EPISODE 676

[INTRODUCTION]

[0:00:00.0] 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]

[0:00:24.4] WS: This is y our daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is Caleb Guillams. Thanks for being on the show, Caleb.

[0:00:34.0] CG: Hey, thank you so much and you nailed my last name, so thank you for that.

[0:00:39.5] WS: I don't always get them right but I try hard at that. I appreciate that, a little about Caleb, in case you have not heard of him before. I'm looking forward to this conversation just because you know, I love seeing guys and gals wo are just hitting it hard, you know? And understanding a lot of these stuff at a young age and making things happen, you know, that's not what I saw growing up, you know, my friends were not doing the things that Caleb is doing.

I wish I had known then what I know now, you know? What he's doing but you know, after taking over the investment department of a bank, by the age of 19, Caleb has become somewhat of a financial prodigy being named, 'America's New Face of Finance' by *Fox News*, speaking to thousands around the country and building a company that has risen to the top 1% in the industry. He helps people take back control of their financial life by showing them how to both increase cashflow and spending ability in the present while increasing savings and spending ability in the future, all without taking on market risk or uncertainty and one's financial plan.

Looking forward to hearing about that, Caleb. How you are doing that. This plan and I know the listeners and myself need to be probably thinking about this, you know, in this method that you have, but give us a little more about your background, who you are and let's dive into this method, this plan that we need to better understand.

[0:01:59.8] CG: First of all, I just want to thank you so much for having me on your show. I love what you're all about and it's just an honor to be on here. One of the first things that people usually notice, if you're watching this is, "Man, you look like you're 15 years old. How in the world can you even drive the car, let alone, have any knowledge as it relates to money?" And I've been really blessed because I grew up in home, I was the oldest of six kids, grew up in central Wisconsin and number one, did not enjoy the cold weather but my parents instilled in me to be proactive, work hard but they weren't entrepreneurs.

One of my first jobs when I was 15 years old is I work at a chicken farm and I started making some money, processing chickens. Let's just say for your listeners, I appreciate the chicken sandwich a lot more than the average person and I started making money and I was like, "Man, our money can start working for us." And I started dabbling in a lot of different investments, got a job at a bank at 17. I work there in every department, worked in our investment department as the investment assistant at the age of 18.

And then, like you mentioned before, 19-year old Caleb, one day, the guy that was running our investment department took another job and I took over a massive responsibility and that was really the foundation that has given me like the platform but then also the freedom to start learning some of this stuff.

What I did on a local level is I connected with people, I realized, if I talked to people like you and treated you to lunch, you would actually pay and you'd also give me all your secrets. I'm like, "This is pretty cool, I wonder if this could work out on national level?" And I think you could summarize my story by, a lot of people I think felt bad for me and they just share with me all their secrets and I had this beading mission to help people live to that higher potential and I knew that money, if you figured out your money thing, that you could totally get there.

Learned all that stuff, came out with a book at 21, called *The AND Asset,* which we can dive into because for your audience, they need to understand the strategy as it relates to investing and syndicate deals and as it relates to just investing in general. And then, also, just gain a bigger understanding about how we can use our number one asset which is our self, our ability to create value in the world and how most people in America, if you look around are devaluing their number one asset.

At 21 years old, I left the bank, started better BetterWealth and now we work with people around the country and we've been growing because I think people are starving for a more empowering message as it relates to their money.

[0:04:17.6] WS: Nice, I'm looking forward to getting into that book and in just that method. I want to back up just a little bit though and I want to say, you know, give us a couple key things that you know, your parents taught you or that you did growing up that were just like to help you to have this kind of mindset and focus. I don't know how often you get that question but you know, as I am – we're raising three kids and hopefully more, you know, I'm just doing tons of studying right now, about just training and you know, just training and disciplining, discipleship and you know, things like that, you know?

So important at such a young age for them and I've seen that modeled in some other families recently and I'm like, "Okay, I've got to figure this out," you know? Give us a couple of things, I know there's a lot of people listening that are parents too that are trying to get into real estate business, trying to figure the financial stuff out, but also, have kids at home that they want to know these things as well. Give us a couple of things that maybe your parents did or just that you've seen that has really helped you to have this mindset at such a young age?

[0:05:17.5] CG: Thank you for asking this, I don't get asked this enough and I love talking about my upbringing. My dad is a scientist, and I didn't get any of his genes. I can't even spell biology, okay? My mom stayed home and home schooled us. So first of all, I was fostered from a young age in a faith-based home school environment and so I'll tell you three quick stories.

My dad has a PHD in molecular biology but he did not care about grades, he cared about the heart of what we're learning. When I was in high school, I took a college class, I got an A on the test, I was super excited, I told them, he's like, "Caleb, did you learn anything?"

I'm like, "Dad, of course I learned something, I got an A." And he said, "A lot of people will get As in life, that don't actually have the heart of learning." And I've just seen a theme as I met a lot of people that a lot of people want to get around, cut corners and just want to pass a test or they don't have the heart of learning.

Another thing that my dad taught me is lean in to be proactive. I could never work with him and just stand around. He would actually get upset with me. He's like Caleb, "Always be looking for things." The *7 Habits of Highly Effective People*, talks about being proactive and I was fostered in a proactive home. Another thing is I'm dyslexic, I was especially short when I was growing up and I had this moment where I totally blanked on stage, I end up sounding out my two lines, word for word, felt super embarrassed.

My mom would tell me, "Caleb, the things that you can't control like your height, don't worry about, learn to laugh about it, you can't do anything about how tall you are. But the things that you can control like your reading, go all in because you have the moral obligation to take control of the things that you can control."

They taught me never to be a victim, I mean, we get punished for even pouting because they did not want to raise kids that just would like feel bad for myself. And then finally, missions' trip, I've had the ability to go serve people around the country, around the world and there's something that happens to you when you go and see other kids, I'm getting emotional just thinking about this, see other kids that have nothing and they're happier than you. It just puts perspective to be like our company in general is like built on the foundation where we want to make a lot of money and help a lot of people, so that we can go and give the people that are like need the money to live. And so, it just gives perspective.

I grew up in an amazing house and I hope to raise my future kids in the way that my parents raised me.

[0:07:38.9] WS: I appreciate you sharing that. I know we could go so far into that and I would love to hear more about that some time. Just speaks volumes to just even what we're trying to learn right now. It wasn't the way I was raised unfortunately but you know, our eyes have been opened to just needing to do more research and studying about that.

You know, let's jump in to your book and *The AND Asset* you know, just get us started and maybe give us kind of a high level, what is this and let's dive in a little deeper and try to figure out, you know, for the listener and myself, you know, what is this and how does this help us, is this something that you know, we should be thinking about applying today?

[0:08:19.1] CG: Yup. When I first started at the bank, my goal was one thing: It was to become a hedge fund manager and trade options and grow wealth. I had this idea of growth and everything else was awful. And so, I had a terrible view of life insurance. Ironically, the company that I run now, specializes in a strategy that helps people overfund or put as much money in to special type of life insurance contracts.

Obviously, there's my journey of like 180 in my life and so one of the things that I did when I took over the bank is, I saw what was going on and I just knew that something wasn't right, I w4en to the university to study finance and we were taught in our classes to do future value calculations but we weren't really taught how to think about money.

And so, as I went on this journey to find out like, "What are banks doing? What are the wealthy doing, what are people like – how do corporations that are really winning, how do they think about the money?" I realized that they thought the exact opposite of what we've been taught.

Really, there's a value in controlling capital. And I realize that most people are going through their life freely giving up control of their money and hoping for something in return. And then I also realized that most people were not putting a value on the value creation that they could create through themselves. I just started learning this.

And in summary, I realized that life insurance was not the end result. And that's why I love being on the show is like, a lot of people that talk about life insurance, and by the way, 99% of it is not good, don't put your money in it because, if set up unproperly, it's a really terrible place to put your money because the alternative places like real estate, like investing in yourself, like putting your money in your business would way outperform.

But my epiphany was really this. We could create a system and a platform and a structure that you could put a dollar in a place that could not only work for you the rest of your life but could give you the ability to control capital to now, invest in what I call the asset base activity, invest in things that will give you the best results that you want.

Instead of you just taking one dollar and doing one thing with it, you can now take that one dollar and say, instead of looking at it one dimensional, we can look at it with multidimensional and say that $1 can be used multiple different areas. And so, I had to take a step back and say this is – my book is called *The AND Asset* because so many things are or, you can put your money in here or you can do this or you can do this.

There's an opportunity cost of one or the other. I realize, the big opportunity cost is not giving your dollars multiple jobs. My book is all about the efficiency of saving and using your money because you greatest financial need is using and investing your money and yet, most people are not taught on how to save it and use it throughout your life and I would say, if you can't do more than one thing with your dollar, you need to find a better way.

[0:11:11.5] WS: You mentioned – obviously, just the value and controlling our capital and you talked about how people, you know, they don't put value in controlling their capital. Could you give us an example of that just to help us really think about what you're saying there?

[0:11:26.2] CG: Yeah, the best example I can give you is one of our clients who is very successful entrepreneur. And he's like killing it and yet, in like a most companies and investors, they're always looking for more capital. This guy is in maxing out his 401(k) and SEP IRA and his business is like doubling. And he's taking money, hard earned money that he's created and putting it in an account that hey, it might do well, I mean, I could get down the rabbit hole, what our taxes going to be, fees.

But he's literally transferring money to companies, mutual funds, whatever, that he doesn't really know what's going on to hopefully it will grow to an unknown future date with an unknown future tax system. All the while, he needs capital, he's going out and looking, he's going out to banks, he's trying to raise other money because he has this cash cow. And it's just like, "Why are you doing this?" And again, a lot of people turn their brain off once they make their money. A lot of people, they create wealth and that's great or they went to school because they understand that getting an education is like this really good thing to do because they'll increase their ability to make money. And then, once they start making their money, they don't think about their dollars working for them.

I think the big epiphany is like, our money is a tool. A lot of people have an unhealthy relationship of money but money is a tool and it will just amplify whether good habits or bad habits that you have. And I also just want to say this, when I think about or talk to these people about money, it's not just about the strategy, the reason I'm diving in is I know that your audience is like, wants the nuts and bolts. We talk about clarity and getting clear on what you want.

Wall Street and the industry will tell you, ROR matters, rate of return, we talk about ROR being return on results, this is super interesting, I know you're nodding your head because results are so important and so many people are not even thinking about their money in a way that this is really just a tool to help me get what I want quicker.

Number one, you got to get super clear on where you want to go. And number two, you have to be super-efficient at what you're currently doing. You have to optimize your cash flow, you have to optimize your assets and you have to look at your debt and if you have any bad debt, you have to – have the self-awareness to eliminate that so that you can again, get closer to your results.

The third principle is all about consistency and that's where we start incorporating *The AND Asset* strategy and then the fourth principle is all about use and that's where you come in. Because then, we show people, now that you're saving your money, where can you put your money in a place that can create appreciation, cash flow, maybe some depreciation in this case where you can get maximum results.

What I love about being on the show is like, yeah, real estate is really powerful. But if all we're talking about real estate and we don't have clarity in what we want and you're not being efficient with where you want to go and you're not being consistent with your money and your habits, man, you have so many holes in your bucket.

Yeah, you could have a real estate portfolio but like, why are you even doing this to begin with? I get fired up about this and especially being young because I realize, so many people are getting half-truths and they don't actually know why they want to do what they want to do. And when you get to see people like when the lights come on, my goodness, it just fires me up because then we're really empowering people to make a difference.

[0:14:25.4] WS: Nice, well, help our lights come on, help us to think through this little bit, help us to gain, you know, and be more efficient with our money and – I mean, if you're in the syndication business, we're always looking for capital as well, right? But even if you're the operator, you know there's times when you need capital, whether it's for an earnest money, deposit or maybe you want to invest in a deal and then anyway, it sounds like this may be an option that we need to consider. But let's jump on in.

[0:14:49.5] CG: Here's what I want your audience to consider. This strategy has to do with where you put your money. Your money's got to reside somewhere. A lot of items, when people make money, they're putting it into a savings account and checking account to put into a real syndicate deal or they are putting it into an investment account and I want people to understand two functions. I believe the most powerful I would say maybe principle or factor when it comes to our money is understanding opportunity cost, okay? Opportunity cost is essentially this: By you listening to me right now you are unable to do other things.

When you make a decision financially, you are saying no to a lot of other opportunities and so with opportunity cost, everyone wants to talk about the long-term effect. So, for instance, I go out to lunch with someone spend $64. I am the nerd that says what is this actually going to cost me over 60 years. It is like five grand, okay? It's because my $64 is no longer able to work for me or grow your interest and that interest would have grown to over five grand some day in the future, okay?

That is long-term value opportunity cost. It's time value of money. That is time value of money that is what we learn in college. What a lot of people don't understand is the opportunity cost of control in capital. So, a lot of people would say, "You know, you're young. Start compounding your money and it does younger that you and that is just math." It's amazing.

But a lot of people don't understand like, "Okay, what is the opportunity cost of blocking your money into an account and just having it grow but not having control over it?" And so, the reason I'm a fan of the index and I just really dumb this down so that you get the picture is when you set up life insurance contract properly and you over-fund it, meaning we're minimizing the insurance, we don't care about the insurance. All we care about is that we get to put as much money in to a contract between you and the insurance company and this contract pretty much says that they are going to grow your cash value, your money tax free for the rest of your life.

Okay, so that tax benefit is pretty great. It is conservative growth three and a half 4.5% not going to change your life. But when you add in taxes and fees and all of the other things it is really in a comparable to like a seven or 8% return on your money. But we have to compare that to a savings account because what we are going to do with this contract is we're not just going to keep our money sitting there. We are going to now actively use it.

So, we are putting our money into an over-funded life insurance contract where our money will grow long-term tax free, not going to change our life but it's the efficiency of you letting your dollars continue to grow. But then this life insurance contract also in the contract is that you can collateralize your money. You can essentially leverage your savings. A lot of people mess this up and say you are borrowing from yourself like in a 401(k). But no. When set up in these properly, you're actually putting your money as collateral like a HELOC and you are saying, "I am going to loan against my money. My money is continuing to grow."

And this sounds too good to be true but it is not. Your money is going to continue to grow, you can borrow against your money at an interest rate of like four and a half, 5% and then here is the thing that I will say, if you can be more productive than the cost of capital to borrow. So, if you are borrowing at five, it wouldn't make sense to pay off debt at 3% or make an investment at 3% but if you can make more like maybe a syndicate deal can be at 7% and you are borrowing at five, I show people that is a 40% rate of return on your money because your money is continuing to grow. You are taking the velocity principle of banking. You are taking someone else's money and multiplying it.

So, my book is a little bit misleading on the title because it says "the secret way to save and use your money at the same time." We're not actually using your dollar twice. That would be impossible but it is a contract that allows your money to continue to grow and also be able to collateralize that and do other deals like real estate.

And so why this is so powerful for investors and entrepreneurs is they are able to save a lot of money and they're able to know that all of their money is going to grow the rest of their life conservatively. But it also gives them the ability to invest, to have an emergency fund, to capitalize to things that they are really passionate about and the reason why this strategy is really great for those types of people is when you can take a dollar and give it two jobs rather than one, it's amazing.

For most of America, they don't have the mindset to multiply their money. So, the strategy really may underperform what a Roth IRA could do. With a Roth IRA, you can't give a dollar more than one job. So, the strategy is not for everyone. I would say only about 5% of America should even consider this but for the people that like your audience that really sees the value of investing in deals, it is an amazing way to give your dollars multiple jobs and I totally understand if you have questions. I just want to go right to the point.

[0:19:27.9] WS: Yeah, I wanted a couple of quick questions. How does the insurance company grow the money? You know I like to know where my money is invested, what I'm investing in, it is things that I agree with or I am not supporting things that I wouldn't approve of and I just want to like what is it invested in? Do you have any control over that?

[0:19:45.2] CG: Great question. The whole life mutual companies, the blessing and you don't necessarily have control in what they are investing their money in, a lot of what their investing in is interest rates, long-term bonds, some real estate and so that is where a lot of their portfolios because they are an institution that has to make guarantees. So that's why over 30 years your cash will grow at a three and a half to 4.5%. It is not going to change your life and so that is one thing that I will say.

They're also because they're insurance, they are making money on mortality. So, essentially, they're large numbers they're pool the risk and because they have the ability to look at large numbers they're just making money on just the mortality. And because they're a mutual company, they pass that down to the policy holders. And so, you get the benefit of them being profitable because you have part ownership like a credit union but as far as making decisions on what they're investing in, as far as like real estate deals or long-term bonds, you don't necessarily have the ability to determine that.

[0:20:49.7] WS: Nice, so could you just walk the listener through maybe an example. They've got $50,000 that they are considering investing into a syndication, you know what would change that for them if they use this model and kind of just – you know, we don't have a ton of time left but what would be some of the steps to make that happen and what would they expect from that?

[0:21:10.6] CG: Yeah, so great question. So, you have to go through the process of even getting – it is not something that you can just sign a piece of paper and then you're in. You have to go through an application process and you know get approved and say you're approved then you can fund the policy.

Now the downside of the strategy because I always want to be upfront with this is not everyone qualifies health wise because you have to be healthy enough. To say, "Hey, we'll do life insurance on you." And the other downside is you don't have all of your money that you put in immediately to use. Usually we have anywhere from 75 to 90% available. So that is when I am talking to real estate people and they want to do a deal and they have all of their money and it is going to cost all of that money. We usually will look at a strategy to implement this over a couple of years because I never want to take away someone's ability to make a deal right away. So those are the two downfalls to the strategy.

But once your money is in, think about the 50,000 and I could have a future calculator if we had extra time, I would take that 50,000 and I would say, "What at 4%," and you can do this at home, "What at 4% what would that grow to over 10, 15, 20, 30, 40 years?" Okay, so you have that thing going on.

But, then, to access that 50,000 instead of taking that money out and disrespecting the compound growth, we would be borrowing the insurance company's money, 50,000 at 5%. And so, I had someone that just did this the other day. They put in a $100,000 into a strategy like this. They did a deal where they were going to get 12%. Now, there is risk as you know, there is risk to deals. They are going to do a 12% deal and their money was in their insurance contract. So, we literally showed this is how we did the math. Their money and their contracts is going to grow the rest of their life so we factored that in. They also had a $2.5 million death benefit that they didn't necessarily care about but it is important when you think about estate and planning.

They also did that deal and the cost of that deal, I talk in my book about cost the capital. The cost of that deal cost them 5%. And so, then they are going to make 12%. So, what they made on that transaction is a 140% if you want to be technical but what they did was the money that they were getting they took some of that money to paid back the insurance company and then they took the rest and just consider that a profit.

So that is an example of how someone could use this strategy along with the syndicate deal. In the short-term it doesn't really make a difference over 10, 15, 20 years you have an asset that's continuing to work for you the rest of your life. And hopefully really smart business decisions and investments and now your dollars are literally giving you two things rather than one and like I said, it doesn't change your life, even in the first five years it doesn't make much of a difference but overtime, by giving your dollars multiple jobs it really can move the needle.

[0:23:55.6] WS: Nice, well I appreciate the example and I wish we had time to dive a little more into that as well and you will give the listeners a way to contact you in a few minutes where they can learn more and even get your book. But a few more questions, Caleb. You know what is a way you have recently improved your business that we could apply to ours?

[0:24:11.4] CG: I have been super, super into people development and leadership. We grew from just me to we have over 13 people internally in our team and we have implemented a daily huddle where each one of us are committing to one thing to drive the bottom line in that day and being a virtual company that's really an important thing and that's been a big thing for myself personally and our team.

[0:24:35.4] WS: Is there something that motivated that? Is there a book? What was that?

[0:24:39.8] CG: We just finished *Extreme Ownership* as a company and I would highly recommend that and it is just taking just responsibility like going back to when I was a kid like everything that goes wrong in our company is my fault. And I need to own that. On the other book that I really would recommend all of your audience read is *The 7 Habits of Highly Effective People* and Stephen Covey talks about two things, being proactive and also about thinking with the end in mind.

And as weird as it sounds, I think about my funeral a lot because it is the ultimate non-procrastinator way of thinking about life. It's like, "Man, I am going to die someday. I want my life to matter and I want people to look back on my life," and not necessarily see me but say like, "Man, I was encouraged to go for it and live life with no regrets." And so those are two books that have inspired our daily huddle.

[0:25:27.4] WS: What's your morning routine look like?

[0:25:29.1] CG: I wake up, I exercise, I read the Bible and I really do a journal exercise of just gratitude and just really focus on three things that I am going to focus on that day and then I take cold showers every morning. I am a firm believer in the cold shower. I actually have a podcast just dedicated to talking about that. But I really think that jumpstarts my day as well.

[0:25:52.0] WS: I just read a book that just talked about that in such detail and I cannot remember now the name of it but no, I have not started doing that but I have read the book *Extreme Ownership* and also recommend that. It is just a great way to take ownership of the highs and the lows, right? And so, what's the number one thing that's contributed to your success?

[0:26:12.5] CG: My ability to deploy empathy. If you think about it at 19 years old, I took over a responsibility helping people in their 60s and 70s with their money. Like the only way that I could step into that was not my knowledge, it was not my experience, it was my ability to take a step back and listen and I also had a really solid understanding of what Simon Sinek talks about when we says start with why. Everything that we do at our company at BetterWealth is to seek to understand why before we prescribe anything.

And at 19 years old, I had that and it has been something that I have been honing and that's been something that our culture has and so that is how I would answer that question.

[0:26:56.2] WS: Nice. Well, Caleb, you know I am just grateful for you just sharing your story so much even a little bit about childhood too that can help all of us as parents and things like that and just your drive and making this happen at such a young age. Congratulations to you. Tell us how you like to give back?

[0:27:13.9] CG: Oh man, I love that question. I am sending everybody on my team overseas that we were going to go this year but it got cancelled due to just the current events. So, I love giving back, yeah, I love giving money but I specially love taking time out of my week and then having other people that I highly respect going back and just as a kid how that inspired me. Everybody at BetterWealth is going to spend a week and you are going to get paid for it to be served and give.

And I am doing that selfishly because I know when people do that it is going to make a ripple effect. And so, that is how I love serving with my time because now that is way more valuable than just writing a check.

[0:27:52.1] WS: Incredible. Well thanks for sharing that, Caleb and how can the listeners get in touch with you? How can they learn more about your book?

[0:27:58.0] CG: Yeah, so if you go to betterwealth.com, you can access a lot of things like we have a podcast, we have a YouTube channel, you can get my book just for like eight bucks. So that is where you can go and I just am so grateful that I get to be on here. Man, I love your questions, the heart that you ask and that you interview and I just want to encourage everybody to live intentionally and whether it is something that I said or resource that I have or it is this amazing podcast.

Like what is one thing that you can do intentionally that can move the needle? And so at BetterWealth, you can find out all of that information and get my book.

[END OF INTERVIEW]

[0:28:35.1] 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.

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[OUTRO]

[0:29:15.4] ANNOUNCER: Thank you for listening to the Real Estate Syndication Show, brought to you by LifeBridge Capital. LifeBridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. LifeBridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

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