

## 142 TRG Transcript

Mike Stohler

What if you could be doing something smarter with your money that creates income. Now, if you're wanting to get ahead financially, and enjoy greater freedom of choice, if you want a comfortable retirement, and you know you'll have more choices, if you can do more with your money. Now, if you've wondered who else is creating ways to make their money work for them, and you want actionable ideas, with honest pros and cons, and no fluff.

Welcome to the Richard geek podcast. Where you here helping people find creative ways to build wealth and financial freedom. I'm Mike Stohler, and in this podcast, you'll hear from others who are already doing these things, and learn how you can too,

Hey everybody welcome back to another episode of the richer geek. And today's episode we have Dave Wolcott. And Dave started his career by serving the country, our country as a captain in the Marine Corps. Thank you, sir. Appreciate it. And 2000 He and his wife brought triplets into the world that'll keep you a little busy. And that inspired him challenge a the traditional financial planning, which we are kind of looking at diversifying. But to Dave is, he's an author, podcast host himself and founder and CEO of Pantheon investments. And he's passively investing in Superior real estate, which a lot of us do hold alternate assets, which we'll get into. And most importantly, they want he wants predictive cashflow, tax efficiency, and upside potential. How're you doing, Dave?

Dave Wolcott

Doing great, Mike, thanks for the opportunity to connect with you and your listeners and grateful to be here.

Mike Stohler

Absolutely. So, again, thank you for your service. We all think you guys are the true heroes to the veterans. Give us a little bit about your background. And what got you into all the stuff?

Dave Wolcott

Yeah, no, I appreciate that. Mike. And, yeah, looks we were in the service around a similar timeframe. And, you know, during those days, right, it was the old you know, conventional wisdom that was go to school, get good grades, you know, you'll get a job and you know,

life will be rosy. Rosy, right. That's the recipe for success. So I kind of started following down those footsteps. I did the ROTC program, and joined the Marine Corps and had a fantastic experience in the Marines, you, you learn about things that, you know, they don't really teach you anywhere else, you know, things such as integrity, leadership, teamwork, right, all of those really key principles. And then when I got out of the Marine Corps, I got into corporate America. And I was really quickly dismayed my career because I lost that sense of purpose. That sense of mission, everything was about quarterly results, and no, you know, true teamwork and things. And at the time, we started working, you know, with some different financial planners, and they kept telling us the same exact thing, right, which is, you know, markets gonna go up markets gonna go down, but you know, stick in there, you'll make 7% over the long haul. And then, as you pointed out, on October 24 2000, my wife and I actually won the baby lottery, he had triplets plus we had another child. So we literally quadrupled the size of our family. And so nothing will have you, you know, looking at your financial plan more, right, then then going through that type of exercise. So that really put me on this path. Mike, I got on this path, really an obsessive journey to figure out how the 1% are really building their wealth, because I quickly realized it wasn't, you know, as a retail investor in the stock market. Right. So I started, you know, investing in alternative assets, got into everything from raw lands to oil and gas, to retail centers, multifamily, all kinds of different alternatives. And then shortly thereafter, if you recall, the Cashflow Quadrant right with Robert Kiyosaki, which we've all learned so much. I became a business owner as well. And I know your audience is full of tech folks. So in 2000, I was in the tech industry myself, and actually created a tech consulting company and learned a lot of things about growing a business but I also learned a lot about taxes, right and how you can really manage that right as a business. In this owner, so fast forward to today, 20 years later, and I really took those, you know, 20 years of experience and investing in all these different asset classes, and really trying to create a strategy so I can help other people, you know, figure this out, right? Because Wall Street, they want you to think that they're the smartest ones in the room, and you can't do this on your own. Right. So I was trying to dispel all of those negative beliefs that were out there, and really create this comprehensive system, which is essentially what my book is called the holistic wealth strategy. And it is really a comprehensive system, to you know, not only multiply your wealth, but also to protect your wealth and really live the life that you want to live.

Mike Stohler

Because so let's get dig into a little bit about, again, number one is called the holistic wealth strategy. So give us some of the strategies, you know, kind of break down, what are you looking at? What kind of topics are you going into? Teacher?

Dave Wolcott

Well, it's, it's really, it comes down to five simple phases, right. And we all start this with basically creating a vision. Because if you don't have a target, you're going to miss every time. Right. And sadly, you know, most people spend actually more time planning a vacation than they do on their future. Right. And this is really, you know, all about you. So it's about getting clarity and crystal clear on where it is, you're going, you know, that's kind of the one of the underlying things that we we do. And then in phase one, it's really all about mindset, right? And, and really understanding, you know, some of your beliefs, your habits, creating goals for yourself. And it's interesting, because there's so many people that I talk to in this kind of private equity space for people that are new to investing. And we all have such limiting beliefs, right. And a lot of it comes from this \$30 trillion financial services industry that wants you to think a certain way, right? So when I tell people that I took my 401 K, and completely exited it, sold it, paid the 10% penalty paid all the taxes, people think I'm absolutely crazy. But I can tell you that now probably, you know, six, seven years later, I've actually tripled my money since then. Right? So there's a lot of things and you know, I had to go through, you know, a lot of a process, you know, to be able to do that. But it's really having this growth mindset, really always asking questions. So you can make informed decisions, looking at all the different data points that you have. So that's why we always really start with mindset. And then as you move into the second phase, we talk about basically trying to increase your IQ, your IQ around your financial IQ, your mindset IQ. We also talk about health, IQ, right? Because you can actually have, you know, all the wealth in the world. But if you don't have your health, right, where is it going to get you. And a lot of people actually, you know, consume all of their wealth to support their health. So I think that's really a key piece that people need to need to need to have. And also relationship IQ, you know, you're definitely a product of the five people that you spend the most time with, you know, so are those people advancing you towards your goals? And where do you want to get to? Or are they actually detracting you and taking you further back. So as you go through, you know, increasing your IQ and kind of getting smarter, you start to see some different possibilities that are available in the alternative asset space, and how some of these things can really work. Okay, so I'll go into the third phase from here, right. So again, there's five phases. And so we started with mindset, We then talked about increasing our IQ. And then the third phase is actually creating an infrastructure for yourself. And what we mean by that is, you know, number one, it's trying to actually mitigate some of your biggest expenses that you have in life, right. And the number one item is taxes. Right, so no one really spends any time trying to actually mitigate taxes, they just kind of take it as, hey, that's what it is, right? But if you can create, you know, a proactive tax strategy, you know, it's extremely powerful. For instance, we have this oil and gas opportunity that you can actually deduct 100% of your investment against active income. Right. So that's, that's really huge way to, you know, use a particular strategy right to, you know, to offset taxes. We also talk about things like estate planning

and making sure you know you growing and creating kind of a legacy. And then we also, we actually have been such a proponent and of using this for almost the past decade myself is the infinite banking policy, which is kind of a unique concept, right. But a lot of the ultra wealthy are basically using a cash value whole life insurance policy, that that grows completely tax deferred, you can pass it to your heirs tax free, it creates a reverse income stream, that's tax free. And it's a great place to put dry powder to have like liquidity, right for investing in deals, or things like that. So we help clients with that. And those are some key things that you want to set up, you know, and maybe some different entities depending on, you know, your structure. So that's really the third phase. And then in the fourth phase, we move, a lot of people will say, like, Hey, Dave, you know, this sounds great. And, you know, we'd like to do an investment get into our first alternative investment. But you know, we don't have 50 or 100k, lying around right now. Right? So, here, we really talk about asset repositioning. And at least 90% of Americans typically have the majority of their assets tied up in government sponsored qualified plans. So 401 K's IRAs, or they have it tied up in their primary residence in their house. And, you know, equity tied up in your primary residence is trapped equity, the rate of return on it, Mike, it's zero, right? So it does not make sense, you know, contrary to you know, Dave Ramsey, and Suze Orman, and a lot of the folks out there telling you to pay off your house early and things like that, well, if you're a sophisticated and savvy investor, you're you know, and you can borrow money, even at today's rates at 6%. And I can make 20 to 30%, right through following this strategy, then, you know, which would you rather do, right, and also increasing, you know, your tax your deductions, right that you can have by doing that. So, so accessing that is really key. And then, like I pointed out earlier with a 401. K, you know, that was something really amazing that I went through that process, and I really modeled things out on paper. And if listeners are interested, we actually have created a calculator of if you were to exit your 401 K, compared to how the results would transpire, if you kept it in your 401 K over the next 20 years. You know, you can model your own assumptions and kind of see how that does. But I gotta tell you, it's really eye opening, Mike, when you go through that exercise, because you could take a conservative, you know, investments such as a multifamily syndication, that's, you know, maybe making 20, let's say it's 20%, you're offsetting the taxes using bonus depreciation. And if you compound that over 20 years, even, even after you've paid the 10% penalty, and the 35% in taxes, that amount grows to over 2,000,020 years, versus if you kept it in your 401 K, it's actually just over 200k, and change, net of taxes, inflation and fees. And those are the things those are the three things that financial planners just really do not, you know, enlighten their clients on, because remember, you're going to be taxed at ordinary income tax rates when you withdraw that money. So, so really trying to you know, reposition the current, you know, assets you have, and, you know, try to create this, you know, a more optimized portfolio for where you're headed is key. And then in the last phase, we really move into creating massive passive income. And in that sense, what we're doing is, you know, we're looking for opportunities that are multipliers. And as you pointed out earlier, where our investment thesis really

focuses on only opportunities that have cash flow, tax efficiency to them, and some type of forced appreciation upside, so that way, you can actually really get a multiplier, right with the investment versus think about a stock if you have \$1,000 in Tesla stock. That's all it is. Right? And you're just hoping that that stock can go up in value. In this case, you know, we're getting you know, tax benefits. We're getting that upside you're getting that income regularly. And that's how you know we're getting you know, clients can see 20 30% gains means easily, in more, you know, following this strategy. And I think the last piece of kind of just wrap this whole, you know, strategy with is that when you tie all these things together, you know, the sum is greater than the parts, right? So it's just this exponential compounding effect you get when you're mitigating your top expenses, you're, you know, reducing taxes, right? You're looking at, you know, building up cash flow, right through multiple streams of income, you're having liquidity events on, you know, diversified different asset classes, right across different operators, different markets, things like that. And this is truly how you can exponentially multiply your wealth, as well as do it, you know, on a much lower risk nine. So this is basically, you know, asymmetric type returns,

Mike Stohler

you know, a couple of things, those jotted some notes down. Not they're still working, and they're still contributing to and maybe employer matches into the 401, Ks and IRAs, do you want them to keep putting into it and maybe put a portion into maybe do a self directed, so they can take more control over it, while they're still working and putting money into it?

Dave Wolcott

Well, I think there's that like good, better and best type situation, Mike. So I think if people have an existing, you know, Ira, sure, you could convert that into a self directed IRA, so you could get into some of these opportunities, but you are still under the guise of that qualified plan, which means, you know, you're not going to be getting all of the benefits, the tax benefits, right from the opportunity. And also, the government is telling you how much money you can put in how much money you can take out when you can take it out. And a lot of this is also about control. Right? I don't know about you, but I want more control of my hard earned, you know, capital than I've had. So, you know, why have the government, you know, dictate that to you? Yeah,

Mike Stohler

and, you know, the government absolutely hates that you don't pay taxes? You know, a very quick reference to that, you know, they just released Trump's tax returns, right? Well,

what does Trump do, he's in investing all these different type of alternative investment groups. And whether you like the guy or not, you know, the the point of this is, the first thing that people looked at was, he makes all this money, and he doesn't pay any taxes, or he pays less taxes. And it's because he has smart CPAs. And he does these things that you're talking about, as far as reducing his tax basis by depreciations, and cost segregation and, and all this sort of stuff. And you can do it, it doesn't matter how much money you make, you can get a refund your why pay taxes, have these assets that have depreciation?

Dave Wolcott

Yeah, for sure. I'll tell you, Mike, you know, I've got I've got a lot of scars and war wounds here. You know, over the course of many years building companies, I literally fired five CPA firms, I paid more and more each year, and there was nothing more frustrating than getting to the end of the year, think you have a good year. And then March comes around, and they say, Whoa, you did well, and this is what you owe, right. And it was all kind of looking at things in the rearview mirror. But what I learned that's really interesting is that the tax code is actually a series of incentives. Right? It's 6000 pages of code. The first page really just tells you, you need to pay your taxes. But the remaining portion of it, it's all about being a partner with the government. So none of this is loopholes League, you know, illegal or anything that people talk about, but we're investing in things that the government wants you to do. So for instance, we talked about oil and gas, right. Oil and Gas literally supplies everything we do not only in this country, but also you know, globally, right. It supports our strategic defense, you know, we were in the military, we need energy to fuel those ships and tanks and everything else we have. So right, that's, that's very strategic to us. It also supports the GDP of this country, right and how we can grow. So the government therefore is giving us incentives, you know, for operators to be able to, you know, mine those wells and natural gas and produce it. So that's why they do that same thing in real estate, right? We're providing housing, I mean, there's a major even you know, at the time I'm of this recording early 2023, we have, I believe it's 6 million units short in the US. So there's just not enough housing. So that's why they're providing, you know, strong benefits, you know, to put real estate in place. But once you I think, fundamentally make that paradigm shift around. Understanding that taxes are really a series of incentives for business owners and investors, and you know how to actually leverage those, you know, then you can get the maximum impact.

Mike Stohler

Yeah, and, you know, ladies and gentlemen that are listening, this is not just for what I would call the general partner, the owner, as the limited partner, if you get into something, and Dave, you can correct me if I'm wrong, but they can get the same tax benefits. As the

general partner, even though you're a limited partner, you have nothing to do with the investment, here's 50,000 or 100,000, that you've given it to a syndication or a fund. They get all those benefits also.

Dave Wolcott

100% Yeah, exactly. And that's what you know, we kind of talked about as part of the strategy is by converting so, you know, if you're in a top tax bracket, right, and you're, you're paying 40 plus percent in taxes, just think about what if you could reduce your taxes by 10 15% on a perpetual basis, you know, that much more net investable income that you would have to put into assets. And then as you continue to grow your asset base, you just keep increasing that passive income, all of that passive income, ideally, is getting offset through things like depreciation, right? That, so therefore, you're now creating income streams that are taxed at nothing, you know, versus your, you know, your W two job.

Mike Stohler

Yeah. And that's very important, because, everyone, especially in America, there's no such thing as a 40 hour workweek, you know, for those people that are in sales, or in tech or in businesses, it's the computer is always on. So to sit there and say, Oh, my God, I'm paying so much money into in the taxes. And then knowing that the Wall Street doesn't help that. You can't get those bonus depreciation in the cost segregation, it's, it's, at the end of the year, you have the statement, it says you made this much, or if you sell it, you have to report it. And it's just a great idea. And I like what you said, where it's a partnership where they, they want you to not pay taxes, they're giving you these ideas. And you know, a lot of people don't like it. Well, they can change the policies, you don't get mad at the person that's, that's going by these rules. What are you doing now, as far as some of the we've talked about some assets? Are you doing multifamily? Are you doing some the things? We talked about the oil and gas? What are you doing now?

Dave Wolcott

Yeah, in terms of, you know, alternative assets and asset classes that we're focused on, again, we really try to stick core to that investment thesis. Again, right, which is, you know, tax efficiency, predictable passive income and appreciation. So, so really asset classes that fall into that, you know, yeah, the, the oil and gas is really key, because that's such a good solution of offsetting some of that w two income. You know, we have a lot of high income earners trying to offset that. So that's been pretty good. Plus, it's paying double digit cash flow, and has an equity multiple on the back end as they as the exit. So that's, that's a

pretty good one. The other thing about these asset classes that were going after, if you remember, back to Maslow's hierarchy, right, we're trying to invest at things at the base level. So that, you know, again, we're in early 2023. Right now, there's just so much uncertainty out there. But I can tell you that, you know, oil and gas prices are going to continue to go up, right, because people need energy for everything that it is that you do. People need housing, like, like we talked about, right? So, so multifamily is another big asset class that we look at. We're also into self storage, those, those are really good, you know, opportunities there. I think, you know, those are some of the key ones. And then, like I said, creating an infinite banking strategy, where you can add more overall velocity to your portfolio right by taking some of those passive income streams, putting those into your policy until you're building that net next tranche for the next deal. So that can really add some as well, but I would say those are some of our key asset classes, we're looking for really low risk, you know, higher returns. And again, we can win on three different fronts.

Mike Stohler

So, holistic wealth strategy again, everyone is the book, where can people find the book?

Dave Wolcott

Yeah, so folks can get a free download to our ebook if you go to [pantheon.invest.com/wealth-forward-slash-wealth-hyphen-strategy](https://pantheon.invest.com/wealth-forward-slash-wealth-hyphen-strategy).

Mike Stohler

Okay. And ladies, gentlemen, I'll put that in the show notes. So you don't have to rewind, you know, a couple of times and listen to us, it'll be in the show notes for you. And thank you for that. The, I'll definitely download the free ebook and listen to it. And read it. Where can people find you as far as the Pantheon investments in yourself if they have any questions? Yeah, I

Dave Wolcott

guess the other thing does probably by the time this airs, we should be live with our new book on Amazon as well. People want to get a hardcopy, the holistic wealth strategy. So you can pick up a copy there. Or if you come to our site, we should just have one free with shipping and handling. But yeah, you can anyone can hit me up LinkedIn, or our website, [pantheon.invest.com](https://pantheon.invest.com). And, you know, I'll tell you, Mike, I mean, this is really a passion



project for me, you know, this is all about serving other people, and how we can create impact and educating folks on some of these different strategies that that frankly, just, you know, people don't understand, right, they don't have the time to understand and we've all been taught really by Wall Street, but but by removing that middleman of Wall Street, and going direct and investing in Main Street, you can really get far superior returns with much lower risk.

Mike Stohler

Yeah, sounds good. And that's what people want, you know, because if they haven't done it before, they're a little scared just like you know, I made I don't want to put good you know, hard earned money into something they want these returns. They want someone that especially a general partner that has experience. So definitely Dave, you are you fit that bill, you are you excel and you you have the experience and everybody again, the book is holistic wealth strategy. And Dave, appreciate you coming on with us. And hope you have a wonderful day that appreciate the opportunity. Thanks for tuning in to the richer geek podcast, where we're helping others find creative ways to build wealth, and financial freedom. For today's show notes, including all the links and resources from our show, and more information about our guests, visit us at [www.therichergeek.com/podcast](http://www.therichergeek.com/podcast) And don't forget to jump over to Apple podcasts, Google Play Stitcher, or wherever you get your podcasts and hit the subscribe button. Share with others who could benefit from listening and leave a rating and review to get the podcast in front of your eyes. I appreciate you and thanks for listening