



Alternative Investments

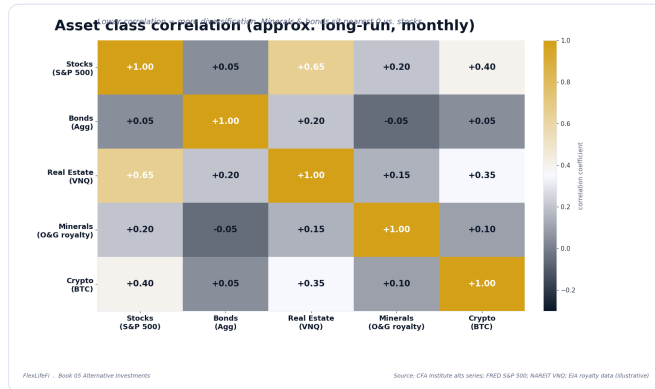
Diversify beyond the index.

Mineral rights & syndications, the bureau-direct way.

THE BIG PICTURE

Diversify with what the index funds miss.

An alternative investment is anything that is not a stock, bond, or cash that trades in a public market. The U.S. SEC calls them "private investments" and warns they are usually less liquid, less rule-bound, and harder to price than public-market assets.¹ Used right, they cut a portfolio's correlation. Used wrong, they eat the slice and the plate.



Lower correlation = better diversification. Mineral royalties and bonds sit closest to **0.0** vs. stocks — exactly why a small slice is interesting.^{3,4}

Three numbers worth memorizing

0.0

IDEAL DIVERSIFIER CORRELATION

A correlation of 0.0 to your stock book is the diversification ideal. Mineral royalty cash flows track oil prices, not the S&P.³

5-15%

TYPICAL ALT ALLOCATION

CFA Institute and Yale-style endowment frameworks land most retail households between 5% and 15% in alts.²

\$1M / \$200k

ACCREDITED THRESHOLD

SEC Rule 501: \$1M+ net worth (excl. home) or \$200k income (\$300k joint) for two years.⁵

PHASE RIBBON · WHERE YOU ARE NOW

1. DIVERSIFY

Why alts, who qualifies, how much

2. MINERALS

Royalties, leases, Solo 401k anchor

3. SYNDICATIONS

Reg D 506(b)/(c), REITs, PE

PHASE ONE · DIVERSIFY

DIVERSIFY · why alts, who qualifies, how much.

Endowment-style portfolios (Yale model) run 30–60% in alts. Bogleheads run 0%. For most FlexLifeFi readers with \$250K–\$2M net worth, 5–25% in alts — dominated by real estate — is the reasonable band.^{2,18} Five plays before you wire the first dollar.

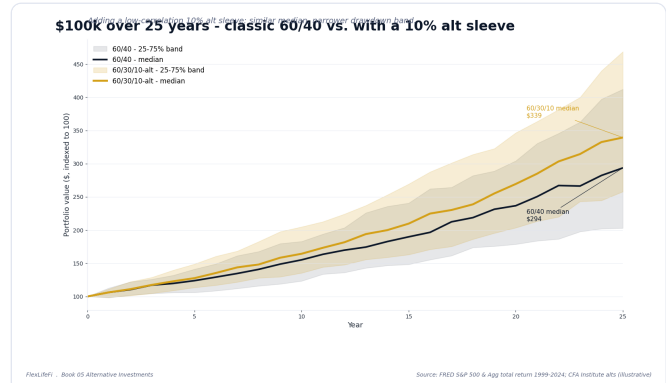
SOURCE-DIRECT

What the SEC, FINRA, & CFA Institute say

SEC: "Private investments are typically illiquid, less regulated, and harder to value than publicly-traded securities."¹

FINRA: verify any private-offering sponsor on BrokerCheck; check Form D on SEC EDGAR before signing.^{6,7}

CFA Institute: the median private-equity fund tracks public stocks after fees; manager selection is everything.²



\$100k over 25 years. A 10% low-correlation alt sleeve — similar median, narrower drawdown band. Worth the work, not the fantasy.^{2,3}

1 | Know why you want alts.
The honest reason is uncorrelated cash flow, not "higher returns." If your goal is just higher returns, more stocks is cheaper than more alts.²

2 | Confirm your accreditation status.
SEC Rule 501: \$1M net worth excl. home, OR \$200k/\$300k income for 2 years, OR Series 7/65/82.⁵ Most syndications and PE funds need this.

3 | Size the sleeve before you pick deals.
Decide your alt % in advance — 5%, 10%, 15%. Anything you cannot lose without losing sleep is too big. Real estate (Book 03) usually counts as the largest alt for FlexLifeFi households.

4 | Match liquidity to time horizon.
Public REIT (VNQ) — sell same day.
Fundrise — quarterly window. Syndication / PE — 5-10 year lockup. Mineral rights — multi-decade.^{9,11,12}

5 | Run the due-diligence checklist.
SEC EDGAR Form D, FINRA BrokerCheck on every principal, full track record including loss deals, audited financials, and a securities attorney to read the PPM (\$500-\$1,500). No PPM, no check.^{6,7}

Quick Check 1 — Diversify

1. You have a \$400k portfolio (60/40) and want to add alts. What dollar range fits the typical 5-15% sleeve?
2. Your single income is \$185k, net worth \$750k excl. home. Are you accredited under SEC Rule 501?
3. Name the two free public databases you must check before sending money to any sponsor.

Answers in the footer of page 4 →

PHASE TWO · MINERALS

MINERALS · the asset most readers were never taught.

U.S. land has two layers — the **surface** and the **mineral estate**. The two can be sold separately. Most owners don't drill; they lease the right to drill and collect a **royalty** — a share of revenue with no operating costs deducted.^{8,3}

1 | Oil & gas royalties — what you're owed.

Royalty × decimal interest × production × price. 20 net acres in a 640-acre Reeves Co., TX unit @ 20% = decimal 0.00625. 8,000 bbl/mo × \$70 × 0.00625 = **\$3,500/mo.**^{3,8}

2 | Owning mineral rights.

The mineral estate is separate from the dirt — inheritable, sellable, leasable, or held in a trust or Solo 401k.⁸

3 | Lease bonus vs. royalty.

One-time bonus \$100-\$5,000+/net mineral acre. Royalty rate 12.5-25% (Permian usually 18.75-20%).⁸

4 | Partition vs. JV after inheritance.

Partition = court split; slow, expensive. JV / pooled lease = co-own, share royalties pro rata. JV is almost always cleaner.^{8,17}

5 | Hold inside a Solo 401k.

Royalty interests are UBIT-exempt under IRC §512(b)(2). Working interests trigger UBIT — keep them out of retirement accounts.^{10,15}



Front-loaded. Hyperbolic decline. Wells run 25-40 yrs before P&A.^{3,8}

WILDY ANCHOR · TX & CO

Inside a Solo 401k

Jonathan's 1099 income funds a self-directed Solo 401k holding **royalty interests in TX and CO**. Checks land in a plan-titled account; growth compounds tax-deferred (or tax-free, Roth).^{9,10}

THE TRAP

"We'll buy your minerals today."

Landman letters usually offer 1-2x trailing royalty. Producing minerals trade at 3-5x. Pull state data (TX RRC **512-463-6788**; CO ECOM **303-894-2100**) before signing.^{17,18}

Quick Check 2 — Minerals

1. You own 10 net mineral acres in a 320-acre TX unit at 20% royalty. What is your decimal interest?
2. Why does the Wildys' Solo 401k hold royalty interests, never working interests?
3. A landman offers \$25,000 for minerals that paid \$7,000 last year. Fair, low, or high?

Page 3 answers: 1) \$20k-\$60k; 2) Yes — net worth qualifies under Rule 501; 3) FINRA BrokerCheck + SEC EDGAR Form D.^{5,6,7}

PHASE THREE · SYNDICATIONS

SYNDICATIONS · private deals, public rules.

*A real estate syndication is a private deal. The **General Partner (GP)** finds the property and runs it; **Limited Partners (LPs)** wire money and collect K-1s. Almost every U.S. syndication is offered under **Reg D Rule 506** — SEC private-offering rules.¹¹*

1 | Real estate syndications.

506(b) — up to 35 sophisticated non-accredited + unlimited accredited; no public ads. 506(c) — accredited only; ads allowed; sponsor must verify status. Typical \$50k LP check, 5-yr hold, 7% pref.¹¹

2 | Crypto exposure (if any).

IRS Notice 2014-21: crypto is property. Wash-sale rule does not (yet) apply.¹³ Self-custody on a hardware wallet (Trezor, Ledger) or use a regulated U.S. trust company. Never on an exchange long-term.

3 | Private equity funds.

\$100k-\$1M minimums; 10-yr lockups; J-curve of negative paper returns years 1-4. Most retail PE funds need Qualified Purchaser status — \$5M in investments, not just \$1M net worth.^{14,2}

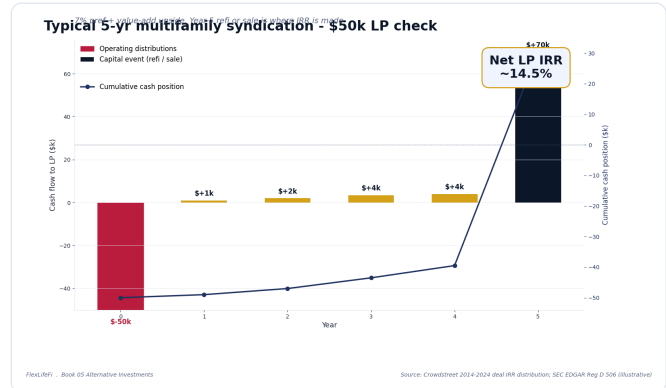
4 | REIT alternatives — public vs. private.

Public REIT (VNQ) — 0.13% expense, daily liquidity, ~3.5-4.5% yield.¹² Private (Fundrise, Yieldstreet, Roots) — quarterly redemption windows, layered fees. Public REITs win for 90% of investors.^{9,16}

THE TRAP

"Guaranteed" returns & capital calls.

SEC Rule 10b-5 forbids guarantees in any private-offering pitch — the word "guaranteed" is a federal red flag. And read your LP agreement's Subsequent Capital Contributions clause: a refused capital call can dilute you to zero.^{1,11}



\$50k LP check. 7% pref + value-add upside. Year-5 refi or sale is where the IRR is made.^{11,16}

"Boring sentence: 'Our Solo 401k owns mineral rights in Texas and Colorado.' But that 1099 contractor in owns a slice of the Permian Basin and pays \$0 federal tax on the income for 25 years. That's diversification."

JONATHAN WILDY · 1099 HEALTHCARE · KS · SOLO 401K HOLDING TX/CO ROYALTIES · 2024-26

REAL STORY

The Wildy mineral anchor

Two royalty packages — one Permian (TX), one DJ basin (CO) — bought through a self-directed Solo 401k at MySolo401k.net. Annual royalty income covers ~30% of the household's alt-sleeve target. The asset is passive for IRS purposes (Schedule E) and exempt from UBIT inside the plan.^{10,15}

TOP COMPANIES & DIRECT CONTACTS

Twelve numbers worth saving today.

Every URL and phone in this table verified by web search on 2026-04-25. These are the consumer-facing & investor-help lines. No call-center traps, no upsell.

Entity	Web	What to ask for	Phone
SEC Investor Help	investor.gov	Reg D, accredited status, fraud	800-732-0330 ⁵
FINRA BrokerCheck	brokercheck.finra.org	Verify sponsor, broker, RIA	800-289-9999 ⁶
SEC EDGAR	sec.gov/edgar	Form D filings on every offering	web ⁷
IRS Business Help	irs.gov	Pub 535 depletion, 550, 560, 590	800-829-4933 ⁹
EIA (US Energy Info)	eia.gov	Royalty / production, basin reports	202-586-8800 ³
Texas Railroad Commission	rrc.texas.gov	TX well production records	512-463-6788 ⁸
Colorado ECMC	ecmc.state.co.us	CO well production records	303-894-2100 ¹⁷
EnergyNet	energynet.com	Mineral-rights auction marketplace	877-351-4488 ¹⁷
Crowdstreet	crowdstreet.com	Accredited syndication marketplace	888-432-7693 ¹¹
RealtyMogul	realtymogul.com	Syndications + non-traded REITs	877-781-7062 ¹¹
Fundrise / Yieldstreet	fundrise.com / yieldstreet.com	Retail private REIT / accred. deals	web/email ^{9,16}
MySolo401k.net	mysolo401k.net	Self-directed Solo 401k checkbook	800-489-7571 ¹⁰
Rocket Dollar	rocketdollar.com	Self-directed Solo 401k / IRA	855-762-5383 ¹⁰
Equity Trust	trustetc.com	SDIRA for real estate & minerals	855-673-4721 ¹⁰



MAYA THE MINERAL RIGHTS KID

"If a stranger in a pickup truck wants to give you money, slow down and read everything twice."

THE TRAP

"Guaranteed 12% returns."

SEC Rule 10b-5 forbids guarantees in any private-offering pitch. The product is a deposit (FDIC-insured), a Treasury, or a fraud — pick. Report to the SEC at **800-732-0330** or FTC at **877-382-4357**.¹

ACTION PLAN · 30 DAYS

Six dated steps. One month. One real decision.

Tear this page out. Tape it to the fridge. By day 30, you will either have placed your first alt position or written down what would have to be true to do it later. Both are wins.

- DAY 1-3** **Confirm accreditation status.**
Pull last two years of tax returns. Compute net worth excl. main home. Compare against Rule 501: \$1M net worth or \$200k/\$300k income.⁵
-
- DAY 4-7** **Pick ONE alt path for the next 12 months.**
(a) Public REIT (VNQ) — anyone. (b) Fundrise — non-accredited. (c) Mineral / royalty — patient long-hold. (d) Real estate syndication — accredited only. Write the choice on one page.^{9,16}
-
- DAY 8-14** **Set up the wrapper.**
Solo 401k: MySolo401k.net (**800-489-7571**) or Rocket Dollar (**855-762-5383**). SDIRA: Equity Trust (**855-673-4721**). Standard Roth/IRA for VNQ only: Vanguard, Fidelity, or Schwab.¹⁰
-
- DAY 15-21** **Read one full PPM.**
Get a Reg D 506(b) or 506(c) deal you have access to. Read every page including risk factors and the LP agreement's Subsequent Capital Contributions clause. Do not invest yet.¹¹
-
- DAY 22-26** **Verify the sponsor.**
Search SEC EDGAR Form D filings; FINRA BrokerCheck (**800-289-9999**) every named principal; ask for a full track record including loss deals; if anything is opaque, walk.^{6,7}
-
- DAY 27-30** **Decide.**
Place a small starter position (VNQ, Fundrise, or a verified syndication LP check) — OR — write down what would have to be true to invest later. Calendar a 90-day review.

**MAYA SAYS**

"Day 31 = your first PPM read."

The first month is research, not wires. The second month is the wire — if and only if days 22-26 came back clean.

\$0

COST TO VET

SEC EDGAR, FINRA BrokerCheck, IRS Pub 535/550/560 — every tool here is free.

GLOSSARY

Twelve terms every alt investor must own.

If a sponsor uses a word from this list and you cannot define it back to them, slow down. Plain English first; jargon second.

Accredited Investor

SEC Rule 501: \$1M+ net worth (excl. main home), or \$200k/\$300k income for two years, or a Series 7/65/82 license.⁵

Mineral Rights

Ownership of subsurface resources (oil, gas, coal, other minerals), separable from surface rights and inheritable.⁸

Working Interest

A share of oil/gas production AND its operating costs & capex. Owners are operators. Triggers UBIT inside retirement accounts.^{10,15}

Royalty Interest

A share of oil/gas production with no operating costs deducted. UBIT-exempt under IRC §512(b)(2).^{10,15}

Decimal Interest

Your fractional share of a well's revenue, computed (net mineral acres ÷ unit acres) × royalty rate, expressed to 8 decimals on the division order.⁸

Lease Bonus

One-time per-acre payment from an operator for the right to drill (typically \$100-\$5,000+/net mineral acre).⁸

JOBS Act (2012)

The federal law that legalized public advertising for Reg D 506(c) accredited offerings and created Reg A+ and Reg CF.¹¹

Reg D 506(b)

SEC private-offering exemption. Up to 35 sophisticated non-accredited + unlimited accredited. No public ads.¹¹

Reg D 506(c)

SEC private-offering exemption. Accredited only; public ads allowed; sponsor must verify status.¹¹

Lock-up Period

The window during which an LP cannot redeem capital. Syndications: 5-7 years. PE: 10 years. Fundrise: quarterly with penalty.^{9,11,14}

PPM

Private Placement Memorandum — the disclosure document for a Reg D offering. Read every page, including risk factors.¹¹

K-1

Schedule K-1 (Form 1065) — the partnership income/loss/credit statement passed through to LPs. Almost always arrives late; plan to file an extension.⁹

Capital Call

A demand from a GP for additional capital. Refusing usually causes dilution or wipe under the LP agreement.¹¹

UBIT / UDFI

Unrelated Business Income Tax / Unrelated Debt-Financed Income — taxes on operating or leveraged income earned inside a tax-exempt account. Trust rates up to 37%.¹⁵

Solo 401k

One-participant 401k for self-employed. 2026 cap: \$70,000 (\$77,500 with age-50 catch-up). Self-directed versions can hold real estate, minerals, private debt.^{9,10}

Self-Directed IRA (SDIRA)

An IRA at a custodian that allows non-traditional assets. Subject to the same prohibited-transaction rules.¹⁰

FAQ · CROSS-REFS · CITATIONS

Six questions, the next book, and where every number came from.

FAQ

1. Do I have to be accredited to invest in any alts?

No. Public REITs (VNQ), commodity ETFs (DBC, GSG), and Fundrise (a non-traded REIT registered with the SEC) are open to all. Most syndications, PE/VC, and Reg D 506(c) deals need accredited status. [5,9,12](#)

2. How much of my portfolio should be in alts?

Endowment portfolios run 30-60%. Bogleheads run 0%. For most FlexLifeFi readers (\$250k-\$2M net worth), 5-25% — dominated by real estate (Book 03). Don't size alts based on a podcast pitch. [2,18](#)

3. Are mineral rights worth buying if you didn't inherit them?

Sometimes. Producing minerals at 3-5x trailing 12-mo royalty, in a basin with active rig count, can yield mid-single-digit cash-on-cash plus optionality. Non-producing minerals are closer to lottery than investment. [3,8,17](#)

4. What's the difference between a royalty interest and a working interest?

Royalty = a share of production with no operating costs charged. Working = a share of production AND a share of operating costs/capex. Working interests trigger UBIT inside retirement accounts. [10,15](#)

5. Why does my Schedule K-1 always arrive late?

Partnerships file Form 1065 by March 15 but most extend to September 15. Plan to file your personal taxes on extension if you hold any LP interests. Cross-ref Book 09 — 1099 Wealth Guide for partnership tax mechanics. [9](#)

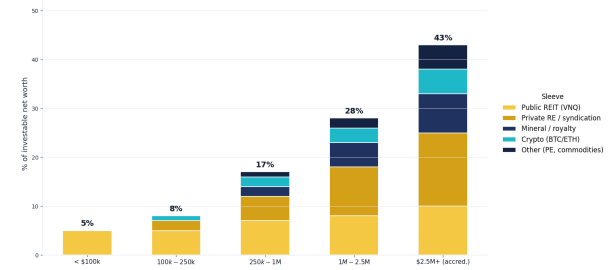
6. What's the cleanest first alt for a household with \$100k invested?

VNQ in a Roth IRA. \$1k-\$5k. 0.13% expense, daily liquidity, indexed exposure. Add private alts only after you have read every line of one PPM and walked away from at least three deals. [12](#)

1. U.S. SEC, Office of Investor Education. Investor Bulletin: Private Investments / Alternative Investments. investor.gov/introduction-investing (2024-2026).

2. CFA Institute. Alternative Investments — REITs, Private Equity & Real Assets. cfainstitute.org/research/foundation/alternative-investments (2025).

Suggested alt-allocation range by household tier



Suggested alt-allocation ranges by net-worth tier. 5-15% is typical; 25-40% is endowment-style — only after the basics are in place. [2,18](#)

READ FIRST

Book 03 — Real Estate FI

The rental engine that anchors most alt portfolios. Read 03 before sizing private syndications.

READ NEXT

Book 10 — Retirement Guide

Solo 401k contribution mechanics; how alts fit inside the broader retirement plan. [9,10](#)

3. U.S. Energy Information Administration. Royalty Owner Resources; Shale Production & Decline. eia.gov / 202-586-8800 (verified 2026-04-25).

4. FRED, Federal Reserve Bank of St. Louis. S&P 500 Real Total Return; Bloomberg Agg. fred.stlouisfed.org (2026).

5. U.S. SEC. Accredited Investor — Rule 501 of Regulation D. sec.gov/education/capitalraising/building-blocks/accredited-investor; 800-732-0330 (verified 2026-04-25).
6. FINRA. BrokerCheck. brokercheck.finra.org; 800-289-9999 (verified 2026-04-25).
7. U.S. SEC. EDGAR — Form D Filings (Reg D 506). sec.gov/edgar (2026).
8. Texas Railroad Commission. Oil & Gas Lease Royalty Rates and Production Records — Permian. rrc.texas.gov; 512-463-6788 (verified 2026-04-25).
9. U.S. IRS. Pub 535 (Depletion); Pub 550 (Investment Income); Pub 560 (Solo 401k); Schedule E. irs.gov; 800-829-4933 (verified 2026-04-25).
10. U.S. IRS. Retirement Topics — Prohibited Transactions (IRC §4975); Pub 590-A/B. irs.gov/retirement-plans (2026). Custodians: MySolo401k.net 800-489-7571; Rocket Dollar 855-762-5383; Equity Trust 855-673-4721 (verified 2026-04-25).
11. U.S. SEC. Rule 506 of Regulation D; JOBS Act. sec.gov/education/smallbusiness/exemptofferings/rule506 (2026). Crowdstreet 888-432-7693; RealtyMogul 877-781-7062 (verified 2026-04-25).
12. Vanguard. VNIQ — Vanguard Real Estate ETF Fund Profile. investor.vanguard.com/investment-products/etfs/profile/vniq — expense ratio 0.13% (2026).
13. U.S. IRS. Notice 2014-21 — Virtual Currency Treated as Property; FAQs on Digital Asset Transactions. irs.gov (reaffirmed annually).
14. U.S. SEC. Investment Company Act §2(a)(51) — Qualified Purchaser. sec.gov (2026).
15. U.S. IRS. Pub 598 — Tax on Unrelated Business Income (UBIT/UDFI). irs.gov/publications/p598 (2026).
16. Yieldstreet, Fundrise. Pricing, Fees & Performance disclosures. yieldstreet.com/how-it-works; fundrise.com/pricing (2026).
17. EnergyNet, EnergyFunders, Colorado ECMC. Mineral marketplace and CO well production data. energynet.com (877-351-4488); energyfunders.com; ecmc.state.co.us (303-894-2100) (verified 2026-04-25).
18. Yale Investments Office. Endowment Annual Report. investments.yale.edu (2024). Bogleheads. Three-Fund Portfolio. bogleheads.org/wiki (2026).

Diversify. Minerals. Syndications.

Three phases. One sleeve. The same federal rules used the bureau-direct way — SEC EDGAR, FINRA BrokerCheck, IRS Pub 535, all free. The slice that lets a portfolio reach the income streams the index funds simply cannot touch.

Confirm accreditation. Pick the path. Read one PPM. Verify every sponsor. Place a small starter position — or write down what would have to be true to do it later. Calendar a 90-day review.

"We didn't wait for retirement to start living."

Educational content only — not financial, investment, tax, or legal advice. Consult qualified professionals before making financial decisions. Individual results will vary. Alternative investments involve significant risk including total loss of principal, illiquidity, leverage risk, regulatory risk, fraud risk, valuation risk, and concentration risk. Mineral rights and oil/gas royalty income are subject to commodity price risk, depletion, and operator risk. Self-directed retirement accounts are subject to prohibited-transaction rules under IRC §4975 — violations can disqualify the entire account. URLs and phone numbers verified 2026-04-25 and may change after publication.