EPISODE 1333

[INTRODUCTION]

Tom Laune (TL): At year four, if you put in $50,000, your cash value should be going up by 50,000 or more. So, you should be net what you put in your line of credit should be going up by more than your deposit starting the fourth year. And by year, say seven or eight, you should be net positive on all of the money you've put in. And you know, depending on your age and your health rating, you definitely should be seeing a multiple 2x 3x 4x of how much you put in by the time you're done depositing money.

Sam Rust (SR):
This is your daily Real Estate Syndication Show. I'm your host Sam Rust. Joining us today is Tom Laune. For many years of education and research, Tom has created the bulletproof wealth strategy to help others protect their income and grow wealth. And the secret to his strategy is teaching people to use money like banks do to earn much higher rates of return. Tom, thanks for joining us today. Welcome to the show.

TL: I'm so glad to be here, Sam, this is really going to be fun. I'm looking forward to it.

[INTERVIEW]

SR: Well, as I was combing through doing some research on you, I noticed that you got your master's from University of Denver, I had to ask what led you to that school and it's not in a particularly affiliated field to real estate. So, I sense there's an interesting story here.

TL: Well, yeah, so University of Denver, I decided after I was wanting to get a degree in online marketing, that's where I kind of started out and they had a unique program. Truth be told, I got into that a year and a half into it. And I realized that I didn't want to do online marketing for other people. I just was using the information for myself, I ended up to be totally honest, not finishing that master's degree. I do have three undergraduate degrees and three financial designations. And I'm working on a fourth, but I did not finish that master's degree. But I personally place a really high value on education. So, I'm a lifelong learner, I'm always trying to figure out what the next thing I can learn is.

SR: That's fantastic. So, I'm curious, because I would also characterize myself as a lifelong learner, but I tend to pursue learning primarily in maybe less structured environment. So, I have my Bachelor's, but I haven't gone back for my Masters. How do you think about that? Because I'm sure you pursue a lot of knowledge and education that way as well. And yet you also sound like you've spent a fair amount of time on a college campus. So, what's the value in that for you? What are you trying to achieve?

TL: Well,okay, so here's a little secret is to do the job I do, you have to have a lot of certified continuing education hours. So basically, college level courses, and I find it to be very helpful just to continue taking classes personally, because I use them for my CEE requirements to maintain my licensure. So that's a little kind of underneath the radar scene of why people like me end up staying in college level classes for a long period of time is because we have to do that kind of stuff just to maintain a status quo, as it were for the different licensing because I have a lot of different financial designations that require a lot of continuing education.

SR: That's interesting and great way to do a couple of birds with the same stone.

TL: Exactly. That's what I'm always looking to do.

SR: So, your last degree was in recording, electronics, film, new media and internet marketing. You've got a bit that direction, and I'm sure that aligns well with outreach efforts and your own internal marketing for Bulletproof Wealth. But what's the story about how did you fall down the rabbit hole in the infinite banking,

TL: What happened was I was 29 years as a professional music engineer and producer. And that's a really long career and I was fortunate to be really at the highest level of doing that. And I got to work with people like Bruce Springsteen, Amy Grant, Rem, just, you know, Fabulous Thunderbirds, Stevie Ray Vaughan Stevie Nicks. I got to work with a lot of great recording artists back in the day. But what happened, Sam is that while I was in that 29-year career, I didn't know it. But I was in a very financially illiterate profession, meaning that people prey on people in the music business, okay, it just is a fact I was in the music business, and I didn't even realize I was being preyed on but I had three financial advisors, that all turned out to be fraudulent. I, ultimately, I had four so I worked with one of them that didn't, but I had three of them that turned out to be fraudulent. Two of them went to jail. One of them almost did and I just had one after another of these people who are utilizing seeking clients in the music industry to basically do stuff that they shouldn't be doing. And I was like, man, I've got to figure this out myself. And finally, what ended up happening is I lost hearing, partial hearing in one ear and I actually went on a long term disability claim that I could do anything I wanted. And because I got screwed over and over and over and over again during the music career, I decided to go back and get a financial education. So, I spent four years getting a Chartered Financial Consultant, Designation, Chartered Life Underwriter, Chartered Special Needs Consultant, and now I'm working on a retirement income Planning Specialist designation. So, you know, in terms of infinite banking, I'm not your traditional quote unquote, just straight up infinite banking guy, I have a lot broader, much broader educational background than a traditional person doing this kind of thing. And that is why I kind of developed my own strategy that I have trademarked called Bulletproof Wealth®, which incorporates infinite banking, but doesn't just leave it there.

SR: So, I'm curious. Before we move on from that, Tom, you've seen a lot of shysters. You've seen a lot of grifters. You know, we've got a lot of passive investors that listen to this podcast, what are some warning signs, some yellow lights, if you will, to tip you off that hey, all is not as it seems, when they're evaluating opportunities?

TL: That is a phenomenal question. You really need to get introduced to somebody by somebody you trust. I mean, that is the absolute best thing is to have a personal recommendation, the problem in the music business was I did get introduced to all of those people from somebody I trusted, but the somebody I trusted, they were getting hosed as well, and they didn't know it either. So, it's one of those things where you really have to make sure that who you're getting a recommendation from actually knows what they're doing. And that is just super important, you know, and always look into their background, do a background check on people check FINRA check SEC, see if they have any filings against them, see, if they've ever been turned in for anything, you know, you're going to be found out eventually. Right. So now, I've been doing this for 10 years. And it's really been an amazing career change. And I love what I'm doing. And I would not start working with somebody who said, Yeah, I just started in this and to go because you really don't know what their background is. So, I would look at longevity than history.

SR: Now there's an old adage, you know, how many market cycles have you been through? And if the answer is less than two, maybe not.

TL: exactly. I mean, I talk to people all the time that literally don't know what it's like for the stock market to go down. They're like, huh, I'm like, what were you doing in 2008? And I'm like, they're like, oh, I was, you know, I was 21. And I just got out of college. And for those people, they just do not know what a down market is like, you know, and they also think real estate goes up forever and can never come down.

SR: There's a frightening amount of naivete in the market right now, people who hear about I mean, don't get me wrong investing in commercial real estate. I'm very convinced it's a solid wealth building strategy.

TL: Absolutely.

SR: But there's some caveats that come along with that. And it's not without risk, you have to be able to fully understand those risks and match those up with your current risk profile to properly evaluate if that's going to be a good investment for you.

TL: Totally, yes, I totally agree. Very good.

SR: Pivoting towards infinite banking, I think a lot of our audience is probably familiar with the concept. Generally, what we're talking about is opening a whole life insurance policy, and then using that as a tax friendly vehicle for holding money, being able to lend money to yourself, I hear a couple of criticisms. And I'd be curious for you to address those if you would be so kind.

TL: I would love to.

SR: So, one is why are we combining so many different things, you know, we're combining retirement saving vehicle inside of an investment arm inside of a life insurance policy. This feels overly complex. And then the second question is kind of kin to that there's at least some statistics that would say that commissions paid out to insurance salesman is the highest on this type of product. If the insurance company is making so much money on it, how can it be a good deal for me? So, I know that those are two very different loaded questions, but I'd love to hear you address those.

TL: I appreciate that. Sam, those are both very good questions. So I'll address the commission thing first, if a policy is properly structured, it's designed to pay out the least amount of commission to the person structuring it which is why it is so unbelievably vital that you work with somebody who is understanding what your goals are that you're trying to accomplish and has a enough business happening, that they're not trying to make a living off of one or two policies, right, because this is not a high commission thing, even though it can be structured to be high commission, those types of policies that get the bad rap do not have any cash value for the first couple of years. Right. So, there is a way to design whole life for high commission. There's a way to design whole life for extremely low commission. You just have to be working with the right person and here's how you know, is if you have access to a good chunk of the money you put in right away within 30 days, you know that that was not commissioned, right? There's no way that there's commission on money that you have access to be able to collateralize. Right? So, in terms of that's pretty much the answer to the commission thing is just, you know, work with somebody who really knows what you're trying to accomplish. The answer to the “Why does it seem so complicated?” is because I think a lot of people try to overcomplicate it to make them seem smart, I try to make it as simple as humanly possible. Look, you're going to have to store money somewhere. And most people store their money in a traditional bank while they're waiting for opportunities to come along. That's just where people put the money if they're going to put money into a real estate investment of some sort. Real estate investments are not always available at every time you have money to put into. So, you have to save up and put your money into what I call an opportunity fund, so that when an opportunity shows up, you're ready to fund it. And all this is, is an opportunity fund that utilizes a specially designed whole life policy so that you can actually take advantage of the opportunity when it comes along. And its closest financial counterpart to help people understand what it is, is a HELOC.

I usually compare it to a home equity line of credit, because really what you're doing with a home equity line of credit is you're collateralizing the equity in your house. Okay, what you're doing with a life insurance line of credit is your collateralizing the equity in your life insurance, why would it be better to collateralize the equity in your life insurance versus your house is the question and the answer is because when you're collateralizing, the equity in your life insurance, the collateralization, or getting access to the money does not impact your credit score when you use it like it does when you use a home equity line of credit, right, when you use a home equity line of credit, that's going to dip your FICO score every single time, which is a real bummer. And also, your house contrary to popular opinion is not guaranteed to go up in value, you may actually go negative and then you could have a collateral call on the equity portion and a home equity line of credit if your house went down in value, and the bank wanted to call that now with a cash value line of credit, you're collateralizing the equity in your life insurance policy. And if you structure it right and use the right product, which is whole life insurance, not indexed universal life, not Variable universal life, but whole life, then it is guaranteed to go up in value every year. So, your line of credit is going to increase.

And the final reason that makes this a total better product to use than a home equity line of credit is that you're getting a dividend every year, you're not just paying the bank interest like you are in a HELOC. So, it's increasing, it doesn't hit your credit score, and you're getting paid a dividend. Because we only structure these things with mutually owned life insurance companies. Those are the three biggies. Now the minor ones, which is not that minor is the fact that you have tax advantaged growth inside the policy. There is no tax advantages in the HELOC scenario. So you've got tax advantages. And then finally, something that I do that very few people do is I incorporate and enhance what's called Enhanced Disability Waiver Premium, which is a mouthful. But what it means is that if you get sick or hurt and can't work, you don't have to pay anything into the policy that is covered for you. So that is part of what I do for the Bulletproof Wealth® thing is I make sure that if there's a sickness or injury that happens that your policy will continue to go on, and you don't have to pay any future premiums. Does that make sense? Sam?

SR: Yeah, that makes a lot of sense. You know, I've heard several examples of folks, and this is going back a little bit to kind of the beginning of your statement where they had paid in maybe $50,000 into a policy over the course of five years, but the cash value is only 20,000. If I were to understand you correctly, that's a poor design that gave advantage to the insurance salesman. (Exactly.) But wasn't designed with the best benefit of the insurer.

TL: And that's 100% Correct. Yeah. Yes, that would be a terrible design. If you're five years in and you've put in 50,000. And there's only 20,000 available just as a rule of thumb for people to kind of have an idea if something's properly designed, at year four if you put in $50,000 your cash value should be going up by 50,000 or more. So, you should be net what you put in, your line of credit should be going up by more than your deposit starting the fourth year. And by year, say seven or eight, you should be net positive on all of the money you put in and you know, depending on your age and your health rating, you definitely should be seeing a multiple 2x 3x 4x of how much you put in, by the time you're done depositing money. And I usually allow people to put in money through age 67, their full retirement age, but you can structure it to, you know, put it in as long as you want to.

SR: That's fantastic. That's a great rule of thumb. I love those things that are somewhat easy to remember really helpful in avoiding traps or not scams, but just disadvantaged situations.

TL: Yeah. And I mean, obviously, it's one of those things where, unfortunately, and this is what I experienced. If you have somebody with kind of nefarious motives, they're going to find a way to do stuff that's not right. And that happened to me on multiple occasions. It really is my why of why I'm doing this is because I personally realized how important it is to have somebody in your camp that you can trust to do the right thing. And that's why I'm doing it. And it's just been going phenomenally well. Because the more things you do, right for people that other people tell other people about it, and it just kind of snowballs from there.

SR: It's very interesting. I noticed that you have a certification, a Chartered Special Needs Consultants Program. Yes, that's really interesting. Life Bridge Capital, we're really passionate about adoption, and helping folks bring their children home. And this is very close to that. I'm curious, what drove that for you your interest and how you use that certification?

TL: Yeah, so that was, oddly enough, the first certification that I went for, so I got the Chartered Special Needs consultant certification passed all the classes. And then they said, oh, that's not a standalone, you have to have another one, too. This is a piggyback one where you have to have at least a chartered life underwriter to be able to use that certification. But I grew up with several friends and friends of mine who had loved ones with special needs. And they just needed kind of individualized attention. And actually, it's happening so frequently, whether there's somebody who has a loved one with special needs, and I like to be able to help them really, again, it's combining stuff, but I like to be able to help them take care of those special needs situations and be able to utilize their capital at the same time. So, I'll give you a quick example. One of the situations that happens when you have a child with special needs is that there needs to be a funded, special needs trust. And that doesn't need to really come into play until both parents pass away. Because when one parent passes away, usually they're going to still take care of the child with special needs. So, a lot of what's called second to die policies come in or Survivorship Life Policies come into play in special needs planning so that the special needs trust is then fully funded when there's no longer a caregiver that's available to take care of the child with special needs. Does that make sense? (Yeah, it makes sense.) Yeah. So, I also connect people with attorneys in their state who specialize in creating the special needs trust, and there's third party, first party, there's all these different kinds of special needs trust, and I kind of help people work through the differences of what would be the most advantageous for them. There's pooled special needs trusts, and it is a very niche market. So, I don't come across it all the time. But I love being able to help people when that opportunity presents itself.

SR: By appreciation. That's a really neat, very specific, and yet something that's very needed in the world today.

TL: Yes, totally. It's good, Sam.

SR: You know, as we're wrapping up here, Tom, what's one way that you've improved your business that we might be able to apply and speaking more towards operators who listen to this show, whether it's in marketing, or just anything that comes to mind? How have you grown your business over the last six months?

TL: So, one of the things that I have done is I love being involved in high level masterminds, where other people are speaking into the business, and you're getting feedback, and I've been involved in masterminds for years, and I really can't speak highly enough about the connections that are developed in masterminds. I know that there's industry specific ones. I know, there's specific ones for multifamily, for example, and I know there's specific masterminds for single family, the one that I really enjoy is kind of non-industry specific, but I'm also in a mastermind of people that just do what I do at a really high level so we can kind of help each other out as well. So, I would say just surround yourself with people where you're not the smartest person in the room and just be humble and be willing to learn that is that's the biggest advice I would be able to give somebody.

SR: I appreciate that. I got to ask, you've got a tank over your left shoulder there. What's the significance of that?

TL: So I just recently came up with an analogy I have a video called Tanknology 101. And I took every part of a tank and broke it down to the different sections that make up the tank and then I relayed it back to the different elements of my Bulletproof Wealth® strategy and everything on it on the tank has a different analogy of what it does and how it relates. And I'm always looking for ways to take complex thoughts and make them simple and help people to understand. So, you know, that is my newest thing that I came up with. And anybody who wants to can go to my website, bulletproofwealth.info and they can put their name and email in and get access to that video where they like, explain exactly what the deal is with the tank. And it's a very short, concise video, but it explains my whole strategy, and it really turned out good, so I'm pretty proud of it.

SR: Oh, that's awesome. That sounds like a two for one. You get to learn about Infinite Banking and the different parts of a tank, which is one of the coolest vehicles on the planet.

TL: Definitely do. Yeah, I love it.

SR: Fantastic. Well, Tom, really appreciate you joining us today. Thank you to our listeners for joining us in another episode of The Real Estate Syndication Show. As Tom mentioned, if you want to reach out to him, you can reach out on his website bulletproofwealth.info, he'd be happy, I'm sure to engage you in conversation there or on LinkedIn. With that we'll sign off for today.

TL: Thanks, Sam. Appreciate it.

Whitney Sewell: Thank you for being a loyal listener of the Real Estate Syndication Show, please subscribe and like the show, share it with your friends so we can help them as well. Don't forget, go to LifeBridgeCapital.com, where you can sign up and start investing in real estate today. Have a blessed day.

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