

FLY Book 1: Become a Homeowner and Real Estate Investor Before 25

with a Parental Guide to Financial Freedom

**By Mike Nie · Chris Nie · Kevin Nie
Board of Directors, SMART Life Family
Foundation**

GIFTED BOOKS

Become a Homeowner and Real Estate Investor Before 25

with a Parental Guide to Financial Freedom

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Contents

DISCLAIMER	5
PREFACE	7
PART 1: REAL ESTATE INTRODUCTION	8
CHAPTER 1: FOUR PILLARS OF WEALTH	10
CHAPTER 2 REAL ESTATE A TO Z	27
CHAPTER 3: BENEFITS WITH REAL ESTATE INVESTMENT	32
CHAPTER 4: REAL ESTATE MINDSET	45
PART 2: HOUSE OWNERSHIP ROAD MAP	53
CHAPTER 5: LOCATION, LOCATION, LOCATION	55
CHAPTER 6: HOW TO RAISE DOWNPAYMENT FOR YOUR FIRST HOME PURCHASE	61
CHAPTER 7: TEN STEPS TO BE HOMEBUYER READY	69
CHAPTER 8: A TALE OF TWO MORTGAGES	73
CHAPTER 9: MY ROOM, MY RULES, MY RENTAL	80
CHAPTER 10: TENANT, TRASH, AND TOILET	85
CHAPTER 11: MY CONDO; MY CASH FLOW; MY CASH COW	90
CHAPTER 12: THE ART OF THE DEAL: SIGN A LEASE CONTRACT LIKE A PRO	94
PART 3: FLY BEYOND REAL ESTATE	101
CHAPTER 13: LEAVE YOUR REAL PROPERTY TO YOUR LOVED ONES	103
CHAPTER 14: FLY WITH PARENTS	111
CHAPTER 15: THE EXIT PLAN	118
PART 4: EXPERT INTERVIEWS	125
CHAPTER 16: THE MOTHER WHO TAUGHT HER SONS TO FLY, INTERVIEW WITH YUQIN DING	126
CHAPTER 17: THE POWER OF STARTING YOUNG: INTERVIEW WITH DR. MAXWELL ADEKOJE	131
CHAPTER 18: HAND UP, NOT HANDOUT: INTERVIEW WITH DR. FORBANG	135
CHAPTER 19 FAITH, FLIGHT, AND FOUNDATIONS: INTERVIEW WITH BRETT KORADE	138

CHAPTER 20: BUILDING FINANCIALLY INDEPENDENT YOUTH: INTERVIEW WITH YUYAN ZHOU	1xx
CHAPTER 21: THE FIRST HOUSE IS THE HARDEST: INTERVIEW WITH FRED WILLIAMS, REAL ESTATE PRO	144
CHAPTER 22: BUILD A STRONG GENERATION: INTERVIEW WITH HOME RESTORATION EXPERT MR. ALEXANDER SAMUEL	149
CASE STUDY 1: CHRIS NIE RENTAL ANALYSIS	160
CASE STUDY 2: KEVIN'S CONDO INVESTMENT	166
CASE STUDY 3: KEVIN'S BACHELORETTE TAX RETURN	173
CASE STUDY 4: KEVIN AND WIFE'S JOINT TAX RETURN	197
APPENDIX A: OBTAIN YOUR REAL ESTATE LICENSE	214
APPENDIX B: TEN WEALTH AND FINANCIAL BOOKS TO FLYERS	219
APPENDIX C: TEN FINANCIAL FREEDOM QUOTES FOR FLYES	226
APPENDIX D: ADVICE TO PARENTS	230
APPENDIX E: TEN AI USE CASE IN REAL ESTATE	236
APPENDIX F: ONE BIG BEAUTIFUL BILL HELPING FLYERS	243
AFTERWORD	247
ABOUT THE AUTHORS:	248
ACKNOWLEDGEMENTS	251
GLOSSARY	252
BONUS CHAPTER OF FLY BOOK #2: TWENTY TAX DEFERRED OR PREFERENTIAL ACCOUNTS FOR FLYERS	254
ENDNOTES	260
CHAPTER 1:	260
INDEX	262

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Preface

“The best inheritance a parent can give their children is a few minutes of their time each day and the tools to build their own future.” — O.A. Battista

This book is the first in the *FLY Financial Literacy for Young People* series. It explores the *how*, *why*, and *what* behind teaching young people to achieve homeownership—and financial independence—by age 18 and beyond. I feel compelled to write this one as the first of our FLY series for a few reasons:

- Young people today are stepping into the most complex financial environment in modern history. Housing prices are rising faster than wages, student debt continues to increase, and the path to financial independence feels confusing—even though it is overwhelming for many teenagers and young adults.
- Various studies show that one of four young people (25-35) live with parents for different reasons. The ratio for men is even higher. As a father with two adult sons, I see the urgency of resolving this “lifetime dwelling with parents” social issue.
- The advent of artificial intelligence poses unprecedented challenges in the entry-level job market. Many young people, after fruitless job searches during college and beyond, are forced to return to parent’s home.

As a father of four children, a Christian believer, a CPA, a professional tax advisor, and book author of the *SMART Family Tax Guide*, I have witnessed both the successes and struggles of families raising the next generation. In my view, parenthood can be measured by three simple principles: raising children who are (1) responsible and accountable, (2) financially independent, and (3) a contributing member of society. If our children embody these three values, we have succeeded as parents.

This book is a true story shared between me and my sons, Chris Nie and Kevin Nie. Both achieved homeownership at the age of 18—just as they were preparing for college. Through our journey, we learned not only how to make ownership possible, but also how to communicate, cooperate, and build together, even as a divorced family. It took collaboration, faith, and shared purpose from both parents to turn this goal into reality.

FLY: Own Your First House Under Age 25 is more than a story; it is a mission. It demonstrates how early financial education and homeownership can empower young people to become responsible, resilient, and self-reliant. It also reflects my lifelong passion for family-centered tax and financial planning, as seen in my previous book, *The SMART Family Tax Guide*.

I am deeply grateful to the mortgage lenders, home builders, real estate agents, real estate investors, and contractors, and most importantly, my family, especially my ex-wife (Yuqin Ding), whose financial, emotional, and spiritual support made this dream possible. Together, we proved that when families work with shared intention, they can raise children who build stronger futures for themselves and their communities.

As the Chinese proverb says, “*Rather than giving your child a fish, teach them how to fish.*” My hope is that this book inspires parents and young people alike to take action, dream boldly, and pursue homeownership as early and wisely as possible.

— **Mike Nie, CPA · Chris Nie · Kevin Nie**

PART 1: Real Estate Introduction



Chapter 1: Four Pillars of Wealth



FLY Vision Board Why Real Estate

- By Mike Nie

“Ninety percent of all millionaires become so through owning real estate.” — Andrew Carnegie

When you are young (between 18 and 25), the choices you make about money shape your entire financial life. This chapter provides a global view of why real estate stands as one of the four pillars of long-term wealth building, and why it is a cornerstone for Generation Z investors looking to build financial freedom early.

As both a CPA and a Certified Financial Planner, and as a parent who has seen four children grow into adulthood, I have witnessed firsthand how early planning changes the game. Starting before 25 does not just give you a start: it multiplies your opportunities through compounding and diversification.

Part 1: The Four Pillars of Wealth

Every FLYer should have a strong financial plan that is built on four essential pillars:

1. **Real Estate**

The focus of this book, and for good reason. Real estate is tangible, leverageable, tax-favored, and historically appreciable. The 2025 landmark court case hands a win to FLYers who want to control the commission fee and brokerage fee charged by the National Association of Realtors (NAR).

2. **Equity (Stocks & Brokerage Accounts)**

This includes your 401(k), IRA, and general brokerage accounts. Over time, the S&P 500 index has averaged around 10–11% annual returns, tripling the historical inflation rate of 3–4%. Most importantly, the expense ratio can be as low as 0.015%, i.e., \$1.5 index fee per \$10,000, much lower than 99% of target date funds, ETFs, or mutual funds.

3. **Cash Value Life Insurance**

Properly structured whole life or indexed universal life insurance policies can yield 4–6% tax-free after expenses, while providing liquidity, protection, and loan options. FLYers should seek the best insurance agent to maximize cash value and minimum whole life insurance premium. [Steve Parisi](#), the CEO of IBC Global Inc., and [James Barber](#), the Owner of Oregon Cash Flow Pro, LLC are two industry leading experts and agents.

4. **Exotic or Speculative Assets**

Think crypto, pre-IPO stocks, or private credit. These can make, or break, fortunes. Keep them as “fun money,” or “dumb money,” limited to 5–10% of your net worth. Use due diligence to find the most reputable and safeguarding crypto exchange.

These pillars ensure your portfolio stays low-fee, inflation-beating, and tax-advantaged. I envision a five-book series to serve FLYers:

- FLY #1: real estate investment under 25
- FLY #2: 20 tax free or tax deferred investment accounts for young people
- FLY #3: cash value life insurance for young people
- FLY #4: crypto and alternative assets for young people
- FLY #5: small business and entrepreneurship by young people

The Asset Type Yield Table on next page explains the power of compounding interest, and diversification.

- Real estate has maintained 8% annual return in the past 50 years (1975-2024). Given the leverage factor (20% downpayment plus 80% mortgage), the amplified return could be at an impressive range of 20-30%.
- With the scarcity of land and population growth, real estate will continue as a strong asset, not susceptible to AI technology threats.
- The stock market index (S&P 500) has an impressive 10% annual return, but it has been more volatile than real estate market. The advantage of a stock index asset type is its high liquidity (compared with real estate), and one can access cash through a security-backed line of credit.
- Cash value in whole life insurance has the lowest return, but it has wide exposure to the fixed income market, and the annual return is very stable.

Asset Type Yield Table

Year	House Price Index (1)	Berkshire Hathaway (BRK.B) (2)	S&P 500 Index (3)	Guardian Life Gross Yield (4)	Bitcoin (5)
1975	4.7%	2.5%	37.2%	5.2%	
1976	10.5%	129.3%	23.6%	5.5%	
1977	14.5%	46.8%	-7.4%	6.1%	
1978	14.9%	14.5%	6.4%	6.4%	
1979	9.4%	102.5%	18.2%	6.5%	
1980	5.2%	32.8%	32.3%	7.1%	
1981	0.9%	31.8%	-5.0%	7.2%	
1982	7.8%	38.4%	21.4%	7.5%	
1983	4.4%	69.0%	22.4%	7.7%	
1984	4.6%	-2.7%	6.1%	12.3%	
1985	6.3%	93.7%	31.6%	13.3%	
1986	7.3%	14.2%	18.6%	13.3%	
1987	5.0%	4.6%	5.1%	12.5%	
1988	5.2%	59.3%	16.6%	12.0%	
1989	5.0%	84.6%	31.7%	11.5%	
1990	1.5%	-23.1%	-3.1%	11.0%	
1991	3.1%	35.6%	30.5%	10.5%	
1992	1.7%	29.8%	7.6%	10.3%	
1993	3.2%	38.9%	10.1%	9.8%	
1994	1.5%	25.0%	1.3%	9.0%	
1995	5.2%	57.4%	37.6%	8.5%	
1996	2.2%	6.2%	23.0%	8.0%	
1997	5.1%	34.9%	33.4%	8.5%	
1998	4.6%	52.2%	28.6%	8.8%	
1999	5.8%	-19.9%	21.0%	8.8%	
2000	7.7%	26.6%	-9.1%	8.5%	
2001	6.0%	6.5%	-11.9%	8.5%	
2002	6.5%	-3.8%	-22.1%	8.0%	
2003	7.4%	15.8%	28.7%	7.0%	
2004	11.1%	4.3%	10.9%	6.6%	
2005	10.5%	0.8%	4.9%	6.8%	
2006	3.3%	24.1%	15.8%	6.5%	
2007	-2.2%	28.7%	5.5%	6.8%	
2008	-5.8%	-31.8%	-37.0%	7.3%	
2009	-7.0%	2.7%	26.5%	7.3%	

	Real Estate	ESV / UTMA / Roth IRA / Solo Roth 401(K) / HSA / FF / Family Bank	Brokerage Account	Cash Value Whole Life Insurance	Crypto Account
Year	House Price Index (1)	Berkshire Hathaway (BRK.B) (2)	S&P 500 Index (3)	Guardian Life Gross Yield (4)	Bitcoin (5)
2010	-3.4%	21.4%	15.1%	7.0%	385.4%
2011	-1.6%	-4.7%	2.1%	6.9%	1437.4%
2012	2.2%	16.8%	16.0%	7.0%	193.3%
2013	4.7%	32.7%	32.4%	6.7%	5463.0%
2014	5.4%	27.0%	13.7%	6.3%	-57.6%
2015	4.9%	-12.5%	1.4%	6.1%	34.4%
2016	5.3%	23.4%	12.0%	6.1%	123.8%
2017	6.2%	21.9%	21.8%	5.9%	1369.0%
2018	4.6%	2.8%	-4.4%	5.9%	-73.5%
2019	5.1%	11.0%	31.5%	5.9%	92.0%
2020	7.5%	2.4%	18.4%	5.7%	303.1%
2021	19.6%	29.6%	28.7%	5.7%	59.7%
2022	8.1%	4.0%	-18.1%	5.7%	-64.3%
2023	5.5%	15.8%	26.3%	5.9%	155.4%
2024	4.0%	25.5%	25.0%	5.6%	121.0%
Compounded Annual Return (1975-2024)	8.25%	19.90%	10.40%	8.30%	36.84%

Sources:

(1) Real estate returns, computed by the author based on Case Schiller Home Pricing Index (HPI) at <https://fred.stlouisfed.org/series/csushpinsa>

(2) S&P 500 index yield, available at [https://www.stern.nyu.edu/~adamodar/pc/datasets/histre401\(K\).xls](https://www.stern.nyu.edu/~adamodar/pc/datasets/histre401(K).xls)

(3) Berkshire Hathaway Class B rate of return, available at <https://www.berkshirehathaway.com/reports.html>

(4) Guardian life insurance yield, available at <https://topwholelife.com/whole-life-insurance-dividend-rate-history/>. Note: yield disclosed as gross number. Policyholders may receive lower ones after the cost of insurance and other overhead deductions.

(5) Bitcoin rate of return, available at <https://www.slickcharts.com/currency/BTC/returns>.

The Long View: Compounded Wisdom from 1975 to 2024

Asset Type	Compounded Annual Return	Risk	Leverage	Tax Advantage	Liquidity
S&P 500 Index	10.40 %	Medium	Moderate (SBLOC)	Tax-Deferred	High

Asset Type	Compounded Annual Return	Risk	Leverage	Tax Advantage	Liquidity
Whole Life Insurance	8.30 % gross (~6 % net)	Low	High (Policy Loans)	Tax-Free Loans	High
Real Estate	8.25 % unleveraged → 20 % leveraged	Medium	Very High	Excellent (Depreciation, §1031)	Medium
Bitcoin (Crypto)	36.84 % (short history)	Very High	Limited	Poor	Low



FLY Tip: The S&P 500 Index is like the squad of the 500 biggest U.S. companies that run the economy such as Apple, Microsoft, and Amazon. If Wall Street were a group chat, these 500 would be the main characters.

Since 2020, the index has increasingly shifted toward technology and AI stocks. The so-called Magnificent 7 (giants like Apple, Microsoft, Nvidia, Amazon, Meta, Tesla, and Alphabet) are so massive that they make up 30%–35% of the entire index. They have more market shares than the bottom 400 S&P 500 companies combined.

In other words, any AI bubble burst would cause a significant correction of this tech-heavy stock index. FLYers should diversify their investment into nonstock assets such as real estate or cash value whole life insurance.



FLY Tip: A Securities-Backed Line of Credit (SBLOC) is a way to borrow money using the investments (like stocks, bonds, or mutual funds) in your brokerage account as collateral without selling them. Think of it like a home equity line of credit, but instead of using your house, you use your investment portfolio as the guarantee for the loan.

You can usually borrow 50% to 70% of the value of your eligible investments, and you only must make interest payments on what you borrow, not on the

entire credit limit. There is no fixed time to repay the loan, so you can pay it back and borrow again as needed.

I suggest you borrow up to 50% to avoid any surprising or dismal market downturns that may trigger a forced selloff by the SBLOC lender, i.e., the brokerage firms.



FLY Tip: IRS rule 1031 exchange can be deemed a real estate's no-tax teleport. Normally, when you sell an investment property and make a profit, the IRS will tax you the capital gains, which is not cool. But a 1031 exchange (from IRS Code §1031) is a tax-deferral strategy, in which you can sell one property and roll the profit into another without paying taxes now. Several criteria (time and dollar amount) are critical to satisfy.

Analyzing the Investment Yield of Four Core Assets

Financial literacy for youth is not about chasing the next hot stock or crypto trend; it is about understanding how the world's wealthiest families build and preserve their fortune over decades. That strategy can be distilled into four timeless asset pillars:

1. Real Estate
2. Stock Market (S&P 500 Index)
3. Cash Value Whole Life Insurance
4. Crypto or Speculative Assets

Together, these four categories form what I call the FLY Vision Board, a visual framework for young investors under age 25 to see how financial freedom works through an entire lifetime.

I use the term *Vision Board* intentionally, because when you see these assets side-by-side (their returns, risks, and rewards) you begin to understand how wealth grows quietly and predictably in the background.

1. Real Estate, the Leverage Multiplier

The third pillar, real estate, bridges the gap between paper wealth and tangible assets. The Case-Shiller House Price Index averaged 8.25% annual return from 1975 to 2024, but its real power lies in *leverage*.

If you put 3% down on a \$300,000 home and it appreciates 8% a year, your equity grows by 260% on thy at initial investment, a 30:1 leverage ratio. That is the magic of using other people's money (OPM).

\$9,000 downpayment; annual appreciation \$24,000. Return on equity = $\$24,000 / \$9,000 = 260\%$



FLY Tip: OPM how smart investors grow fast without using much of their own cash. Instead, they borrow money from banks to buy rentals that appreciate.

Why Real Estate Matters

- It is real: Unlike crypto or stocks, it is backed by physical land, walls, and value-producing assets. Real estate has *never* gone to zero.
- It is leveraged: Mortgage loans amplify returns. A 3% down payment controls a six-figure asset.
- It is tax-favored: Depreciation, §1031 exchanges, §121 home-sale exclusions, and cost-segregation studies make real estate one of the most tax-efficient vehicles in existence.
- It is localized: Every market behaves differently since growth follows jobs, infrastructure, and demographics.

Practical Example

When my son Kevin Nie signed his first purchase contract at 18, he put down \$14,000 on a pre-construction home. Within two months, the property appreciated \$45,000, that is a 30% ROI without much risk taking. That early start snowballed his financial base.

Cautions

Transaction fees average 6%, and property taxes run around 1% annually. Leverage amplifies gains *and* losses. Always keep reserves. But long-term data show real estate recovering more after every correction, including the 2008 housing crash.

For FLY readers: Real estate is how ordinary people build generational wealth. Start small — a duplex, a campus rental, a first-time FHA home. Let time and leverage do the heavy lifting.

2. The S&P 500 Index, The Growth Engine

The first pillar is your brokerage account, typically invested in the S&P 500, the 500 largest publicly traded companies in the United States. From 1975 to 2024, this index delivered an impressive 10.4% compounded annual return, proving that disciplined investing works even through recessions, wars, and crises.

Think about what that means: if you invested \$10,000 in 1975 and simply left it alone, no trading, no timing, no panic selling, you would have more than \$2 million today. That is the quiet miracle of compound growth.

Why It Works

- **Low Fees:** Fidelity's zero-expense index fund charges only 1.5 basis points, \$1.50 per \$10,000 invested. In contrast, most actively managed mutual funds charge 100 times more. Over 30 years, that difference can eat half your gains.
- **Automatic Ownership:** Each share gives you exposure to America's largest companies, such as Apple, Microsoft, Amazon, and Nvidia, which together account for over one-third of total U.S. market capitalization.
- **Liquidity and Flexibility:** You can sell or borrow against your portfolio using a securities-backed line of credit (SBLOC), giving you flexibility without liquidation. If you use the loan to buy rental or lend to your entrepreneurship, you may deduct the interest expense from the business or real estate tax returns.

Risks and Lessons

The dot-com crash (2000–2002), the 2008 financial crisis, and the recent AI-stock bubble show that even strong markets can fall 30–50%. But history also shows recovery. Every downturn was followed by new highs within five years.

For FLY readers: start early, stay invested, and remember: the biggest risk is not market volatility; it is sitting on the sidelines.

3. Cash Value Whole Life Insurance: The Financial Safety Vault

The second pillar is often misunderstood. Whole life insurance is not just about death benefits; it is about *living benefits*. It is the only financial product that grows tax-deferred, can be borrowed tax-free, and pays out tax-free to your family.

The four companies I personally trust—i.e., Guardian, MassMutual, Northwestern Mutual, and New York Life—have survived the Civil War, two World Wars, the Great Depression, the Great Recession, and COVID-19. None have merged or been acquired. They have high credit ratings (up to Aaa, even above U.S. Treasury bonds).

The table below highlights key figures of these Big Four whole life insurance companies.

Company	Year Founded	Credit Rating (A.M. Best / S&P / Moody's / Fitch)	Total Assets (Approx. 2024)
Guardian Life Insurance Company of America	1860	A++ (A.M. Best), Aa+ (S&P)	\$130 billion
Massachusetts Mutual Life Insurance Company	1851	A++ (A.M. Best), AA+ (S&P)	\$356 billion
Northwestern Mutual Life Insurance Company	1857	A++ (A.M. Best), AAA (Fitch), Aa1 (Moody's)	\$360 billion
New York Life Insurance Company	1845	A++ (A.M. Best), AAA (Fitch), Aaa (Moody's)	\$432 billion

Note: S&P, Moody's, and Fitch are three major credit rating agencies. A.M. Best is the main insurance company rating firm.

FLY coach suggests these long-standing whole life insurance companies because they have a much longer proved business success record than the high-tech or AI companies (mostly in business for a few decades). Diversify some assets into cash value whole life to form a natural hedge against the stock market gyrations (which happened frequently based on history record).

Historical Return and Structure

Guardian Life's historical gross yield averaged 8.30% from 1975 to 2024. After accounting for internal costs, policyholders typically receive around 6–7% net.

I recommend a 10-10-80 structure:

- 10% in whole life (for guarantees)
- 10% in a one-year term rider (for cost efficiency)
- 80% in paid-up additions (PUA) to maximize compounding cash value.

I recommend FLYers to read Steve Parisi's book on this subject, *Whole Life Insurance | Unlocking the Secrets About Cash Value: How Banks, Corporations, and the Wealthy Use Cash Value Life Insurance*. Watch his YouTube channel too for hundreds of powerful and informative videos.

Benefits Beyond Yield

- Stability: Cash value continues to grow even during recessions. When the S&P 500 lost –37% in 2008, policyholders still earned dividends.

- Liquidity: You can borrow up to 90% of the policy's value for anything (tuition, a home down payment, or seeding your first business) without triggering taxable events.
- Tax Advantage: Loans are not taxable income; death benefits are tax-free.

For FLY readers: Think of it as your *personal bank*. During downturns when banks tighten credit, you can borrow from yourself at predictable rates) and keep your financial life moving forward.

4. Crypto and Bitcoin: the Frontier of Speculation

The youngest asset class, crypto, has existed only since 2009, yet its returns are astonishing. Bitcoin's compounded annual return since inception is 36.84%. In 2013 alone, it soared 5,463%, while in 2018 it crashed -73%.

Why It Excites Investors

- Decentralization: No central authority controls it; blockchain technology records every transaction transparently.
- Liquidity: Trades 24/7 worldwide.
- Low Fees: Typically, 1–2% per trade.
- Potential: Early-stage innovation often yields outsized returns, like internet stocks in the 1990s.

Why It Terrifies Regulators

Crypto lacks intrinsic value anchors. Prices move on sentiment, algorithms, and speculation. When markets correct, investors can lose half their portfolio overnight. Regulatory uncertainty, security breaches, and tax complications make it unsuitable for large holdings.

For FLY readers: treat crypto as “fun money or dumb money.” Limit exposure to 5–10% of your total portfolio. If it becomes the next technological revolution, you will benefit. If it collapses, your foundation (stocks, insurance, and real estate) keeps you secure.

Key Takeaways from 50 Years of Data

1. Duration matters. Stocks, insurance, and real estate have five decades of proof; crypto has only one.
2. Fees destroy wealth. Keep expense ratios below 0.05 % for index funds and under 5 % for insurance and real-estate transactions.

3. Leverage magnifies results. Real estate and life insurance both use leverage, either through mortgages or policy loans, to compound faster.
4. Tax strategy is the quiet partner. The richest families do not just earn more; they pay less taxes legally by using deferrals, exclusions, and loans.

Part 2: Why Real Estate Is So Important to FLYers

1. Tangibility and Stability

Unlike paper assets, real estate is backed by something real: land, walls, roofs, and systems you can see and touch. Real estate expert Brett Korade once said, “*Real estate has never fallen below zero.*” That is what separates it from stocks or crypto: you cannot lose everything overnight. See Chapter 16 for an expert interview with Brett.

2. Leverage: Other People’s Money (OPM)

Real estate allows you to control large assets with small down payments. A first-time buyer can often buy a \$500,000 property with just 3–5% down, leveraging 30:1 or more. No other investment class offers that kind of safe leverage.

For example, when Kevin Nie signed his first purchase contract at age 18 with \$14,000 down, the home appreciated \$45,000 in a mere three months. His ROI exceeded 300% in just a few months, all with Kevin’s much risk taking. That is the power of leverage in action.

3. Depreciation and Tax Benefits

Real estate offers unmatched tax advantages. The IRS allows investors to claim depreciation, i.e., a non-cash expense that shelters rental income from taxes. Combine that with 1031 exchanges, cost segregation, and the “Buy, Borrow, Borrow” strategy, and you can build and transfer wealth tax-efficiently across generations.

I will have a separate book on the “Buy, Borrow, Build” strategy. Stay tuned!

4. Diversification and Non-Correlation

Real estate moves differently from the stock market. The S&P 500’s top seven tech companies drive most of its volatility, but local real estate depends on population, jobs, and geography. This lack of correlation means when one market dips, the other often stays stable or even rises, creating balance in your financial life.

Part 3: Diversification is the 9th World Wonder

Diversification is the heart of the FLY strategy, and this updated correlation table highlights why allocating across four key asset pillars (S&P 500 index funds, Guardian Whole Life

Insurance, House Price Index (real estate), and Bitcoin) can enhance portfolio resilience in all weathers.

The table below demonstrates that these assets do not move in lockstep. Most notably, Guardian Whole Life Insurance shows almost no correlation with the S&P 500 (4.1%) and is negatively correlated with the housing market (-15.8%), creating a stabilizing effect during market turmoil. Bitcoin introduces a new dimension, with moderate correlations to both equities (34.2%) and insurance (38%), but a negative correlation with real estate (-13.9%). Such relationships mean that downturns in one market are frequently offset by stability or growth in another.

Investment Return Correlation Table (1975-2024)

Correlation	S&P 500	Guardian Whole Life Insurance	House Price Index	Bitcoin
S&P 500	100%	4.1%	12.8%	34.2%
Guardian Whole Life Insurance	4.1%	100%	-15.8%	38.5%
House Price Index	12.8%	-15.8%	100%	-13.9%
Bitcoin	34.2%	38%	-13.9%	100.0%

By distributing family wealth and tax-advantaged accounts among these four types of assets, a FLYer maximizes the likelihood of capturing at least one source of positive returns in any given year, even through crises. During the worst year in the last five decades, 2008, cash value whole life insurance policies still delivered a 7.3% annual return, underscoring its enduring stability compared to other asset classes.

This balanced allocation fosters financial durability, reduces volatility, and positions families to benefit from the complementary strengths and risk profiles of each asset group. The FLY approach's power is shown through the lens of correlation: if assets do not all rise or fall together, diversification provides not just peace of mind, but measurable results over time.

Weathering Crises with Diversification

When we look back into history, diversification is not just smart, but crucial. It is about *survival*.

- When the dot-com bubble burst (2000–2002), the S&P 500 lost –43 %, yet life insurance and housing stayed positive.

- During the 2008 recession, real estate crashed 7 %, but policyholders could borrow from cash value to survive or buy discounted properties.
- In 2022, crypto collapsed –64 %, showing why it must remain a small slice.
- As AI stocks dominate 2024–2025, concentration risk returns: seven companies controlling one-third of the index.

Every decade brings a new lesson, yet the four-pillar system endures because each asset moves differently. When one falters, another shines.

The Allocation Framework

A balanced portfolio for a young investor might look like this:

Asset Type	Allocation	Key Benefit
Stocks (401(K), Roth IRA, HSA, 529, Brokerage)	30–50%	Liquidity & compounding
Real Estate	25%	Leverage, appreciation, tax shelter
Cash Value Life Insurance	25%	Safety, liquidity, tax-free growth
Speculative (“Fun Money”)	5–10%	High risk, high potential return that is suitable for risk-taking FLYers

 **Tax term: Individual Retirement Arrangement (Roth IRA)** is a retirement savings account where contributions are made with after-tax dollars, meaning you do not get a tax deduction up front. The money grows tax-free, and qualified withdrawals in retirement are also tax-free. It is especially beneficial for younger earners or those expecting to be in a higher tax bracket in the future.

The Roth IRA is named after Senator William Roth, who created this type of account as part of the Taxpayer Relief Act of 1997.

 **Tax term: Health Savings account (HSA)** is a tax-advantaged savings account available to individuals enrolled in a high-deductible health plan (HDHP). Contributions are tax-deductible, grow tax-free, and withdrawals are also tax-free when used for qualified medical expenses. Unused funds roll over each year and can

be invested, making the HSA a powerful tool for both healthcare and long-term savings. HSA tax provisions were effective in January 2004.

A **High-Deductible Health Plan (HDHP)** is a health insurance plan with lower monthly premiums but higher deductibles than traditional plans. To qualify as an HDHP in 2025, it must have a minimum deductible of \$1,600 for individuals or \$3,200 for families. HDHPs are required to contribute to a Health Savings Account (HSA).

How Young Investors Should Apply This

1. Start early, even small. Compounding rewards time, not size.
2. Automate contributions. Set it and forget it. Treat savings like rent, non-negotiable.
3. Balance ambition and caution. A portfolio that mixes high-growth assets with stable income vehicles grows smoother and faster.
4. Understand what you own. Never invest in anything you cannot explain to a 12-year-old.
5. Think about tax strategy first, not last. Structure determines survival.

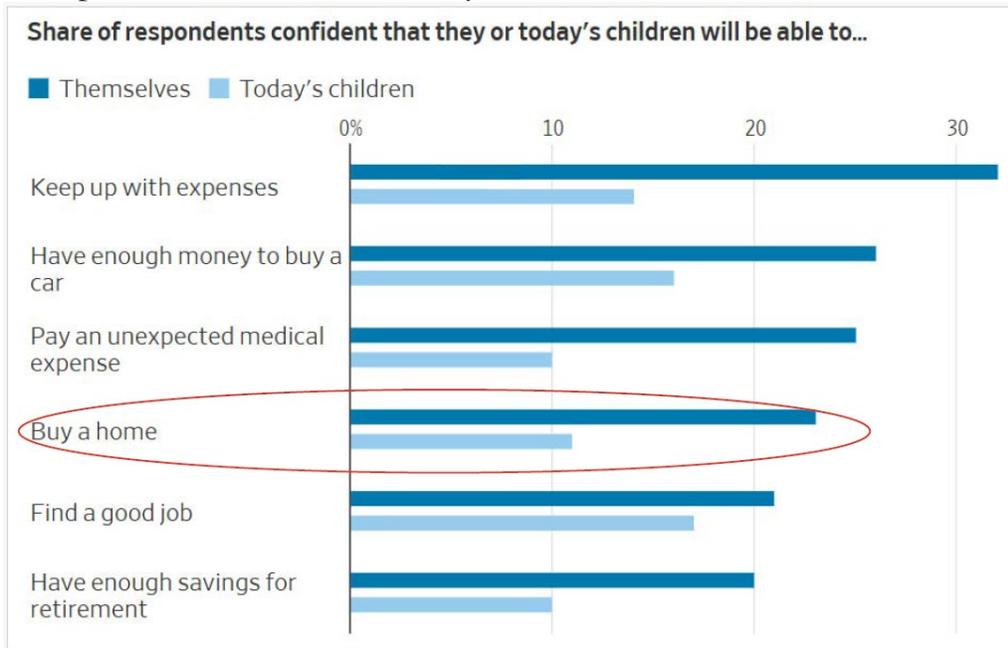
Part 4: The Long March Toward Your Financial Freedom

FLYes are in their 20s: you should focus on positioning, not perfection. Your first house may not be your dream home, but it serves as a useful launch pad. Real estate compounds wealth not just through appreciation but also through depreciation, leverage, and cash flow. It is a business, a hedge against inflation, and a pathway to independence.

Avoid high-fee products and anyone promising “guaranteed” returns. When something sounds too good to be true, it usually is. Always remember ethical, long-term investing is not about excitement but rather consistency and persistence.

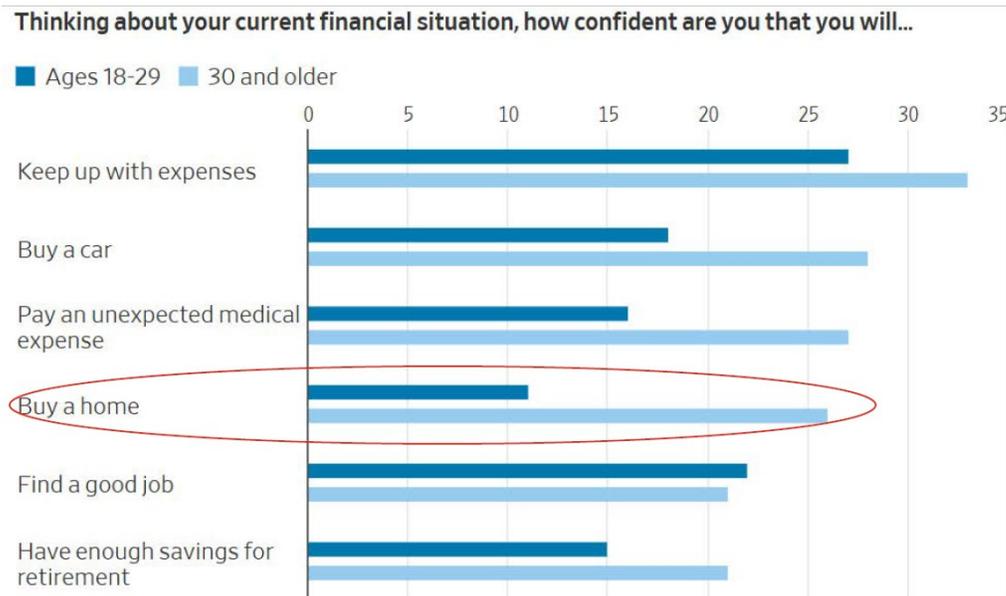
Researchers have seen a downward trend of real estate ownership by young people. The Wall Street Journal had a survey in October 2025 showing that only a dismal 11% of Gen Z were able to and willing to own a house, which is about half the level of

their parents, who are most likely Gen X.



Source: Wall Street Journal October 2025.

Gen Z, compared to Millennials, are also less willing to or able to buy a house, afford living expenses, or even buy a car. It is an alarming call for parents and families to take initiative-taking steps to avoid this abandonment mindset of Gen Z.



Source: Wall Street Journal/NORC poll of 1,527 adults, conducted July 10-23; margin of error: +/- 3.4 pct. pts.

Final Reflection

Financial literacy for youth is not about getting rich fast but rather about *never becoming poor again*. The FLY Vision Board gives you control over your financial destiny before you turn 25.

- Stocks give you growth.
- Insurance gives you protection and liquidity.
- Real estate gives you leverage and tax shelter.
- Crypto gives you innovation and optionality.

When all four work together, you create not just wealth but financial independence that compounds across generations.

Real estate is not just about owning property: it is about owning your time and choices. When you combine real estate with disciplined investing across all four pillars, you create the foundation of true financial freedom before age 25.