

Really Take Charge of Your IRA Investments

with Self-Directed IRAs

By Scott Reed
Invest. Here. Now.
<http://invest-here-now.org>

Investing Locally

- Investment prospects
 - Equity investments in local businesses
 - Loans to local businesses
 - Loans to community investment programs
 - Savings, CDs in local banks and credit unions
- Funds
 - Use your savings
 - Use your retirement funds

Our Retirement Funds

- Total US Household Financial Assets: 50 Trillion \$
- Total Retirement Fund Assets: 18 Trillion \$
- Total IRA Assets: 5 Trillion \$

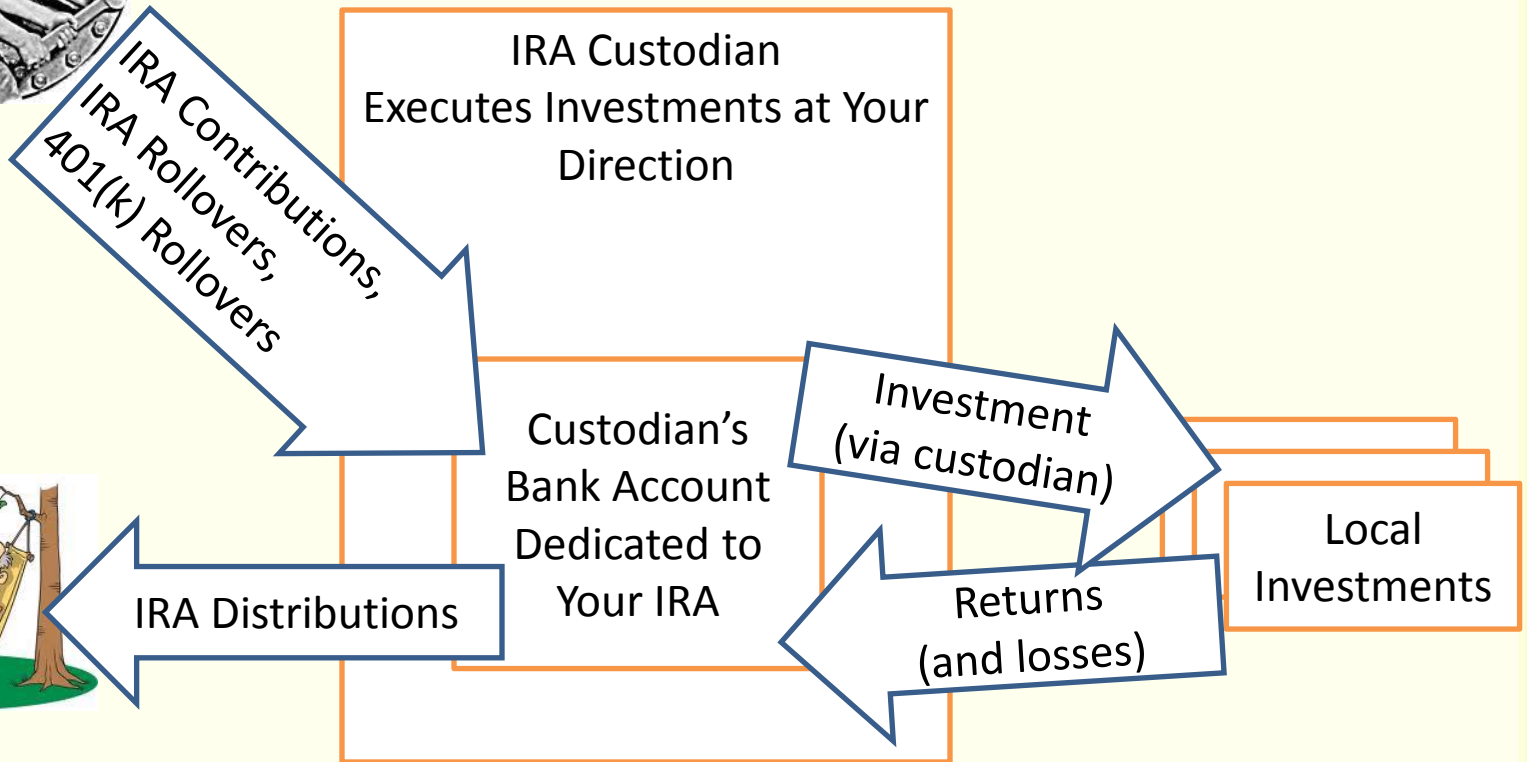
- Median Household Net Worth: \$120,000
- Guesstimated Household IRA Assets: \$12,000

- Households in 3 Pioneer Valley Counties: 270,000
- Guesstimated Valley IRA Assets: 3 Billion \$

Self-Directed IRAs

- Have the same tax implications and contribution limits as other IRAs
- Come in same flavors as other IRAs (Traditional, Roth, SEP, SIMPLE, ...)
- Are offered by IRS approved “IRA custodians”
 - Custodian’s main job is to make sure you follow IRS laws and regulations
 - You sign a waiver that indemnifies the custodian in the event your IRA investments fail
- Can be funded by
 - Transferring existing IRA funds
 - Standard annual contributions
 - Rollovers from 401(k) or other employer retirement plans

How Self-Directed IRAs Work



Self-Directed IRA Investments

- All the same Wall Street type investments you can make with other IRAs
- *Plus* anything else you wish as long as you and your family are not the immediate beneficiaries of the investments
 - Direct local business loans & equity investments
 - Indirect local or semi-local investments through institutional community investment programs
 - Many others, especially real estate, even personal loans to unrelated people
- **Except,**
 - No life Insurance
 - No collectibles (except certain coins)

“Checkbook” IRA

- Your self-directed IRA purchases a specially created Limited Liability Corporation (LLC)
- You control the LLC
 - Write LLC checks to make investments
 - Execute agreements on behalf of the LLC
- Low annual fee (~\$150), often no transaction fees, large start up fee (~\$2k)
- Useful for transactions that need speed
- More opportunities for owner to screw up
- Opinions vary as to compliance with IRS regs

Direct Loans and Share Purchases with Local Businesses

- The IRA custodian executes a promissory note, loan agreement, or share purchase on your behalf
 - You provide the paperwork
 - The custodian signs it “for the benefit of” you
 - Or if you have a checkbook IRA, you execute the documents as an officer of your account’s LLC
- It’s your responsibility to ensure the investment is sound
 - Based on your own business knowledge and your relationship with the business operators
 - Consult business experts (\$\$\$)
 - Work with a group of investors who share the cost of experts

Invest with Community Investment Programs

- You loan your IRA funds to a community investment program
 - E.g. Common Capital, Cooperative Fund of New England, Equity Trust
 - Fixed rate and fixed term (e.g. 2% for 5 years)
- The programs find and vet low risk investments
- The programs reserve funds to secure your loan

Online Resources

- **SelfDirectedIRA.NuWireInvestor.com**
 - Comprehensive list of self-directed IRA custodians
 - IRA custodian details (contact info, account types, links to web sites, some fee info)
- **L2020.org/LION** (Local Investment Opportunity Network)
 - Local investor collaboration model started in WA
- **Invest-Here-Now.org**
 - Opportunities for collaboration on investing locally
 - Links to online, self-directed IRA resources

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Retirement Assets' Share of Household Financial Assets

