and investing directly in Main Street and having this comprehensive system that truly can multiply your wealth as well as protect it?

Dan: Thank you for your service, Dave. Appreciate [crosstalk].

Dave: Absolutely. Thank you.

Dan: It's interesting to hear you say the frustration when you got to Corporate America. We hear some of the stories about vets who really can't integrate. I feel like you nailed it on the head with not having that purpose and mission maybe some of that, "Here's what you do today. Here's what the mission is. Go and accomplish it." You check off the box. That's not exactly there very well in corporate, let alone any myriad of other jobs that people could land in.

It seems like, at least, the people on my team who are military men, the purpose, the discipline, the stick-to-itiveness, the ability to just get stuff done without a lot of extra, it's really great having military people in the team. I'm sure you'd agree with that.

Dave: For sure. I think there's another important distinction which is the majority of Corporate America still operates on an old paradigm which is really a time and effort economy which was based on the Industrial Age. People went to work during a certain time. They did an 8-hour shift, because it was all based on factories and manufacturing and everything.

But in this day and age, we should be driven based on being in a performance-based economy. Whether I work 2 hours in a day or twelve hours in a day, entrepreneurs are rewarded for their performance, what kind of value can they create in the marketplace. I really wanted to be someone who could create value and have impact.

Dan: That's solid. I love the performance-based economy. I think that's why I always gravitated towards sales positions like save the salary. I'll take 100% commission. Then I'm responsible for my results whether good or bad.

Dave, I feel like that's part of the takeaway that's likely in the Holistic Wealth Strategy. I don't know. I didn't read the book. It didn't come out yet. But when I hear those 3 words - the Holistic Wealth Strategy - I think a lot of us who are probably listening in right now conjure up certain things on what that might mean.

For me, a performance-based economy or performance-based mindset feels like part of that. Maybe. Maybe not. Are there 4 or 5 other chunks or how would you describe or sum up the Holistic Wealth Strategy?

Dave: Sure, Dan. We really created 5 simple phases with which people could go through the journey. The underpinning to all of that is that it all really starts with you in creating a vision for yourself. Sadly, a lot of people in the country just have not provided enough thought into creating that vision and that roadmap for their financial future, for their future with their family, and what that looks like.

Think about it. The only written document we have about the future might be a will that's actually written and put together. But we don't have anything that really talks about our vision. It's important to get crystal clear on where it is you're heading. Just like you would do if you go on a road trip in your car, the first thing you're going to do is type in your GPS coordinates, so you know where you're going to go.

The reason why this is so important is I found over the years. It's very interesting, because when you peel back the layers on what does money really mean, there's some deeper meaning to it. What I find is that people are primarily driven by creating freedoms in their life. They want to have the freedom of money to be able to create experiences for themselves and their family. They want to have freedom, a purpose, to be able do what it is that really fires you up in the beginning of the day. They want to have freedom of relationship to be able to spend time with who they want to spend time with.

All of these freedoms are I think at the core of what we're trying to get to. When you get a deeper understanding of that, it's interesting, because some of these things don't actually take money to accomplish. It can be just changing some of your habits or how you're spending your time to achieve it.

Dan: Did I miss? I have vision for the future. Then we had a few more?

Dave: The vision is the beginning, Dan. Phase 1 is all about mindset, because there are many people that you will talk to about, let's say, investing in real estates, an alternative asset that has something like that. A lot of people will say, "You know what? My financial planner tells me it's risky. I've never heard of this before. Why don't I know about it?"

You get things like that. We all have limiting beliefs. The reason is because there's a $30 trillion financial services industry that has an agenda and wants you to think that that's the only place you can park your money and, "Oh, by the way, you're not smart enough to manage your money on your own."

You have to really have a growth mindset. You have to start creating some goals and habits that support your vision and really kind of letting go of some of those limiting beliefs.

Once you can have that growth mindset, you can then move into the second phase which is actually what we call increasing our IQ and in multiple dimensions. You want to increase your financial IQ, so you can understand that there's all these different types of alternative investment vehicles out there that are not marketed to you. You want to constantly be improving your mindset IQ. You can be thinking with an abundance type mindset, not scarcity mindset.

Also, this is a holistic approach. Health is so important. You could have all the money in the world. But if you actually didn't have your health, where's that going to get you? Understanding and being proactive with your health is really key.

Then relationships. You're a product of the 5 people that you spend the most of your time with. Are those people leveling you up towards your next goals? Or are they actually detracting you and pulling you down like crabs in a bucket?

Dan: What's the third phase then?

Dave: Once you've gotten smarter, you have the right mindset, we move into actually creating an infrastructure around this wealth strategy.

During the course of my years, I actually fired 5 different CPA firms, because I could not get the right advice. I finally found the right firm. We jointly collaborated and created a proactive tax strategy that talks about what you're doing today, where you're going in the future, and how you can really mitigate frankly your number 1 biggest wealth destroyer out there which is taxes. Creating that tax infrastructure is absolutely key.

We also do something called infinite banking which is actually a cash value whole life insurance policy. This is a very sophisticated way that a lot of ultra-high net worth family offices use as the cornerstone to their wealth building. It's a cash value insurance policy that you can put capital in. It grows completely tax-free. You can give it to your heirs tax-free. You can create a tax-free income stream from it. But best of all, you actually have access to the capital.

Unlike a 401k plan, you can actually reach into the policy anytime, pay for your kid's college, use it for a down payment on that next deal, or actually fund a deal and use the same dollar twice to amplify your return. That's a very sophisticated strategy.

We also talked about asset protection. Clearly, the strategy is to control everything but own nothing so that if creditors were to come after you or something, you're completely protected. Those are some really key elements that we talked about in creating this infrastructure.

Then, Dan, we move into phase 4 which is, a lot of times, new clients might say to us, "Wow, this sounds really interesting. Dave, I've learned a lot. But I just don't have any capital lying around."

Well, we start to look at their existing portfolio. Over 90% of Americans have their money into places. It's trapped up in equity and their primary residence, the trapped equity that's earning 0. Also, it's in 401ks and IRAs, just government-sponsored qualified plans. I don't know about you, but I would rather pay taxes on the seed rather than the harvest. By actually maybe repositioning some of that 401k capital out today, even though you pay the taxes and the penalties and putting it into more tax efficient, passive-income oriented type of opportunities, you can really optimize your results. We look at really asset repositioning.

The final phase really moves into building massive passive income. Our investment thesis is this, Dan. We're looking for assets. If you had a thousand bucks in Tesla stock, the only thing you're hoping for is that that stock is going to go up in value. But in actuality, it can go sideways. It can go down. It's very 1 dimensional in nature.

But when we look at asset classes like real estate - we actually even have an oil and gas fund - these kind of asset classes are very tax efficient. You're creating this predictable passive income, and the income can completely be offset. That's another huge advantage.

In the oil and gas for instance, you can even offset active income. You can take W2 income if you're a high-income earner and literally offset 100% of your investment, then realize monthly passive income on that.
Then we look to drive forced appreciation into these assets and sell in 3 to 5 years. There, you

get an equity kick on the backend as well.

Once you've tried to put all of these things together, you really create a snowball effect.

Dan: A lot of interesting stuff here. I want to pull apart a little bit, first thread, the oil and gas. I'm not very familiar with that. We do a lot of syndications. There's real estate. There's this cost segregation study done. We get a huge, accelerated depreciation on year 1 and maybe some left over for year 2. Then when that asset is sold, there's a recapture. There's a bit of a repayment of that tax benefit.

Can you tell me the details play-by-play on maybe a recent oil and gas investment? Let's just take me putting $100,000 into the investment that maybe you know about right now that I don't.

Dave: Sure.

Dan: What is that going to do for me as a high-income earner? What is it going to look like from that tax efficiency standpoint, Dave?

Dave: Great question. Just to walk through that example, you would probably receive 75 to 80% in year 1 of that hundred K. It would go as an active loss on your K-1 statement. You'll get a K-1 statement in March, probably, this month, actually. That would come out, and it would classify that as an active loss.

If you have an income of, say, five hundred K, you then reduce- in this case, let's say, if it was eighty thousand, you would now be paying taxes on four hundred and twenty thousand income instead of five hundred thousand in income. That's money in your pocket right away.

Dan: I have to be a real estate professional to [crosstalk]?

Dave: No. No. This is the great thing about this, Dan, with oil and gas. This has really been around since the '80s, since the Reagan era. The government is incentivizing investors to invest in oil production in this country, because most of it is done by small business. It's really supported. Our strategic National Defense supports our GDP and our economy. It really drives everything. That's why they've kind of created these tax benefits.

Continuing on with the progression of how that would work, that would be year 1. Then they also do classification of your monthly distributions as far as a return of capital. Therefore, you're not getting taxed on the capital that's being returned.

Then once they have the liquidity event, the most you would be subject to is long-term capital gains at that point. But our plan is to have subsequent fund that you can actually do a 1031 exchange in. Just like in real estate, you can do that in oil and gas. We can defer any capital gains as well, ideally, just continuing to transition that.

Dan: What type of returns with something like this on average for that $100,000 investment?

Dave: In this fund, our fund has been averaging 15 to 20%. It's really the target that we have. This is a $200 million dollar fund that's just being put in place as we speak. The equity multiple on that is 3.5X right now in about a 3-to-5-year hold period.

Dan: It's 3-to-5-year hold, $200 million. We're going to produce a 15 to 20% target. What amount of that 15 to 20% comes in a monthly distribution? When would that start?

Dave: It's anticipated in Q2 right now for the first distributions. Because they're actually putting in brand new wells. It takes actually sixty days for hydrocarbons to come out of the ground. Then we get paid for them. We anticipate Q2 for the first distributions.

Dan: They'll be a quarterly distribution.

Dave: Actually, monthly. They're paid out monthly. There is more volatility to it. You may have 1 month or 2 where it's under. Because the business plan in this case is that we're putting twenty different wells online. That's kind of a ramped progression once we get that - they call it - flush production which is when all of the wells are really optimizing their output. That's when we can receive the most amount of capital from them.

Dan: In year 1, it might be very small, maybe. Would it be realistic to say?

Dave: Last year, we were in that target range, about 18, 19%.

Dan: In the first year?

Dave: Yes.

Dan: Wow. They take the two hundred million. Just to understand that fund's business model, twenty wells are going to take about how long to implement?

Like with real estate, a lot of times, the funds that we're dealing with, Dave - you probably know this - we raise twenty million. Then we're buying sixteen self-storage unit deals. But these are sporadic. You do 3 in 1 quarter then none for 1 or 2 quarters. The money is still sitting there. It's not really producing return. Then the fourth quarter out from the beginning, maybe you get 2 or 3 more deals. It might take a while to deploy the assets. Is the deal flow a lot faster in the oil and gas [crosstalk]?

Dave: Yes. It's about a twelve-month window they look at to deploy all of the capital. But they're drilling very actively and putting rigs in. What's interesting as well is I think the biggest risk to this type of investment is that we don't know the price of oil and gas. That changes. We can't really control that.

But we also have the opportunity on volume to do really well also. Some of these initial wells that we're putting in right now in Wyoming are looking extremely promising. You get a nice unicorn or something that's really big that could really literally make it up for it for the entire fund.

Dan: Wow. Those twenty wells, are a few of them going to be dry when they attempt to drill? Or we're technologically past there as humans right now?

Dave: That's a great question. Yes, people aren't familiar with the asset class. This is part of the reason we create in this fund. It's actually across 5 different basins. We diversify by being in different areas. Then we also target what's called proven, developed, producing wells. There's 3D seismology. There're all kinds of technology that go in.

We know for certain that there are hydrocarbons under the ground. It's just a matter of how we can tap into them and then really optimize the flow that we're going to get out of them. By doing this, it significantly reduces our risks. Alternatively, if we do start to drill and we realize that there could a bad hole that we're drilling, we can actually redeploy the assets into another area without losing all of the capital on that.

Dan: Then the 3-to-5-year exit, how is there a value add? Who's the buyer? What is the exit? What does that final wrap up there of this $200 million fund look like?

Dave: Sure, Dan. There're really 2 different buyers in this. You have what's basically a production, a producer like a larger one, say, ConocoPhillips or something. There're probably around twenty to thirty transactions a month of these producers looking to increase their footprint, increase their production.

We've done all the work. We've gotten the land leases in place. We've done all the drilling. Now, they can just bolt this onto their production. A lot of deals are happening in the market around production.

Then the second type of buyer is someone who's looking for income, let's say, pension funds or family offices. Especially right now with the bond markets being upside down, people are really looking for cash flow for their investors. These types of assets become very attractive.

Of course, if you look at the broader macroeconomics right now, the demand for energy on a global basis is just ever-increasing. We have such a shortfall in supply. It's also a great asset class to be exposed to at this point in time of where we are here in early 2023 with so many crazy things going on geopolitically and across the world.

But we try to invest in asset classes that fundamentally really make a lot of sense. We know that there's very strong demand for hydrocarbons.

Dan: 100%. Even with the green energy push, from the numbers that I've reviewed, it looks very unrealistic to think that we're going to take ourselves off of gasoline and oil - I don't know - any time in the next fifteen, twenty years - maybe a lot longer than that - without a significant ramp up in nuclear energy.

Dave: Completely. Everything that's gone into the green energy initiatives have barely made a dent into the needs for energy. Also, even if you think about the cars like EVs on the road and everything, do you know how much it takes petroleum-based machines to actually mine to create the batteries that they have? Then those cars are driving on asphalt roads and concrete bridges and all this other infrastructure that requires petroleum-based products. Literally, even women's makeup is developed off petroleum-based products.

Dan: Wow.

Dave: Just look around your office and in your day and think of how many products are driven from petroleum. It's pretty staggering.

Dan: That's pretty cool. What other big risks would I want to consider before making investment in an oil and gas fund like this?

Dave: Good question. That's really part of our business model as well, Dan. Having invested as a passive investor myself for twenty years, I really had to develop a comprehensive due diligence and really understand who you're investing with. We always try to invest with the jockey, not the horse. It's really important, trying to understand that the team is really critical.

I think we've really helped to do that in this case to perform our due diligence on this operator. I've invested in this opportunity myself. I know the entire executive team has. Those are some key things that go into I think something you should always be diligent about before you make an investment.

Another key thing that I'll put out there that's very unique to this, especially if you got a lot of real estate investors, is the investors would sign a subscription document as a general partner and not as a limited partner. The next question is, "Okay. Well, what do you do to mitigate any exposure to liability from that standpoint?" Well, first of all, you have to be a GP in order to obtain the active losses. It's how that works. Once all the capital is in the fund, it's actually converted into producing wells and allocated. Everyone in the fund will automatically get converted back to an LP status. That's the trigger for when that happens.

To mitigate any risk as being a GP, they have a very extensive insurance policy that covers anything that could happen environmentally or any accidents or things like that. That's a very significant policy that's been in place so far. I think that mitigates any potential liability risks.

Dan: Do you know of any nightmare scenarios where this general partner type of setup, they'd come back to bite the GPs that were involved within the deal?

Dave: Not that I'm familiar with.

Dan: Let's shift gears here. The other interesting topic I would love to pull apart a little further would be the infinite banking concept. I've heard about this. Let's go with the same example.

I have $100,000 in cash. I make $500,000 a year. The infinite banking strategy is new to me. Why is it important? What does the setup look like? Maybe all of that hundred somehow is used in it, maybe a portion. What would be the guidance for that example, Dave?

Dave: Sure, Dan. Look. I've been using this with my wife for about ten years now. What I found, as part of this wealth strategy that we put together and everything, is that anytime you deploy your precious capital, you want to have it do multiple things at the same time. Again, back to our example of a thousand bucks worth of Tesla stock, it's only doing 1 thing for you.

When I learned about infinite banking, it's really amazing, all of the different things that it actually does for you. Functionally speaking, it's this cash value policy. You could take that hundred K that you're talking about. It would be post-tax dollars though. You would take the hundred K. You would fund it into the policy. Then that value is going to completely compound tax-free at just about a 6% return over the life of it.

If the detail-oriented ones out there would do that, actually run that math out over twenty years, and you see uninterrupted compounding - even on a 6% return - how strong that actually becomes. You have this tax-free compounding which is super valuable. Again, you create legacy wealth, because upon your passing, it goes to your heirs completely tax-free. That's another huge value point.

You can also create. Let's say, whatever age you want to, at age sixty-five, even at age fifty, if you want, you can start pulling money out of this on a monthly basis, create this income stream that's completely tax-free. The reason why it's tax-free is because you're essentially just taking a loan off of your existing capital. That's what you're doing. So there's no taxable event.

That's a really huge benefit. Because when we think about the notion of retirement or later years, all you want is some kind of income stream. Well, this does it in a tax-free way. You have control of your capital. That's really valuable.

The other thing that I find not enough people have a strong enough strategy to wherever they are in their journey is liquidity. I know you know this in private equity and real estate. The biggest detractor is that you don't have enough liquidity. Where are your twelve months of reserves capital for your personal economy? Also, where do you keep dry powder for, let's say, that next deal that's coming up?

What I do is all the income streams I have from all my different passive investments, I actually cycle them right into my policy right away. I'm adding more velocity before I go invest into that next deal that I have. That adds additional velocity.

The really huge thing about this is it's all about the autonomy and being able to access this capital whenever you want for whatever you want. It literally takes filling out a 1-page form, sending it to the insurance company, and within a few days is wired into your account.

Say, you wanted to take that capital back out, you take the capital back out. You can invest into another deal. Your capital is actually still growing in the policy. This is the beautiful thing. You're actually using the same dollar twice. You're borrowing it out and then putting it into, let's say, one of your real estate deals that's growing at a certain rate. Then it's also still growing at the cash value.

Now, you still have that debt service component. But there's usually a little bit of a spread in that. That's a sophisticated way to, again, add some additional velocity. Like I said, I think what's really key though is that having access to that liquidity. If I wanted to pay for my kid's college, I could reach into there and do that instead of in a 529 plan which I watched do very poorly over a period of eighteen years.

Dan: Let's say, I put fifty thousand in. I borrowed the fifty thousand out. It's growing at this 6% average compounding rate. Is my debt service payment on the $50,000 loan also going to be 6% back to the policy?

Dave: It depends on each policy and what's that setup? Usually, there's a little bit of a spread. It's usually underneath the [crosstalk] interests.

Dan: It would be 5%?

Dave: Something like that.

Dan: We go 5%. I invest in one of these oil and gas funds. I'm going to go conservative. We're making 10%.

Dave: Sure.

Dan: Because the oil is [crosstalk] than it was last year. That would mean I would have the 10% coming in. Well, I guess the oil and gas might not actually be a taxable situation or event. But let's say it is a taxable 10%, I think the investors on the podcast would probably relate to us doing like hard money loans.

I borrow the fifty thousand from the policy. I lend it to another investor who's going to use the fifty thousand at 10% interest to flip a house. The 10% is coming in. It's taxable income. But then I believe I could write off as an expense the 5% debt service back to my policy. Then I would have basically 5% left that might be like a taxable 5%. It helps me in that tax efficiency moment there, too, Dave?

Dave: Yes. You wouldn't be able to write off the 5%, but you can use it. That's why this guy who started this, Nelson Nash, calls it infinite banking, or people talk about this as be your own bank. Because essentially, if you think about it, you're taking over the function of the bank. You're getting that interest. You have so much more control.

I know there's a lot of people who actually use it, let's say, even if you're going to go buy a new car. You could take fifty K from your policy, go pay for cash for the car, and then make your monthly payments. Instead of paying the car company, you actually pay into your policy. When you do the math on that, over time, you can see how it completely compounds from that standpoint.

There's another thing, since you bring up hard money lending which is really interesting, and a lot of of us are always thinking about. If you do get traditional lending or something, you're always thinking about collateral. In this case, you can actually use the cash value of your life insurance policy as collateral for other loans.

Dan: Interesting.

Dave: When I look at it, I add up all of those different things. We talked about tax-free compounding. We talked about giving it to your heirs tax-free. There's actually even asset protection, because it's considered life insurance. If a creditor comes after you, he's not necessarily going to be able to pierce the veil and get your life insurance [crosstalk] value.

Dan: Got you.

Dave: It's a great place to keep that. Now, you have the asset protection. You've got that liquidity that we've talked about. You've got the velocity that you talked about. This thing can do 5 to ten things at once. Really, I would call it more of the process of infinite banking, becoming your own bank to do all those different types of things. It really becomes a multiplier.

Dan: You had mention some of the I think Rockefellers or families of that nature. Maybe you didn't mention them. But can you pull on the thread of how these ultra wealthy dynasties use this exact method, some way, shape, or form?

Dave: This might even blow your mind even further. We're talking about the base level of how to set this up. Like I said, I've been such a fan of doing this that I actually got my license for it. At Pantheon, we can actually help our investors set this up right now, because it's so critical that you actually set it up. If you were to call an insurance company and talk to them about this, they wouldn't know what you're talking about. It really has to be structured the right way. The insurance industry is very fragmented.

But to your question, there's another variation that you can do with this that a lot of ultra wealthy- if you have fifteen, twenty million in net worth, you can do something called premium financing. Since you have such a high net worth, you set up a loan with the bank. The bank actually pays your premiums. You are the collateral for the loan. It's pretty mind-blowing that you can actually have the bank fund your premiums and buy a $50 million life insurance policy.

Dan: Wow. If you died in that instance, there's the bank at twenty-five. And you get twenty-five? Or how does that shake out?

Dave: Correct. There's a lot of variations and everything to the structure. But sure. You would owe the bank just like on any other note that you might have, any remaining balance. But, typically, the cash value is still a lot higher. That would go to your heirs tax-free.

Dan: The high-net-worth component there is what gets you past the insurance companies' underwriting to issue that policy?

Dave: Exactly. They're usually around fifteen to twenty million depending on the provider that you use.

Dan: Wow, interesting stuff. One of the things you'd mention here is also, the first phase. We were talking about the vision for the future and some people having a will.

I did something with my daughter during COVID. She was just about to go off to college and like a lot of people her age was not feeling fantastic about the prospects of the future, we shall say. I prayed on it, Dave. The solution that we came up with was to do a weekly growth session together, just like I do with the executives on my team and people at various places on my team: take an hour, sit down, write down the goals, come up with the vision for the future.

We've been doing that now for a year and a half, two years. We sketched out the goals. She got things to look forward to. She moved to Philadelphia. She's working on her Criminal Justice. She got a dog. It's not just money that we want to have our goals around. But what does the actual future look like?

It seemed odd at first. It was really weird. She's seventeen, eighteen. We're sitting down to do that. That's a weird thing. But it's been very rewarding. We don't do it every week like we were in the beginning there while she's away at school, and she's kind of busy doing her thing. But we did sit down and do it on New Year's Day this year. It was really cool to see a lot of the stuff we checked off the box. We updated the list. We created a new one.

I remember having to find that thing all on my own as I was building my own business, Diamond Equity Investments, and trying to get myself out of a not-so-great situation. Probably like you, we're grabbing them from this book, that book, this mentor, that mentor. To have something like that now is sort of a passing down the vision to my family. To me, that's almost more important inheritance than the money. I'm sure the people who are going to inherit the money wouldn't think the same.

But maybe it is. You got to be able to have this holistic wealth strategy to be able to pass that down to the other people in your family so that what is passed down maybe isn't squandered. Because it's so much more about life. This is so much more than just the money itself.

I think a lot of people who have neglected a lot of the other areas of the holistic approach have left people short-handed sadly with not the great life skills to manage the things that they have gotten. I'm sure we all know stories and people we've heard of that - second generation to third generation - there's nothing left by the time the third generation gets there.

Dave: 100%, Dan. Getting clarity on that vision is just so important. One of the questions I'd love to ask our clients is if you had $100 million, what would you be doing? Where would you be? Who would you be with? Really, do some deep thinking on that. You take money out of the equation. Again, it really boils down to trying to live your life with some of these freedoms that we're after. If you had freedom of money, if you had freedom of time, purpose, and relationship, where could you be?

Sadly, how many times, Dan, have you heard super inspiring, say, podcast or TED talk or read a book about something where someone actually had a chronic illness, loss of a loved one, or some major event to end their lives that really was the epiphany for them to completely change how they were living their life?

I encourage people that we talk to - This is the impact that we're trying to make - get control of your life. Get control of your vision. Get clarity on what that vision is. Because you can be living that today. It probably takes a lot less capital that you're even thinking. There's probably a lot of things that you can rearrange in your life to be able to get there, so you can live an awesome life.

Dan: Dave, are there any books you'd recommend? I know we had mentioned Nelson Nash, I believe, the infinite banking strategy. Are there 1 or 2 others that might bring some more clarity to some of the stuff we talked about that you recommend?

Dave: Sure. Definitely. If people want to learn more about the Holistic Wealth Strategy, it's actually coming out on Amazon. You can just get that on Amazon. Or if you want to go to our website, it's pantheoninvest.com/wealth-strategy. You can download a free version of the e-book. We have some additional resources there as well.

Dan: What would be the crown jewel of wisdom that you would share yourself the day that you left the military? What would you go back and tell yourself knowing everything that you know today?

Dave: You are your greatest asset. Investing in yourself will always yield the greatest ROI. Treat yourself that way. Think of yourself that way.

Dan: Solid. Dave, as my final question here, what is the kindest thing that anyone has ever done for you?

Dave: You know, that's an interesting question, Dan. I'm pondering that. There's a great book I was just reading by my friend, Joe Polish. It's called What's In It For Them? It's all about approaching other people and thinking about it from the perspective of, "How can I help this person," and stop thinking about things for, "What am I going to gain out of it?"

I'm really always trying to approach people with how can I help them whether they have certain pain or they have problems that they're trying to solve. How can I be valuable and useful to them? I think that's one of the approaches that I try to do.

Most recently, I think, for me, just had a lot of people doing some awesome things in terms of promoting our book and helping us with the book launch. We also have a mastermind and virtual family office for people who are looking to really take their wealth to the next level. Just genuinely, our current client base has just been phenomenal. They've done some really kind things to support us with that.

Dan: Nice. Cool. Good stuff. Well, Dave I got a couple pages of notes here, a lot of interesting topics. I'm sure we didn't even scratch the surface of what's going to be out there in the book. I'm looking forward to getting my own copy. Did you say that that can be pre-ordered right now?

Dave: Yes. You can pre-order it on Amazon.

Dan: Cool. Good stuff. Are there anywhere else you would like to point people if they'd like to get some more information about you? I know you've mentioned the site.

Dave: That's it. I guess the last thing, we also have a podcast if you want to check out, too, called Wealth Strategy Secrets of the Ultra-Wealthy.

Dan: I will check that out.

Dave: Awesome.

Dan: All right, Dave. Hey, I really appreciate you taking the time to be on the show here. I had a blast. Thank you for coming.

Dave: You bet. Grateful for the opportunity.

Dan: Thank you for tuning in to the REI Diamonds Show. Remember to review and subscribe on your podcasting app. Just search REI Diamonds and click subscribe.

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Last year, in 2022, my house flipping, well, real estate buy and sell business. Diamond Equity Investments bought and sold three hundred and twenty-seven properties. So far, we've done fifty-nine this year. We have another one hundred and seventy-three more in our inventory either under construction or under contract and awaiting close.

Here are 3 ways that you and I could do business. Number 1, if you are interested in having access to real estate deals that you can buy fix-and-flip for profit, go now to accessrealestatedeals.com. That's accessrealestatedeals.com.

Number 2, if you are an accredited investor who is seeking double-digit returns, you can sign up to receive my private mortgage investment opportunity emails at fundrehabdeals.com. That is how you join my network of private lenders to potentially fund my projects, fundrehabdeals.com.

Number 3, I am buying industrial and commercial buildings for my own portfolio in the Atlanta, Chicago, and Philadelphia MSAs. If you have a deal like this with a value-add component, please email me direct at DB@diamondequityinv.com using the subject line "Deal for Dan".

We are at the conclusion, my friend. Next up, we have commercial property expert, Ben Reinberg, joining us to discuss the mindset needed to succeed in commercial real estate investing. I'll catch you and Ben next time.

[music]

Voice Over: Thank you for listening to this episode of the REI Diamonds Show with Dan Breslin. To receive email notifications of new weekly episodes, sign up at www.reidiamonds.com.

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