How To Build Wealth Without Wall Street

Hosted by*:* Joe McCall
Guest: Russ & Joey

Joe: Hey everybody. How you doing? Joe McCall here. This is the Real Estate Investing Mastery podcast and you're in for a treat today because we're going to be talking about how to grow wealth without Wall Street and a lot of you already are interested in growing wealth through real estate and our guests today, Joey and Russ, they are the experts in this stuff; and how to get stable, predictable retirement income without relying on the stock market... Which is....

We all know I'm never a big, I've never been a big fan of the stock market. I used to be actually until I found out about real estate. So, we're going to be talking about that on this podcast today, talking about how to grow wealth. I mean, I'm not just talking about fast cash, although that's important, right? But you need to start thinking about when you're in your sixties and 70's and 80's and 90's now, as people start getting older and older.

Are you going to still, are you going to still wanting to be wholesaling or actively hitting the streets and doing marketing and talking to sellers and making offers when you're in your seventies, right? I don't want to be doing that still. I'm hoping to be able to retire and I know I will be, but so we're going to be talking about that on this podcast. I'm glad you're here. A couple of housekeeping things real quick before we jump into the interview.

Number one, if you like this show, if you're listening to us on Apple Podcasts or Spotify or Google Play or wherever, please subscribe to the show and leave us a review. Let us know that you liked the show. Really, really appreciate it, especially on an Apple podcast. If you can leave us a review on Apple podcasts, let us know what you like, let us know what you want to hear more of, we'd really appreciate it.

The second thing I want to talk about is my book, REI Secrets, just came out. Daily nuggets of real estate investing wisdom to help you get more leads and close more deals. And this is a book I wrote. It's a significant, it's a thick book and every chapter is about two to three pages long, and it just gives little nuggets of wisdom or motivation to help you get out there and do the marketing. Talk to sellers, make offers, focus on what's most important.

And you can get this book for free REIsecrets.com, REIsecrets.com. You need to get it right now. Cool.

Joe: Alright, so Joey and Russ. Joey, you're in the white shirt, right? No, I got it wrong. Dang.

Russ: That's alright. It's the best compliment he's ever got Joe, so it's okay to get that one wrong.

Joe: Russ is in the white shirt and Joey's in the blue gray shirt. What is it?

Joey: That's right. Yeah, I think, I think you're right. Blue, gray. That sounds good.

Joe: Welcome to the show, guys. Wealth Without Wall Street. What is that? Talk about, you guys have a podcast too, by the way. People can go check you out and then they just, any podcast player do a search for Wealth Without Wall Street and they'll find your show. Right?

Russ: That's right. Yeah. So, we, we do a show and thankfully had a chance to interview yourself and others that have a very similar message, which is, Hey, how do I stop trading time for money? How do I create a strategy that's built not on hope? Because a lot of the Wall Street game is definitely built off of that and we speak to that from our backgrounds.

Russ: So, we worked for a fortune 500 bank. I worked for a Wall Street firm that taught the methods that most of us have heard that's been perpetuated of how to try to accumulate money in an account that you won't touch for 20 or 30 years and then hope that you can draw as little out of it as possible so that you'll have something that when you die to pass along to your kids. But that's not really a strategy that most of us get really excited about.

Russ: So, our podcast is all about helping you find the way to do that, taking control of that process, picking the path, if it's the right one, and sometimes there's many steps along that path that you need to do. But ultimately getting there faster, getting to a point where you feel like, man, I really am now, whether it's a side hustle that you're doing or whether it's something that you're trying to transition from your primary role into this, so that way you can stay home or spend more time with your parents before they're gone. Whatever the case may be. That's what our show's all about.

Joe: So, what is your background, guys? What, what were you doing before you started the podcast?

Joey: So, I'll jump in. I was actually in the mortgage business for 11 years and so I got to see kind of firsthand the power of what banks do, right? The one of our mentors said that he who has the gold makes the rules. And I lived that firsthand, had to turn down people that should've gotten loans because they didn't fit a box that the bank said they needed to fit and realized that, man lending is a powerful, powerful thing. You guys talk about it on your show, I'm sure, as far as like the use of other people's money, that's what banks are the masters of doing. And so, we've, we've taken some tips and tricks from big banks and taught others how to take back that control. One of the main, I guess, basis of our whole company and our podcasts is the becoming your own banker strategy by Nelson Nash. And so anyways, my background really lent itself to taking back that control and that function personally. So...

Russ: Yeah. And Joey actually was a client of mine, Joe, for many years and I was actually started out initially as a traditional or typical financial planner, was doing all the Wall Street things, you know, setting up IRAs and 401ks, investing in mutual funds and teaching people to trade their, their money for my time. And, that was something that happened until '08 and when the market crashed, I would say I was sitting there going, well, you know, this isn't a good strategy. I don't feel confident in telling people to keep doing this. I didn't know what was going on.

Russ: And when I was talking to the people, you know, we had these conference calls with, you know, big huge fund managers and stuff on a monthly basis where we would talk to them, cause the firm I was with at the time, it was a smaller firm, but we still managed over $500-$600 million in assets. And so, these, these third-party money managers that we were working with, we were asking questions of them like, tell us again why this happened. And at the time The Big Short hadn't been written and you know, that book hadn't been wrote nor had all of the other research that went back and said, Hey, but what really was going on? Nobody knew. They just were like, Ooh, not certain. Right? We just know it hasn't happened like this before.

Russ: And so all of those strategies and ideas I've been taught, as I became a certified financial planner, you know, I'd done all that, that course work in order to get to that point thought, man, I was going to be in a great position, educated on these different areas. And there I am not knowing very much if any more than the person who's given me money, trusting me to believe that I was the one putting them in the, in the right position. And of course, I was, you know, four years in the business. So, it wasn't like I was 30 year educated, but I was further along than most because of my background. And I just knew the people I was asking that was 20, 30, 40 years in the industry, they didn't have an answer either.

Russ: So, for us it became really evident that we needed to find a different approach. And that's where kind of this path to, we didn't call it this until we created a podcast two and a half years ago, but we knew we were trying to create a path where we would be building wealth without Wall Street.

Joe: How'd you guys meet?

Joey: So, we actually met at church. We were friends first and in the same Sunday school and at the time Russ was sending all of his mortgage referrals to an internal mortgage relationship they had at their firm. And I was like, man, the heck man. I mean, come on, give me, give me a little love here, refer your clients. Anyways, it ended up that they got rid of that mortgage relationship and he started sending me referrals and saying, man, I want you to look at something that I'm doing now, this whole become your own banker thing, this whole wealth outside of Wall Street strategy. And I was like, can I do this? I need to be doing this.

Joey: So that's, I became his client at that point and for four years implemented all these things and I got so fired up about it. I was like, why don't more people know about this? Like I need to be teaching people this. And he was like, are you sure you really want to come and do what I'm doing? And ended up, it became a passion of mine, so that's why I changed careers from a very profitable mortgage career to being able to, to join alongside him to, to share this message.

Joe: Good, good, good. Alright. So, we've got a lot of people listening to this show who are doing deals or maybe just getting started doing deals and we're more transactional in nature, right? There are other podcasts out there that teach, you know, how to own long-term assets and manage rental properties, that talk more about the BRRRR strategy. You know what the BRRRR strategy is, right? B, R, whatever, 500 times. I've always talked mainly about fast cash strategies, right?

Joe: What would you guys say to somebody who is just in the grind? They're, they're doing well. They're making money, they're wholesaling deals. They're making $20-$30 grand a month, wholesaling three to five deals a month. But they know in the back of their mind like, you know what, I can't keep on doing this forever. Like if I stop working, I stopped making money. So, they're thinking, well, I'm just going to keep some of the best properties and hold them as rentals.

Joe: So, we have a lot of listeners that are wholesaling, make some profits and then buy some rental properties. Try to pay them off as quick as possible and that's their retirement strategy. That's it. It's just like, I like real estate, I'm wholesaling, I'm hustling here and I'm slowly building up assets of houses and rental properties, mainly single family, residential rental properties. That's kind of it. They're not thinking much further outside of those boundaries. Does that make sense? What are some of the things you would say to somebody like that? Something that, you know, they're in their thirties or forties, they're still 20 years away from retirement. What would you say to somebody like that, of what they need to start thinking about and how they need to start preparing for when they're in their sixties and seventies?

Russ: Well, what I want to, things I would say is congratulations for creating a business that's producing that income that most likely you're able to do it from your house or on the road or wherever you are. I mean that's, that's a beautiful thing cause a lot of people are trying to make, you know, $10k to twenty thousand, thirty thousand dollars a month, but they're having to grind it out 60 hours a week at a job that they may or may not like.

Russ: I mean, when I met Joey, he was making over $300,000 a year as a mortgage guy, but he was working 60 or 70 hours a week. His wife was the first one when he said, Hey, I'm thinking about switching this, and he thought she's going to hit him. She was like, no, you ought to, because she knew how much it was grinding on him. So, one, I'd say congratulations that you're doing something that, that you get to control and that you enjoy.

Russ: Now, the one thing that Joey and I do with everybody is that we take them through kind of a ground up strategy. This hierarchy of wealth is what we call it, where first we make sure our cash and cashflow is correct. And that may happen with making sure that the way that we're doing the deals and preparing ourselves from it. So yeah. Basically just, man, the fact that you've created an income stream that you are getting to do because you control it is a huge part.

Russ: But we always start kind of with the baseline with creating cashflows is important, but where is that cashflows running through? Is it running through your checking account with a bank that you're not an owner of and how much of that money, every time you go out and do a new deal or you go buy a piece of property or you, you know, take a really nice trip with your family, how much of that money do you ever have working for you in the future?

Russ: So, we will help them understand that concept of becoming your own banker. We set up these really large high cash value life insurance policies with very low death benefits. That's something that we can talk about in a little bit if you want to, but those strategies are what the banks that they're actually putting their money in are doing. And so, we teach them that. Run money through here. So, start building an asset. Even though you might be using the cash that comes in and out of these policies, you're still building an asset that can be used for in the future, like you said, 20 or 30 years down the road to create an income stream. But also, it can be used an asset that passes along to the next generation.

Russ: Then we start looking at what sort of tax strategies may help us. Because once you do get over that, you know, $30,000 a month mark and you do start creating income streams, we need, we need to make sure that we're not giving Uncle Sam or the IRS or the government, whatever you want to refer to it, your neighbor, whatever, more money than we have to, right? We want to pay our fair share but no reason to pay more than that.

Russ: And so, we want to make sure that we are looking at all of those things. And Joey and I are not tax experts, but we do work really closely with tax attorneys and tax professionals that help us and help our clients. And, and so we teach those strategies. You know, we show how businesses can, can use their houses, you know, for business purposes, not just as a room and an office, but how do they use that dwelling unit strategy, the Augusta Rule.

Russ: And then from there then we start getting into now how do we buy that rental property? How do we buy it in a way that gives us the maximize return? Cause you mentioned one of the things in there I heard was, man, some of our clients will take this cashflow, they'll go buy rental properties and they start trying to pay it off as fast as possible. Well, I understand why: that's an emotional thought process that says I want to eliminate that payment cause as soon as I eliminate the payment, now all of the rent comes to me.

Russ: But the opposite mindset should be taking place too, is that I'm taking a strategy in which I create really high returns with my dollars when I put them in place and I'm going to go stick them in an asset that's dead, that doesn't give me any return, that is not liquid, and it doesn't give me any tax benefits. Because as soon as I paid down that equity on that house, I've lost access to the money, I've lost the ability to write off the interest to the bank and I'm now I have an asset that may or may not earn interest. Right? As far as the asset itself. So rent is what I'm after.

Russ: So, we would say, you know, let's look at that. Is that the best place for our dollar? And maybe for some people that may be, it really is; for a few people it's not, and they have to see it from a black and white. We tend to look at that and then we kind of say, okay, what does this look like 20 or 30 years down the road when you've got all of these different streams of income working for you; you've got multiple assets, and then how does that, what is then going to be the exit strategy to the next generation?

Joe: Alright. Let's talk about the, because you talked about the banking concept or some people call it the infinite banking concept, right? Can you talk about what that is? We've have had guys on the show before talking about it. I've always left with my head, scratching my head like, what was that like? I didn't understand fully kind of what it is. I have a better idea now, but will you, for people that never heard of it before, what is the infinite banking concept or do you even call it that, or you call it something else?

Joey: We, we stick to what it's actually called instead of trying to make it some new-fangled way of saying the same thing. Right? Yeah. I'm a pretty simple-minded guy, Joe, if you haven't already picked up on that, so I'm going to just break it down.

Joe: If I would have said yes would you have been insulted?

Russ: Like he, he knows, he knows.

Joey: I'm just, yeah, I'm just, I am who I am. So, but, but basically bottom line is infinite banking is a really different way of saying your savings needs to be improved. I don't know if I, if I said, Hey Joe, how excited are you about your savings account right now? What would you say? As a vehicle to put money in, how excited are you about putting money in a savings account?

Joe: Not that excited.

Joey: I don't know anybody that's willing to go to blows over, like defending the honor of their savings account. Right? I mean, they suck. I mean there's nothing to them; like, they pay you virtually no interest. The only reason why we put money in a savings account is because we want to have access to do the next deal or to pay for the next vacation or whatever it might be. It's a holding place. It's a warehouse, right? It's accessible and it's safe. We know that it's not going to go down in value. That's it. That's all that it's really there for.

Joey: So, if I said, man, guess what? There's a different place you can save that gives you more of what you want it to do, right? You want your money to grow with a decent amount of return, like three to 5%. You don't want taxes to be affected. You want it to grow tax free. You want it to be like, not subject to creditors and you want it to grow whether you sleep or whether you use it or whether or not. If, if we could do that with a savings vehicle, how many people are raising their hands saying, okay, yeah, what is it? I've been looking for something like that because again, nobody wants to defend the rights or the honor of their savings account.

Joey: That's all the infinite banking is, okay, is redirecting your savings into, and it just happens to be what big banks do, is whole life insurance that's designed not for death benefit primarily, but for cash value accumulation. And so, the more cash I can get into a policy like this, it just means I'm doing more things with my dollar. I'm enhancing what that savings will do. And so, it's going to put me in a better position to do more deals because my money's growing instead of just sitting vacant or you know, in a savings account doing nothing.

Joey: So, that's the concept is save in a policy that is designed this way. There's obviously some nuances and some complexities to creating these, that's why we have this as a niche, but at the baseline you're saving in a better vehicle so that when you deploy it into whether it be another property or whatever it might be, you're just enhancing the returns of everything involved. Does that make sense?

Joe: Yes. So, what is that vehicle?

Russ: As far as the policy? So, it's a dividend paying life insurance policy, whole life policy that's with a mutual life insurance company. So, this is not like the policy your uncle sold you from State Farm or Northwestern Mutual, right, that they sell in a very high death benefit policy with the, you know, some sort of steady premium that goes in for a hundred years and if you live that long, maybe you could, your, your heirs could get all the money back.

Russ: This is a policy that's specifically designed where we go in and we use some riders that these insurance companies have, which by the way, some people don't know this, but insurance companies... They'll say, well why have I never heard about this? Right? Like, this seems like a really interesting thing. If it was so cool though, why wouldn't everybody be telling me about it?

Russ: The thing is, is that the financial institutions, the insurance companies, they don't teach this strategy. This isn't something that you're going to find the major insurance companies teaching their life insurance agents. It's not a sales technique. They actually kind of get hacked off with this cause we, we are using their policies in the way that they made available to us, but it's not the way they, they would typically want you to do it.

Russ: So, we're, we're using some riders that exist within their insurance policies that allow us to put in, let's for instance, just use an example. Numbers are easier. Let's say somebody has $25,000, they're going to be, you know, saving... Roughly $2000 a month, right? They got some extra cashflow and they got to go somewhere before they go and invest it in the next deal. So, they put it in this insurance policy. Well, the way we set up these insurance policies, about .70 to .75 usually, sometimes 80 cents on the dollar of that money that goes in, unlike most whole life policies, we get access to that cash.

Russ: So, if I put in $25,000 into it, I probably have access to $17,500 to $20k of that money that I could turn around and I could use it to go fund the deal. Now that doesn't sound super attractive on year one, year two, it's a little bit better deal, but here's where the kicker is, is in year three when our clients put in that $25,000, they get access to all $25,000 plus any that accumulated before.

Joe: And so how long does that take?

Russ: Usually it's about year three is when they put in a dollar, they get access to the full dollar. But where this starts to pick up pace is that we're playing a life game. And you know that you were just talking about a second ago, what people who are in their thirties and forties need to be thinking about their sixties and seventies or playing a life game. And so, what we say is that, you know, yeah, years one through three are not that sexy. But this is where we start looking at this is, we're at years five, year 10. So, I've been doing this now personally in my own finances since 2009 so we're 11 years in and I put a dollar into my policy, I've got a $1.10 usually going to the cash value.

Russ: So, you start thinking about, oh wow, if I start doing that over and over and over again, I really start making up ground and usually somewhere between years six and eight I got more money than what I've put in there. And from that point forward, it's like a race with Usain Bolt. Whenever he catches you, the race is over, right? You never going to overtake him. And that's kind of what happens here is we say, look, we're playing a life game. At some point in time, you know either the cash value is going to be super beneficial to you,

Russ: You're going to make a lot more money using your, your policies and instead of using a savings account to buy and finance the things that you're going to do or you're going to die really soon and obviously the death benefits that came from these insurance policies that you would have never bought because you would have never thought to do it this way are going to be a lot more money than your savings accounts or whatever would have had in them at that time.

Russ: And so, we, we set up these policies through these specific companies, usually five to 10 companies that have their policies set up in a way that we can, you know, structure them to where it benefits you and not benefit them.

Joe: Okay. One of the, let me just try to restate what you're saying. You get a cash value life insurance whole life insurance policy and you said with a minimum tax benefit. Is that what you said?

Russ: The minimum death benefit.

Joe: Yeah, minimum death benefit. And the, why don't you explain the difference cause this kind of, I don't want to get ahead of myself because I might be asking a dumb question.

Explain the difference between a term life insurance policy and a cash value whole life policy.

Russ: So, a term policy is basically a one-year agreement, sometimes five year, 10 years, 20-year, 30-year agreement with the insurance company. But as long as you agree to pay a certain amount of money every year, they'll give you the death benefit associated with that policy. The death benefit won't go up. And typically, the premium that you pay every year won't go up and it's a fixed amount. But at the end of those timeframes, if you want to keep the policy, you have to go back through and be reinsured, right? You have to make sure you qualify. And most people are...

Joe: Is that gonna be a 15-20-year policy?

Russ: Right. And most people know this intuitively, but they don't probably ever look at the math. But I'll ask you what percentage of term policies do you ever think pay a death benefit, Joe?

Joe: Very small percent. 10?

Russ: No, less than two. So, you know, the University of Chicago did studies on this a while ago. Penn State did one and it proved out less than 2% ever paid up. And well, it makes sense, right? I mean, we're buying these insurance policies in our twenties and thirties, we're getting rid of them in our fifties and sixties, right? And that's what happens. Well, a whole life policy is literally a term policy, if you will, but with no expiration date, like the end of your life is its expiration date.

Now what they do is they have to factor in the cost of having insurance for that period of time. And so, somebody typically goes and buys a whole life policy instead of, let's say they could buy a million-dollar term policy for $100 a month, they buy a whole life policy and it's $4 million. Say it's $500 a month. Right? Well, why is it $500 versus a $100? Well, it’s just because instead of it going 20 years, it's literally planned to go 80 years. It makes sense, right? Because now if, if you are going to pay for it until you're a hundred what's the likelihood that it will pay out?

Joe: A lot higher?

Russ: Probably 100%, right? So, if you kept paying the premium, it would be 100% so that therein lies the cost. Well, early on though, in those first 20 or 30 years that that $500 that the person's paying, the insurance company knows that first 30 years is just like a term policy that they don't, they're not incurring all those expenses. Only 2% of those policies they're ever going to pay a death claim. Right. So, they've got extra capital that are going in those policies during that year that is just building up equity. Just the way somebody does with a mortgage, right? When you pay on a mortgage, you're paying some principle, some interest. Right? Well that's kind of what's happened in a whole life policy.

Russ: Now what Joey and I do is we say, Hey, that's a good thing. It's a beautiful thing. If anybody ever was left the whole life policy from their grandparents, it's 20-30 years old, if you look at it, that thing's humming. I mean it's really, like it's earning four or 5% after tax, after insurance. Like it is one of the best tools. It's the reason why the bank Joe used to work for, Wells Fargo, has over $18 billion in cash value. Okay? This isn't something that like is like, Oh, nobody knows about, like... People know about this stuff and they're using a lot of it.

Russ: But what we do is come along and say, Hey, that's a great tool, but why don't we do this? Let's, you put your $500 a month in, but let's come in here and let's drop an extra $25,000 into this policy every single year. And what we're going to do is that that million-dollar death benefit is only going to go up a smidge by that 25,000 maybe it goes up $125 grand. So, instead of a million-dollar death benefit, we've got 1,125,000 but that $25,000 because it's buying so little death benefit, all of that money gets shoved into the cash value.

Russ: And so now you've got an asset that's earning that same rate of return, i's protected and is liquid and all that other stuff we've talked about that you could start using just like a lot of people would use a savings or money market account. And then as time goes on, obviously the $500 a month is building up its equity and we get up and when now we've got something to work with.

Russ: And so, you know, we've got clients that they've started these plans that put in $200 or $300 a month. We have some people that have put in $60k and $70,000 a month. I mean, it's not a, you know, a big or small plan. It works for everybody's arrangement. Just as long as they know this is a plan, I'm going to be putting in place to use for the purpose of creating wealth for myself.

Joe: So, like, with the term value policy, let's say I buy $1 million and I die in five years and I'm, you know, I'm in my mid-forties and so my family will get $1 million. Right? But if I bought a whole life insurance policy and I get it today, is it like you're buying, is there like, can you buy it where there's like a million-dollar health benefit or death benefit? So that if I did die in five years my family would get that million dollars? Is that how it works? Or they only get back the money I put into it?

Russ: No, they're going to give you whatever the death benefit is. So the, the one difference that, the way our clients will use these policies is that they typically, like, we may, you know, again, we have a, you know, my certified financial planning still comes out in meetings whenever I do meet with people in our trained, you know, guys that work with our people that come offline know these sort of things.

But they're going to sit down with somebody. They're going to say, Hey, okay, if Joe, if you die, I know you have a large family and you love them. You want to make sure they're taken care of. What does that look like? You know, if, what do we need to make sure that happens? And you may say, man, I need a million. I may need 50 million. I don't know what your number is, and we're going to, alright, we want to make sure that happens no matter what we do. But as we design an insurance policy, we're going to say, Joe, how much cashflow do you have that we need to start allocating and running through a better savings checking account as you go and do your deals? And you may say, okay, that's $100,000 a year, $500,000 a year. Like, okay, perfect.

So, Joe, what we're going to do is we're going to go to the insurance company. We're going to reverse engineer this thing. We're going to go to them and say, I want to take $100,000 on Joe's life and I want you to give me the smallest death benefit that the government will allow us to have without taxing this thing like an IRA or 401K, because there is a limit.

The government, you know, unfortunately won't allow us to just shove as much cash in these policies as we want to. They're going to make sure you have a certain amount of death benefit in order for it not to be taxable. And so, they may come back and say, okay, yeah, we'll let Joe do that. We're going to give him $4,267,123 worth of death benefit to start out with for his $100,000 a year. Like okay, perfect.

Russ: We're going come back and say, Joe, alright, I know you said you wanted $10 million of life insurance. This policy we're going to start out with all, it's going to have $4,167,001 23 so we're short. So, what we would probably want to do between now and whenever this policy we set up grows to be worth 10 million because it will double probably in about 10 years, a death benefit, maybe 15... We probably want to buy you some term insurance, but instead of buying a 30-year term insurance policy, let's just go ahead and buy a 10 or 15 to bridge that gap until we get there and you say, okay, perfect.

Russ: So, you put a little money toward whatever that that amount is and then we're putting $100K into this policy, which we didn't buy it for the death benefit... You bought it for the access to use the $100,000 and have it growing without taxes and to be able to have it growing even if you borrow against it, to have it protected from creditors and all those other things that we talked about earlier. And so, what happens is our clients are really creating a plan to finance their lives and their businesses and investments through a tool that happens to have a death benefit.

And then they look up and they go, wait a second, I got $10 million in death benefit in this policy. Do I really need that term policy anymore? We're like, no, not unless you want more death benefit than $10 million. And their like, that was more than I really wanted from the beginning. Like okay, perfect.

And so they get rid of the thing that's a pure expense and they keep growing their cash and they use their cash and it's a great tool and then they borrow against it, whether it's now or when they get to retirement and they, and then ultimately they go, man, you know, I know Dave says I don't need life insurance when I'm retired, but I'm really glad that I have this cause I mean, Hey, it's just another way for me to take out more money out of my investments. And then ultimately all this one is going to get left to my heir’s income tax free. I mean, that's pretty cool.

So, they, they literally end up with something that is an amazing tool, but they weren't paying for it. Right? If they, if they put in $1 million through their lifetime and they took out $2.5 in cashflow from it and it left another million dollars of death benefit to theirs. How much did the insurance really cost them? Nothing, right? So, that's the way we use life insurance. I didn't know we'd spend our time talking about this, we just kind of did. But this is something that is, yeah, totally like unique to what most people think about.

Joey: I think, Joe, the, one of the mass confusions when people hear about infinite banking is, they think about it in light of like it's going against their investment strategy or it's either or. Like, Oh, I can do infinite banking or I can invest in wholesale lease options or in long-term rentals. And really, they're basically complimentary, right? It's a savings vehicle that's just replacing the warehouse in terms of where you're going to do your deals from. So, hopefully that's clear. I don't know if you've had questions like that.

Joe: Why, is there so much debate about this? Why does, why are the Dave Ramsey's out there so opposed to this? I just don't understand that yet. What's his argument like? It doesn't make sense.

Russ: Yeah. Well, Dave's... I mean again, I love Dave because he's a master marketer and has created an amazing business that we all would aspire to have. Right? But what we're talking about and what he's talking about two different things, cause if you ever listen and most of your audience won't listen to him, right? Because like, you know, he reaches a certain population group, but once they get past a certain income bracket, he really starts losing them on that. So, what he's telling them to put their money in growth stock mutual funds. Obviously, our audiences are not interested in that. They're looking for something else.

But what he is talking about, he's talking about a traditional whole life policy, like that $500 a month plan I told you about where the guy puts in $500 a month and buys a million-dollar death benefit. And if he keeps rocking along at that approach and maybe 20 years, he's got the whatever the math is, the 6,000 times 20 so $120 grand that he's put in there. Right. It took him that long to get to that part, but he still has a million-dollar death benefit. Right. And it's his long-term... You know, if he kept it for 40 years, it probably would be okay. But he's like, man, that's not a good place for your money.

Instead of earning three or 4%, you should be earning 12%. Well, what we're talking about is completely different. One, I mean, we're going to have cash immediately. It's not going to take five years to get any money in there. We're going to say you're to have the majority of your cast that you put in there as soon as you put it in there. That's, he doesn't talk about that. He doesn't understand those tools. Right? It's okay. I don't understand a lot about the investment world. Right? There's plenty of avenues of things that I don't know about.

So, I really know this one, but we did a video actually, if your audience wants to go watch it. We did a video; it's called Dave Ramsey Is Wrong. You can look up Wealth Without Wall

Street Dave Ramsey Is Wrong on YouTube and I don't know, 10k or 15k, 20,000 views, whatever we're up to now and 150 comments. There's a lot of arguments. We clearly state like, here's what Dave Ramsey is saying, let's just make sure we understand what he's saying and here's where he's wrong. And it's not that I don't like him, it's just in this one aspect he's missing it.

Joey: Well, he is thinking about it as an investment. Whereas whole life, the way we're talking about, is not an investment. It's just the savings tool to get you to whatever you're going to invest in.

Joe: Okay. So how does somebody invest in real estate with a cash value whole life insurance policy? How does that work?

Joey: It's a great question. So, one of the key aspects or characteristics of having a policy like this is that the insurance company allows you to use your policy as collateral for a loan from them.

Russ: Like a, like a home is. Like the way you could go get a home equity line of credit against the equity in the house that you built up equity in, the insurance cash values act just like that.

Joey: And so, if you, let's say you've built up a hundred grand into your policy and you need $20,000 for the down payment on a new rental property, let's say just as an example. We have a lot of clients that do this. They would go to the insurance company and request a loan against that collateral for $20,000. The loan proceeds or the money itself comes from the insurance company's general fund where your $100,000 continues to grow uninterrupted. Okay? So, if you're making 4% let's say on your cash value, the hundred thousand is going to continue to grow even while you have a loan against it for $20,000 on the down payment of that rental property.

Russ: Real quickly, a point to this because Joey is in the mortgage world. Joey, talk a little bit about like when somebody came to you for a loan from the bank against the equity in their house, they had to fill out thousands of pieces of paperwork and still be approved, right?

Joey: Yeah. It was always the bank that again, set the rules. So, if you put all the money into your house today as a down, like you're just like, I'm going to put down a whole lot of extra money into the equity in my house and you go to the bank tomorrow and you say, Hey, by the way, you know, I just put $100,000 into my house. I need to set up an equity line against it. Literally, you put the money in there yesterday. It was your dollar yesterday. Whose dollar is it today? Theirs. It's theirs. Right? In fact, we had one of our clients that said, man, I had to put, I had $200,000 in equity in my house and I went to the bank to get an equity line and they turned me down. They said, you don't make the right income or the debt to income ratio was off or whatever it might be.

Joey: And he said, that just didn't make sense to me. I had put all this money into my, into my house that now I didn't, I had no longer access to do deals with or anything.

Russ: So, I bring that part up though because sometimes people say, and I don't know if you were thinking this, Joe, is, but okay, so I get a loan and they think about it in terms of a loan. Like my goal is to be out of debt. Why do I want to take a loan and then are there all these forms of rules and requirements? Am I going to get the money back? The insurance company has a contractual right with you that they have to give you the money. Like it's in contract, you have first access to the money.

So, here's what's happened. You want a $20,000 loan to put it on this property as a down payment, you contact the insurance company, they're going to have a form. It's a one-page form. It's going to ask you how much do you want and where do you want us to send it. And so, our clients will put $20,000 in the box and they'll say, I want it direct deposited into this account routing number, account number, and within three to five business days it shows up in there.

So, now they've got this $20,000 and as Joey said, their hundred thousand that they had in the policy is still growing. It's still earning its rate of return uninterrupted. Now I have an interest only loan that's fully collateralized by the policy that's not structured. So, unlike my home equity line of credit, I don't have to pay that interest only payment every month to them. Right? Or they come and foreclose on my property. Literally, this is not structured so I can pay interest back to them on a regular basis. I can delay interest cause an insurance policy loan is, and listen to me closely, it is a prepayment of the death benefit.

So, if I had, let's just go back to that simple number and our numbers are never even, but let's just say it was $1 million death benefit and I took a $20,000 loan. If I died the next day, they would literally write a check to my wife for $980,000. That $20,000 loan was just a prepayment of that death benefit. Now if I take that $20,000, I go buy a rental property, starts kicking off $300 a month to me and I don't need it to live on then I could just send that $300 a month back to the insurance company as a quote unquote loan repayment. And so obviously that's now reducing that lien they had against my cash value and meaning the next time I want to go access the money, I got the 80 plus the access to every one of those dollars I've been putting back in there on a monthly basis.

Russ: And if I sell the property, then I can take that lump sum and go pay off the loan. There are no prepayment penalties, no, you know, why are you putting it back in here so fast? Why didn't you pay me last year? None of that exists.

Joey: Yeah, so it really becomes a velocity game at that point, Joe, if you kind of get the picture. If I've got my money continuously growing at the gross amount, right? I've got the a hundred thousand and I'm continuing to grow that money every single year. It's compounding on my behalf, but yet I'm using the dollars and with this loan function to continue to compound my portfolio, right? I'm buying this first rental property. It's kicking off $300 a month. I've replenished that money. I go and buy the second one. I replenish that money; I go buy the third one and I can do it faster and faster as this cashflow continues to compound here.

So, I've got, now again, this is the picture that makes this really exciting. It's not about life insurance being exciting. It's about I've got two assets growing at the same time and the people that hear you every week about the strategies that you're employing, you're helping them to build portfolio of wholesale lease options, lease options, whatever it might be, to build that cash flow on the one asset side. All we're doing is we're saying, man, the capital you use or that it creates needs to also be growing so that you don't miss out on the two assets that could be growing at the same time. Does that make sense?

Joe: Yeah, I think it does. Okay, so if you want to, if you've got, let's say you've got $250,000 sitting in a savings account or maybe even an IRA, can you transfer that to a whole value whole life insurance policy?

Russ: You can transfer money into an insurance policy from cash. If you had an IRA, you would have to cash it out. Unfortunately, the government would not allow you to take money from an asset they hadn't taxed yet and put it into an asset that will never be taxed in the future. If we could do that, I can tell you like, Joe, we would need to hire your whole audience in order to help us because everybody, you know, there's over $40 trillion in 401Ks and in IRAs right now. And everybody who would love to make that deal.

Joe: Yeah. Alright. So, then but somebody wants to start investing in and start to buy long-term assets in real estate inside of a life insurance policy. So, you know, obviously they need to contact you guys, but the idea is just so I'm clear on this, if you want to buy $100,000 rental property, you need to put $20,000 down. You can borrow against the cash value of that policy and borrow that money as part of your down payment that you're going to get from a bank, any bank to buy that rental property. Right?

Russ: That's right.

Joe: Yeah, that makes sense. So, you know, do you have a lot of clients right now? This is something else I was thinking of. Like there's a lot of investors that are wholesaling properties right now listening to you guys, right? And thinking, you know what, I've got deals that I'm looking for buyers for. You have investors that are looking to place their money somewhere and to buy properties. How does somebody find guys like you? How does a wholesaler or an investor or a turnkey operator who has a lot of properties that they manage, they're looking to sell, how do they connect with guys like you and clients like yours to sell their houses to them? Does that make sense?

Russ: Yeah. No, so I'm assuming that probably most of your listeners probably go to their local REIA, right? They build relationships through networking and just like you and I, we met through a mutual friend, right? Brian Tripp at the REI Coaches event and networking allows us to build relationships. So, that's why we're on this podcast with you and that's why we had you on ours because we know that we offer great service to our clients and we offer a value that we don't, each one of us don't provide separate from each other.

So, what happens is we do that and we, not for that specific purpose, but we did build a community and we want to offer this to anyone who's listening right now because they're listening to your show, is that we have a community that typically if you just go to our website right now, you can see it, you see network, you go to it or you go to the Apple store, you try to download our Wealth Without Wall Street app, it's $39.99 a month, but we're going to offer it to your client right now to be able to your podcast listener right now to go to it. You go to WealthWithoutWallStreet.com/JoeMcCall and if you're listening to this live, you're streaming it live right now, the page will be probably tomorrow, but you could go there and there's going to be a link that you can download our app.

Russ: And so, reason I mentioned that as a part of your question is that that's where you're going to go in and you're going to interact with people. It's a fairly large community. There are people that are doing real estate. There are people who are, obviously most of them are doing this infinite banking process and, and you're just going to add value to people. You're going to build a relationship just like you would at a local REIA, except you're doing it virtually.

And it may be people are, our app actually allows you to figure out if there's somebody located near you. But you know, we've had a lot of clients tell us, we have one that was here earlier today that said, man, I actually through the community, this guy had a, he was talking about some of the things he was doing and this client reached out and said, Hey, I'm trying to do this different business, I need some funding. And so, they build a relationship and he ended up funding his deal.

Well, that happens. I mean, again, it's not a platform to go advertise for that because we don't want to, we don't want to rub people wrong. But when you build relationships just like you would in a local REIA, we know that those deals are happening. And so yeah, that definitely is a platform that we would encourage people to get in, add value and build relationships. And through those relationships, maybe there's an opportunity for you to find funding.

Joey: Yeah. The community, Joe is, you know, we have access to courses and other content that's kind of just being curated from all different sorts of strategies. But if people do want to learn more about this infinite banking strategy, we have several courses on it in there that's free, download it, whatever you want to do and just continue to learn. It's not an overnight thing. It is an education process. And so, we want to just give people the tools to do that along with having, you know, the platform to be able to run things by people who are doing this. I always, I always like to check things out with people that are doing this, not necessarily the people who are, you know, at the top of the ladder so to speak. So, this definitely gives people the ability to do that.

Joe: Nice. As we wrap up, guys, what are some final words of advice that you'd give to somebody who is, you know, just maybe heard about this the first, for the first time, interested in this, and was also wanting to do real estate and they're kind of like, I'm confused now.

Russ: Well, don't be confused. I mean, it's easy to get overwhelmed. Action is what helps overcome fear, right? Is, you actually do something. So, what Joey just said is, you know, one: take advantage of the free community we're giving you access to. That's WealthWithoutWallStreet.com/JoeMcCall. And then once you're in there, you can set it up.

It's literally, you can download it onto your phone within the app store and there's a core section. Go to IBC101, watch that course. Once you're through with that go to IBC201 and it starts showing how somebody uses it for real estate and how, what Joey was talking about, how having your money work in this account and work in the real estate actually starts to benefit you versus only having taking cash to do your deal.

Russ: Then if you really want to take action from there, we actually, of course, you know, we're in the business of helping people to set this up. That's how we make revenue outside of our community. And so, there's going to be a link that you can click on to get in touch with our team and to set up a 30-minute call with somebody that can actually help you, like navigate your questions, and does this really fit? I mean, we work with people all over the country. We're virtual. As long as somebody is willing to learn, we're willing to, to teach. And we know that this isn't a fit for everybody. So, don't worry about that. Like you know, I know the life insurance agents typically are, you know, are thought of as the used car salesman and that kind of stuff.

We don't see ourselves as life insurance agents even though that's what we do. We see ourselves as a place to help people get to passive income. And this is just a strategy to help you get there.

Joey: And I would just add to that, Joe, I want to encourage you, if you are listening to Joe's show every week, you are doing the work that so many people aren't willing to do. You're taking a proactive stance on building financial freedom and I want to applaud that like this is, this is part of the building, the wealth hierarchy that Russ was talking about at the very beginning is, you are putting value into your own education, which is going to propel you to... I mean you may be thinking I'm running out of time, like retirement is coming faster than I'm prepared for.

Joey: But if you're putting in the time and you're looking to guys like Joe McCall as the expert in his space, you can really reduce the amount of time it takes to create passive income to get to that point where you can leave that job. So, anyways, hopefully infinite banking helps to enhance that as well. But man, you're in the right place and just keep, keep focused on that and hopefully we can join you in the community.

Joe: Well, nice. Appreciate you guys letting me be on your show. And you guys have a great podcast. If you go to Apple podcasts or Spotify or any of them, do a search for Wealth Without Wall Street and you'll find these guys and also the websites you mentioned before, WealthWithoutWallStreet.com/JoeMcCall. WealthWithoutWallStreet.com/JoeMcCall. And if they go to that link, and it may not work right now as we're broadcasting this live on Facebook and YouTube, but it will be ready in a little bit. They can join your community for free. Is that right?

Russ: That's right, that's right.

Joe: Nice, and how much does it normally cost?

Russ: Yeah, it's $400 a year or $40 a month.

Joe: Nice. Appreciate that. Cool. Thank you, guys, very much for being on my podcast. I really appreciate it and we'll talk soon.

Russ: Yeah, thank you, Joe.

Joey: Thank you.

Joe: Joey and Russ, appreciate it. We'll see you guys. Take care.