

EPISODE 1527

[INTRODUCTION]

Dave Wolcott (DW): It all really starts with creating a vision for yourself. I find that too often people spend more time planning a vacation than they actually do with their future. And it's not only your financial future, but it is your future in life. So I love to ask people the question, if you had a billion dollars, what would you be doing? Where would you be? And who would you be with? And you have to put yourself into a great space to be able to do some deep thinking and collaborate, you know, with your spouse, with your family, what's really important to you, because again, it's very different for different people. But when you start to take money out of the equation, it's really interesting what it is that you're looking for in life.

Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Well, we are on a path to educating our investors, the best we can. We are trying to improve that process all the time and every day right on the show and we are doing just that today. Our guest, Dave Wolcott, started his career by serving his country as a captain in the Marines. In 2000, he and his wife brought triplets into the world, which inspired him to challenge the traditional financial planning advice that he had received. And today, he's an author, he's a podcast host, he's founder and CEO of Pantheon Investments and he's passionate about helping other entrepreneurs build wealth passively. We go into a lot of that today where he wrote a book called "The Holistic Wealth Strategy". And it's about his five-phase approach. In numerous of these phases, even if you don't have all of them, or don't want to do all them, either way, you are going to learn something from day to day. We go through each one of those at a high-level couple of things. We dive in a little bit deeper, some you may not have heard of before. So, I know you're gonna learn a lot. And I hope that you're growing your wealth because of what you're learning on the show and from our guests.

[INTERVIEW]

WS: Dave, welcome to the show. I'm honored to have you on and we love educating our passive investors, right, many of ours listen to the show, and many others and a lot of our

operators as well, because I want them to know about these strategies that you've come up with now. You recently wrote a book, "The Holistic Wealth Strategy", this five-phase approach, I'm hoping we're going to jump into that today. And so because I know that we're gonna learn a lot, right, and it's nothing more than just opening our eyes to new strategies, so we can dive in right, or seek you out more, and learn more about how to protect our wealth and grow at the same time and personally, and that's what we hope to do today. So Dave, welcome to the show.

DW: Thanks, Whitney, really grateful to be here. Connect with you and your audience.

WS: Awesome, Dave. I mean, how do you get started in the financial planning business and helping investors and learning these strategies?

DW: Yeah, so it's kind of an interesting story. Whitney, like you, I served in the military. So it was in the Marine Corps, I did the ROTC program, finished school and actually close to you as well, at GW, so was in the mid-Atlantic. And after that, the Marines. Had a fantastic experience. You learn a lot about teamwork, integrity, leadership, you know, things that you just don't get in typical academia. And then after the Marine Corps, I transitioned into corporate America, and I was quickly disillusioned with the bureaucracy, the lack of purpose, the lack of mission and things like that. And then shortly thereafter, in 2000, my wife and I had a toddler, and then came triplets. Yeah, surprise, right? We won the baby lottery, literally, we quadrupled the size of our family. And, you know, one of the first things that I did right was, how am I going to provide for my family? I mean, this is now, you just moved the goalposts down, you know, so much further.

So, how are we going to figure this out? And at that point, I had already been through three different financial planners, and I just got so tired of the typical advice, which is, you know, the market is going to go up, it's going to go down, you'll make 7% over the long term, but dollar cost average, you know, this is the smart thing to do. This really put me on this obsessive journey, Whitney, of really trying to figure out how is the top 1% building their wealth, because it's really not as a retail investor in the stock market. So starting in 2000, I started investing in

alternative assets, literally everything from oil and gas opportunities to raw land to retail to multifamily, you know, you name it, and over the past one, two years, lots of mistakes that I've made, lots of successes that I've had, and then I also built a few businesses as well. But I did have a technology consulting business that we scaled for 15 years, and then exited that a few years ago.

So essentially, my book, "The Holistic Wealth Strategy" is to really, it's all about helping other people discover passive income theory, but also creating really a systematic and comprehensive approach to how to protect and multiply your wealth as well as live an extraordinary life, right? Because if you actually think about money, what does it really mean to you, right? It means different things to different people. But I think we want to have purpose and we want to have meaning in our life. So how can we leverage that wealth to be able to do that?

WS: Awesome. Oh, you know, again, thank you for your service. I'm very grateful for those who have served and volunteered, what a sacrifice! And then one child and then triplets. It's incredible for you know, your family growing family. Well, one thing I wanted to ask you about, you know, early on, you know, you mentioned you got an oil and gas raw land and in some of the real estate, whatnot, and maybe we'll dive into more of this in a minute. But how did getting into oil and gas and even raw land, how did those asset classes fit into your portfolio now from what you learned early on or are they still?

DW: Yeah, well, it's really interesting because I mean, you know, I know multifamily. We do a lot of that. That's our core asset class. That's what you're in. I mean, a lot of syndicators doing that, but the way we look at it is we're trying to help people grow their portfolios, right. So, for instance, we have a lot of high-income earners that, you know, the bonus depreciation is nice on your passive income. But if your portfolio isn't big enough, you know, you're just kind of carrying that forward. That's great. But we have a lot of high-income W-2 earners. Well, with an oil and gas opportunity, we actually have one right now, and it offsets your active income, right? So you get 100% deduction on your taxes, then you get passive income. And then we

also driving forced appreciation as well, you know, we sought out that deal to really help our investors and our community to really solve one of their biggest expenses, which is taxes.

WS: Yeah, that's interesting. And that's a, it's a common misconception by many passive investors, or high W-2 earners, they feel like, you know, investing passively is going to offset some of their income, and it does not. And so oil and gas is an option, though, that could potentially satisfy that to some degree. Is that accurate?

DW: Yeah, that's accurate, Whitney, and really, you know, over those 20 years in doing different deals, you know, I've been able to really hone our investment thesis, you know, and really studying the top 1%, and what people are doing. And it's interesting because it really all comes down into looking at ways you can multiply your money, we're looking for multipliers. So, our investment thesis really consists of three dimensions. So one is having it be tax-efficient. The second is providing predictable passive income. And the third is driving some type of forced depreciation value. So obviously, multifamily fits into that really well. But it's very interesting if you use that as your buy box, because there's certain things like, you know, let's say debt funds, okay, you can make, you know, eight and a half percent return a year, but that's all I'm getting. So, I'm looking for a multiplier.

We've also I've been a practitioner, myself, personally, using the infinite banking concept for the past 10 years, with my wife and I, and it's been amazing, as a business owner, and an investor, it's a place where I store my dry powder, right for the next deals, it's a place that I keep capital, that's actually I can use that for earnest money, and it's growing, it's compounding tax-free, right, which is really huge. And you have this liquidity component, right? And that's the biggest downside to investing in private investments is you don't have a liquidity factor. So what's the solution for liquidity? You know, the solution that I found is actually putting it into this infinite banking where you can borrow against it, you know, pull it out to actually use that money to invest a deal and amplify your returns or use it for you know, capital, like I said, as earnest money down or whatever pay for your kids college. So, that's just another example of how you're getting a multiplier on your capital.

WS: Give us you know, maybe an overview of the holistic wealth strategy that you wrote about, that maybe we haven't done it. We talked about a couple of those things in it. But maybe you give us an overview of that. And let's learn and we'll dive into a few of those as well. And I know one of those is the infinite banking, which we've done a number of shows about, but it's still good to hear kind of what that is for new listeners at a high level, and then we'll dive into what that means a little bit holistic wealth strategy, what does that mean?

DW: So Whitney, it all really starts with creating a vision for yourself, right? And I find that too often people spend more time maybe planning a vacation than they actually do with their future. And it's not only your financial future, but it's, you know, it is your future in life. So I love to ask people the question, if you had a billion dollars, what would you be doing? Where would you be? And who would you be with, right? And you have to, you know, put yourself into a great space to be able to do some deep thinking and collaborate, you know, with your spouse, with your family, you know, what's really important to you because again, it's very different for different people. But when you start to take money out of the equation, it's really interesting, you know, what it is that you're looking for in life.

So it all starts with a vision, it's kind of like getting in the car, right? And you go on a road trip, if you don't have the coordinates, you know, you don't have a target, you're gonna miss every time getting crystal clear on your target. Your vision is really the underlying piece of this. And then we move into phase one, which is all about mindset. I'm sure you talk to new investors and people. Look, we just came back from Thanksgiving and how many family members? Are you still talking about all of the benefits of multifamily and syndication? People just still don't get it. They still have money in the 401k. They still have money trapped in their primary residence. They're still focusing on everything their financial planner is telling them and you know, I don't blame them. But it's because...

WS: It's scary, right?

DW: It is. It's the \$30 trillion financial services industry.

WS: Now what we were told growing up and what we've always done.

DW: Exactly. We were all taught that. So that mindset piece is, you know, being curious, having a growth mindset asking questions, doing some math for yourself, letting go of limiting beliefs. Also, who do you surround yourself with? I think that mindset phase is really key before you go anywhere because if you don't conquer that you're not going to get into this space at all is going to be a showstopper right there. So that's really, phase one.

And then phase two, we move into this phase of really, you know, it's all about learning. So, increasing your financial IQ, your mindset IQ, also your relationship IQ. You know, you're a product of the top five people that you're hanging out with. So are those people inspiring you towards your goals or pulling you away towards your goals? What habits are you creating that are supporting your vision and your goals? You know, those are really key things. And we talk about health a lot, right? Because a lot of people actually spend their entire health trying to accumulate wealth, and they sacrifice their health, right, I actually had my doctor on our podcast recently, and talking about some of the benefits how important health is, you know, when we talked about this concept of the corporate athlete, right, and living in this day and age and how you can excel to, you know, peak performance, you can be a better person for those people around you. So, you know, we really believe that health is such a key factor in terms of, you know, your overall success and wealth. And again, this is like this holistic approach, right?

WS: Wealth doesn't matter if you don't have your health, right, there's no comparison.

DW: Exactly. Can you imagine what Steve Jobs would have paid to solve his health issues? I mean, you know, one of the brightest minds of our time. So that's really huge. And then we go into the third phase, Whitney, and this is all about building an infrastructure, right. And part of it is solving for the top three expenses that you have in life. Those are taxes, government-sponsored qualified plans, and stock market losses. I know so many syndicators, who want to get into syndicating because they believe that they can grow their wealth, but at the same time, they still have money trapped in 401Ks, they still have money trapped in their primary residence with a rate of return of zero, right? So what you want to do then in solving for

these things, is actually create infrastructure to support that. So what I mean by that is, number one, creating a relationship with a proactive tax plan. Okay, so in my years of, you know, running a business, I literally, Whitney, I fired five CPA firms. I paid more and more every year because I knew that there was, you know, this basically, if you think of cashflow, the Cashflow Quadrant from Kiyosaki. If you're a business owner and an investor, this is the side of the quadrant that you want to be on. As a business owner, your target should be 20% or less in taxes. As an investor, you can get your taxes to zero. I wish somebody told me that about 30 years ago.

WS: Think about that, right there. That's incredible.

DW: It's amazing. And I can tell you last year, I paid in taxes 6%. And I've been working on this actively for, you know, eight years, right? And it's involved with everything, every action, I take every step in my business, I'm thinking about doing tax-efficient moves. So creating this proactive strategy with your CPA and not just looking in the rearview mirror and saying, okay, well, you know, I'm going to file your return, right and collecting everything. It's creating the strategy, putting a structure in place with the proper entities, and then understanding how to use it. That's a really key piece of your infrastructure.

Another real key piece that we like to use, and again, as I mentioned, you know, we've been helping clients set up this infinite banking policy where it's really a capital warehouse, because again, in the world of private investments, you know, liquidity is the biggest risk that you have. So, this is the solution where you can provide liquidity, you can still grow your wealth and compound it tax-free, you can give it to your heirs tax-free. And I know so many of us are trying to create legacy wealth. So what an extraordinary vehicle and then I know, Whitney, there's going to be a time, right where, you know, maybe I'm 95 and I'm not doing deals anymore. Well, you know, my wife might just want to know that there are checks coming in into the account, right? So you can actually set up a reverse, you know, income stream, tax-free income stream into retirement or later years, whatever. Having some of these infrastructure components in place are a really key phase to do.

And then once you have that in place, we move into phase four, which is all about asset repositioning. With asset repositioning, again, you know, we find that so many of our clients are, you know, stuck with their financial planner, all of that advice. They'd been giving them, right. So if you have money in a government-sponsored qualified plan, we've actually created a calculator, which is just so enlightening. And this is I mean, frankly, Whitney, this is the process I went through about 10 years ago. I sat down and I was so bullish on, you know, multifamily and private investments. And I worked through the math myself. And I said, look, here's a scenario, if I leave it in here, where I'm going to be in 5, 10, 15 years, if I take it out, and I pay the 10% penalty, I pay all the taxes on it, when would I break even? And I modeled out that I would break even in like, four or five years, it turns out, I actually broke even in three years, and I completely offset the taxes.

So didn't pay anything on taxes. And I have since like tripled that money. And when you look at that over a 20-year period, I can't tell you how enlightening that is to see, you know, the impact of uninterrupted tax-free compounding, right, which you would get and say, you know, some type of syndication type of opportunity. And people just are not realizing the impact of you know, what you see in your account. Don't forget that you've got inflation that's running in there, you've got fees that you're paying your advisor, whether the market goes up or not. And again, you're going to be paying ordinary income taxes. And I don't know about you, but I'd rather pay taxes on the seed rather than the harvest right?

In this asset repositioning phase, right, it's all about adding more velocity to your existing portfolio. This is, you know, a great way to actually free up opportunities to let's say, invest in a deal with Life Bridge, right? People may not necessarily have 50k sitting around but if you move around the chess pieces on your board right now make them more efficient, this is a great way to do it. And then the last one in asset repositioning is let's look at trapped equity and your primary residence. There's a reason that becoming an accredited investor does not account for your equity in your primary residence. Because as Kiyosaki talks about your primary residence is a liability, so why would you actually want to pay that off? It doesn't really make sense because you know, the rate of return is actually zero on equity in your house. So you can be much more efficient leveraging up as much as you're comfortable with in your

primary residence, plus, you're going to have additional interest, mortgage interest deduction that you can take on that. And then again, now you cycle that into a syndication opportunity. And again, there's another multiplier. You've just reduced your taxes, then you're getting a better yield in your multifamily investment. And we have a lot of investors, you know, who've been doing that strategy, and then the cash flow from the deals is paying for the debt service to cover that loan. And then once they get the equity pop, you could literally pay off that home equity line of credit, or basically, you know, double your cash flow straight, going into the next deal.

WS: Yeah, it's a great overview, like so many things here that we need to be thinking about as we're moving forward and preparing our wealth or maintaining our wealth, or just the preservation of it. A couple of things I wanted to ask you about. And I get this question often, too, about this, creating a relationship with a proactive tax planner. You know, you mentioned in that third step there is the third phase, how do you recommend doing that or finding somebody? And I almost wanted to make the obvious here that and you did mention that it's like your accountant is not typically the same as the tax planner, right? Or somebody is just doing your taxes for you is not always the tax planner that you need right there. They're worried about getting your taxes filed on time. But are they the expert that are helping you to think long-term about you know, the tax implications on your entire portfolio? How did you find somebody like that? What does that look like to seek that type of person out? And just what does that relationship look like a little bit?

DW: Yeah, great question Whitney. As I said, I mean, I've got a lot of battle wounds from that, firing five CPAs and just being really frustrated, and frankly, as a business owner, you know, we'd wrap up a year and we'd have these extraordinary results. We're hiring, we're planning for the next year and then in March you know, I was always just so set back by all of a sudden finding this tax liability that we had no idea since we were being successful, it's like we always underestimated it right? And our CPAs never told us as much as we paid. So, it was not easy you know is my answer. It was not easy and we paid a lot of money we worked with some really top firms but they all just did you know the same thing. So this kind of goes back to my point around you know a little bit about that IQ, improving your financial IQ, your relationship IQ

so you know, when you're spending time listen to good podcasts like this and you have great guests and you know, people have referrals, so people who are in the space. We have a list of CPAs. If anyone wants to reach out to us, we have some that we would endorse or are in this space. And I think that's really the best place, to figure out people who are in your circle doing what you want to do, and then get some recommendations to people who really know how to do this proactively right? Because 95% of the industry, you know, just does not do it that way.

WS: For sure. One other quick question, before we move to a few final questions. I wanted to ask you, though, about this asset repositioning. Often, you know, obviously, knowledge is, you know, is power, right? And when we, when we don't know what to do? And the answer, even for passive investors, the answer is just no, right? Or we don't know if it's a good investment, or maybe our questions are answered and things like that. The answer's no, typically, but I was thinking through this, like repositioning, and often it's like, you know, thinking about, is it the right move you mentioned, you know, like you did the calculations that can see, so it seems so overwhelming, I think, to most even have to try to figure that out that they just don't know what to do. Or they just say, you know, what, I'm just gonna leave it there, you know, I'm not gonna mess with it. And maybe it's a similar question as the other but just wondering, how did you go to calculate that? And how would you advise somebody listening to even think through? Should I go ahead and pull that out? Is that the right move? Or should I just leave it?

DW: Yeah. So Whitney, I'm happy to share the calculator that we have, if anyone wants to reach out, I'm happy to share that. But it's basically some simple calculations. And that's, you know, was the process, I had to go through myself to say, am I on track? Does this really make sense. And you know, when you start to see the numbers in Excel, and everything add up, and you can manipulate your assumptions, you know, you don't have to say everything's going to be 16-17% IRR, or whatever it is. You can even look at it on a conservative basis. And then when you model things out, and like I said, you know, you look at this uninterrupted tax-free compounding, the results are absolutely staggering. When you look over 20 year period, you know, then you could say, okay, even if I discounted this by 50%, even if I discounted it by 50%, I'm still gonna be like, 10 times better, it really becomes very powerful to do that. And again, you know, this kind of comes back to the mindset, right, because, of course, everyone

our entire lives have told us that your 401k is the right thing to do, hey, I'm making a 3% match. I mean, I had this, you know, discussion with my daughter, her employer wants to give her a 3% match. And I said, it's not free money, I can assure you when you look at it, end to end, right, because people aren't calculating the full thing. So put the numbers down, you can look at it, you know, objectively, and then try to make an informed decision from there. That's awesome.

WS: David, a few final questions quickly, if you had to pick one thing, what's your best advice for passive investors?

DW: Yeah, my best advice is, it's really all about getting clear on your vision, creating that mindset for yourself. You know, be curious, and always be a lifelong learner. Having a growth mindset and challenge some of the things that your financial planner is telling you and understand that they have an agenda, right? They're not talking about multifamily because it's not in their portfolio. And if you can have the courage to be able to ask some of these questions, then you can make an informed decision. If it's not right for you, then maybe it's not right for you, but at least ask the questions, have an open mind. So you know, so I think the mindset is really important. And then, you know, creating clarity on your vision is so powerful.

WS: What are the most important metrics that you track? Could be personally or professionally, what are a few of those?

DW: Wow, that's such a great question. I'm a huge believer in goal planning, you know, I sit down with my goal planning, you know, once a week, and actually kind of, you know, work through things. And I'm looking at basically key metrics across, you know, multiple dimensions in my life, my health, my relationships, my family, how is my business doing? Obviously, we're trying to grow. But it's interesting, even in our business, you know, we're not looking at it the way corporate America looks at it and saying, you know, how much do we do? We've raised almost \$30 million this year, but we're not looking at it in terms of just numbers. It's all about how many families have we helped. How many more families can we help? So, we're looking at metrics like that, right? How much impact can we actually have on people. And then as I said,

you know, the other key ones for me, you know, health, IQ is, you know, right part of my strategy as well. How can I increase my health IQ by 10%? What other protocols, supplements, training, things I can do to you know, improve my health and things?

WS: What about some habits you're disciplined about that have produced the highest return for you?

DW: The biggest one by Bardon is morning routine. If you don't have a morning routine right now, you need to get one and completely stick to it. And it's so interesting. You'll appreciate this Whitney, right? Because coming from the military, right? It's always who is the first one in who is the last one that leaves You know, who is doing the most amount of effort? Right? You know, we were trained, I think we were all trained and brought up, you know, to think about those things. But I can't tell you I mean, in the morning, you know, I journal, I have positive affirmations, I exercise pretty hardcore. In the morning, I journal I meditate, right? And it just totally creates a different type of day. For me, I'm very intentional about what I do. And I'm trying to be the best I can so that I can serve other people in the best way. So you know, I really think that if you don't have a morning routine and understand it's hard with kids, I have four kids, right, including triplets. So but you know, get up whenever you need to, because it really completely makes your day makes your year makes your life.

WS: How do you like to give back?

DW: Well, I love to give back and ways that I can really create impact, as we've kind of talked about. So a lot of this part of our mission statement, Whitney is actually to multiply our investors' wealth by 10x. So again, it's more of a solution based, you know, whether we can source opportunities for you, or help you with, you know, problems that you might have, eliminate your biggest dangers, you know, take advantage of your biggest opportunities. And so how can we help our clients do that. And that's really the biggest way because we're having such a direct impact on that.

WS: Awesome, Dave. It's been a pleasure to have you on the show. I know you and I met at a conference a while back and so honored to connect again and even just go through even at a high level, the Holistic Wealth Strategy that you created, and we can all learn so much from that, and have learned a number of things today. So grateful again, thank you for that. How can listeners get in touch with you and learn more about you?

DW: Yeah, thanks, Whitney. The best place is really, you can get just we have an ebook version. You know, if you're interested in some of the concepts and you want to download that, you can just go to our website, which is pantheoninvest.com/wealth-strategy.

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[OUTRO]

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