

HOMEOWNERSHIP

The Key To Generational Wealth

Unknown Strategies

Tiffiney Portee

How To Build Generational Wealth

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Did you know that homeownership could be the missing piece of the puzzle you need to help you create financial stability and build a legacy for your family?

As we journey together through this guide, I will share with you how purchasing a home is way bigger than marking off one thing on your checklist, but how it is the key to jumpstarting your wealth strategy that will end the cycle of just surviving.

A few terms to become familiar with before we get started:

Wealth: [all property that has a money value or an exchangeable value](#).

Asset: An **asset** is something that provides a current, future, or potential economic benefit for an individual or other entity.

Liabilities: A debt or something you owe.

Networth: Assets minus your liabilities. What you own vs owe.

Appreciate in value: The worth increases over time.

Principle: The amount you borrowed that you have to pay back.

Interest: What the lender charges you for lending the money.

Equity: Equity is the difference between what you owe on your mortgage and what your home is currently worth.

Why Is Generational Wealth Important

Generational wealth, also known as family or legacy wealth, refers to wealth passed down from generation to generation. In order to build wealth that can be passed onto our loved ones, we must first master financial stability that sustains us in our lifetime. This is done by having assets that can help you to remain stable even through financial emergencies such as unemployment, medical bills, car damage, funeral costs etc. Financial stability positions you to shift your focus to keeping more of what you make by saving and eliminating debt.

Financial stability can look like:

- Basic needs and bills paid monthly
- Creating a budget
- Have emergency fund and savings
 - Short term savings
 - Kids' education
 - Retirement
- Paying off debt
- Developing a Financial plan
- Generating additional income streams
- Investing etc.

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Those who lack assets, struggle to make ends meet and live paycheck to paycheck. The key factor to building wealth is **improving your net worth**. As we previously shared, networth is what you own versus what you owe.

How does homeownership build wealth?

The mortgage you have on your home is like a forced savings account. Whenever you pay your mortgage, you are building equity in that home, equity is how much money you actually own within that property. As your equity increases in value, you start growing your wealth and improving your net worth.

How does homeownership build generational wealth?

As you continue to pay your mortgage, it increases the amount of the home you own. If you have a 30-year mortgage, at the end of the 30 year period, you own 100% of that property.



Here is the exciting part, because your home is an investment, the value of your home will more than likely continue to grow. It may even double overtime.

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According to Business Insider, in 1970 a home in Pennsylvania cost \$85,833. The cost of that same home skyrocketed to \$181,200 in 2017, only 47 years later.

If you owned that home and passed it down to your loved ones, you just added \$181,200 to their net worth. *Your* home contributed to their wealth status in their lifetime. Imagine if they kept the property for another 47 years and passed it down to their children, what do you think it would be worth? A lot, to say the least. When you begin to build wealth in your lifetime and pass it down, it will be worth more which is the power of creating a cycle of wealth for generations to come.

How can becoming a homeowner help to achieve goals?

"You can't build a long-term future with short-term thinking" - Billy Cox



The foundation of any wealth building strategy is long-term thinking.

When you own your home, you are essentially forced to save. The process of building equity is like having a savings account within your loan.

If you are just purchasing a home in your mid 30's or higher, you may feel like you're behind the curve of achievement, but it is okay. When you apply an additional payment to your mortgage every year, you can save approximately 7 years off the life of your loan, which means you catapult your savings account (equity) tremendously.

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When you have a plan and diligently and strategically stay the course, you will see results. It takes time to build equity.

Unknown strategies families need to know.



In the game of chess, the most powerful piece is the queen. She is the only piece that has the freedom to move vertically, horizontally, or diagonally. She is powerful because of the number of squares she can control. Her job is to protect the king. Out of the other pieces, she has the greatest opportunities to do so.

Owning a home is a Queen Move! It protects the king(dom). Your kingdom is everything you have worked hard to build, your financial legacy, your wealth.

One unknown secret is using your equity to pay for a child's college education.

The cost of schooling continues to increase over time. [In 2021, the average cost](#) for public in-state tuition was \$10k, public out-of-state tuition was \$22k, and private tuition was \$38k. Tuition increases on [average by 8% per year](#).

For most families, paying for this expense out of pocket is unrealistic. Because of this, acquiring debt with student loans is the way they are able to gain a higher education. [Twenty years after entering school](#), half of student borrowers still owe \$20,000 each on outstanding loan balances.

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When you use equity from your home, you are helping your children to avoid or eliminate debt, while simultaneously positioning them to improve their income potential. College-educated workers earn considerably more. A bachelor's degree holder [earns an average of \\$32,000](#) more annually than a high school graduate. Your home equity will be helping to secure your child's financial future and legacy. #QueenMove.



Another unknown secret is using your equity to start a business.

For most entrepreneurs, finding access to capital to start a business is very difficult. Instead of giving up your dreams or using credit cards with high interest rates to start your business, you can consider using some of the equity in your home as start-up capital. The profit from your viable business can be looked at as an asset which improves your net worth, but also you have the ability to pass your business down to your loved ones, which further solidifies creating generational wealth.



Secret: You can even use your home equity to buy an investment property which creates another asset for you.

Another unknown secret is homeownership gives you access to tax deductions.



Building wealth is all about reducing your liabilities (debt) and increasing what you own (assets). Homeownership comes with additional tax advantages that can help you to reduce your tax bill (debt). Taking advantage of tax deductions can result in a tax refund or a reduction of your tax bill. The idea is to keep more of your hard-earned money. According to [Forbes](#), some common tax deductions you may come across are:

- Mortgage interest
- Real Estate taxes
- Private mortgage insurance
- Home office (if applicable)
- Medically necessary home improvements

What you need to be house ready?

Like most people, you are probably thinking, “This sounds good, but I don’t have everything I need in place to buy a house.” In my experience, more families are in a position to purchase a home more than they know.

Did you know?

It’s not about how much money you need to earn per year to buy a house, it’s about how much house you can afford based on your current salary?

There are houses that can fit almost any budget.

Did you know?

You don’t need perfect credit to purchase a house. The higher the credit, the better interest rates and loan programs you qualify for. However, you need at least a 620 credit score with most lenders. There are some lenders that offer programs that accept lower credit scores, but the rates are usually higher and the down payment is higher.

Did you know?

You only need 2 years of continuous work history, which does not have to be with the same employer?



Glad we cleared that up. If you have been working consistently for 2 years, and have a score of at least 620, now you just need to make sure you have filed your returns for the last 2 years and have minimally 5-6% of the desired purchase price saved.

Can I buy a house with no money down?



New homeowners almost always ask, can I buy a house with no money?

The short answer is, yes, it is possible.

When folks hear that answer, they assume it means they pay no money at all, which is false.

No money down, refers to paying no money on the DOWNPAYMENT of your home. There are fees you are responsible for such as,

Closing costs: Closing costs are the expenses that sellers and buyers usually incur to finalize the sale of a home. It can include items such as, loan origination fees, discount points, appraisal fees, title searches, title insurance and more. Closing costs can range from 2-5% of the sale price.

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Property Tax: If the previous owner paid taxes on the home, depending on when you purchase that home, it might be almost time for the taxes to be paid again, which will now be your responsibility. The property tax is based on the value of your home. In 2021, the average property tax for Pennsylvania was 1.58%.

Keep in mind paying nothing down on your home will prolong the increase of your equity. This may not be a great strategy if you plan to take advantage of leveraging your equity to use for kids education, starting a business, investing in another property etc.

If coming up with a full 5-6% downpayment is a stretch, consider working with your agent to see if it can be negotiated to put down a smaller amount to secure the home. This way, you can still buy your dream home and jumpstart increasing the equity in your home.

What should I know when buying a house for the first time?

Buying a home can be an intimidating nerve-wracking experience. To mentally prepare for this new journey, understand there are going to be ebbs and flows of the journey. The process is not going to happen overnight.

While your agent is working their magic, you should begin to make connections with those who will play an important part in helping to preserve your new investment:

1. Handyman
2. Carpenter
3. Plumber
4. Electrician
5. Roofer etc.

Grab my [Buyer's Guide](#) to gain deeper insight step-by-step what the homebuying process entails.



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For the past 6+ years, I have been working with families who were unsure if they qualified for a home.



If I have the opportunity to help you jump-start your wealth building strategy, I will:

- Assess our ability to work together
- Customize your home buying experience to meet your wealth building goals.
- Save you time by viewing handpicked properties that are perfect for you.

- Be dedicated to ensuring an enjoyable home buying experience
- Help you to avoid complicated price discussions while enjoying possible savings in the process.
- Make sure you understand the process to make the best financial decisions for your family

All you need to do is

- Trust that I will advocate on your behalf
- Provide the necessary documents requested in a timely manner
- Stay Involved

If you are like the many other families I have worked with, who are ready to change the legacy for future generations, tap [here](#) to connect with me.



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Key Takeaways

- Most households are behind when building generational wealth
- Homeownership builds equity which is key to building wealth
- Leaving your home to your heirs builds generational wealth
- You can use the equity in your home to pay for college, start a business, or get tax deductions
- A family with two years of consistent employment and a 620 credit score can buy a home

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