The Entrust Group

Investing in Precious Metals with a Self-Directed IRA

Frequently Asked Questions

www.TheEntrustGroup.com

Investing in precious metals can offer a hedge against market downturns and the potential for capital appreciation.

When combined with the tax advantages of a self-directed IRA (SDIRA), precious metals may become an even more powerful strategy for building your retirement portfolio. With an SDIRA, you gain the freedom and flexibility to diversify beyond traditional stock market investments, exploring alternative assets like gold, silver, platinum, and palladium.

To help you make the most of this opportunity, we've answered 25 of the most frequently asked questions about investing in precious metals with an SDIRA. From understanding the rules to maximizing your returns, this guide is designed to give you the confidence and knowledge you need to grow your retirement savings.

1 Is a precious metals IRA different from a self-directed IRA?

Technically, there's no such thing as a "precious metals IRA." This term is often used for marketing purposes to highlight that you can invest in precious metals within your IRA. The correct account type is a self-directed IRA (SDIRA).

A self-directed IRA allows you to invest in a wide range of alternative assets, including precious metals, as well as real estate, private equity, and more.

When you invest in precious metals through an SDIRA, you retain full control over the investment process. You choose the specific precious metals to purchase, the dealer you want to work with, and the depository where your metals will be securely stored.

This gives you the flexibility of self-directed investing while still enjoying the tax advantages of a traditional or Roth IRA.

2 Why invest in precious metals with an IRA?

Precious metals investments may offer portfolio diversification, a hedge against inflation, and potential protection during economic downturns.

3 Which precious metals are allowed in an IRA?

Precious metals can be held in your IRA in the form of physical gold, silver, platinum, and palladium bullion products. The precious metals allowed in an IRA must meet the below minimum fineness requirement:

- Gold – 99.5%
- Silver – 99.9%
- Platinum – 99.95%
- Palladium – 99.95%

4 Can I hold other types of investments in a precious metals IRA?

Yes, because a "precious metals IRA" is really just a self-directed IRA. When you set up an IRA with Entrust, you can invest in virtually any asset the IRS allows.

5 Can I buy the precious metals myself?

No, you cannot buy the precious metals yourself if you intend to hold them in an SDIRA. You must work with an SDIRA provider, a precious metals dealer, and a precious metals depository.

The IRS prohibits individuals from taking personal possession of IRA-held assets, including precious metals. Doing so would be considered a distribution, making the value of the metals taxable and possibly subject to penalties if you're under 59½ years old.

However, you can still purchase precious metals with your personal funds outside of your IRA. Just remember that **personal assets and IRA assets cannot commingle**. Metals purchased with your personal funds cannot be stored in the same depository account as IRA-held metals, nor can they be recorded as part of your IRA holdings.

Keeping these assets completely separate is critical to maintaining the tax-advantaged status of your IRA.

6 Can I use funds from my existing IRA or previous employer plans to invest?

Yes, you can use funds from an existing IRA or a previous employer's retirement plan, such as a 401(k), to invest with Entrust. Simply transfer or roll over the funds into your self-directed IRA, giving you the flexibility to invest in alternative assets.

7 What is the process for investing in precious metals through an SDIRA?

Investing in precious metals through a self-directed IRA at The Entrust Group is fairly simple. Here's a step-by-step-guide:

Open a Self-Directed IRA: Open an account online in under 10 minutes here.

Fund Your Account: Move funds into your SDIRA via transfer, rollover, or contribution.

Choose a Precious Metals Dealer: Do your due diligence to select a reputable precious metals dealer.

Choose a Depository: Select from one of the precious metals depository companies we work with.

Buy the Metals: Submit the following documents to Entrust:

- **Precious Metals Buy Direction Letter**: Specifying the metals you want to purchase.
- **Dealer Invoice**: A detailed bill from the precious metals dealer.
- **Depository Holdings Election Form**: Indicating where your metals will be stored.
- **Entrust Processes the Transaction**: Entrust wires funds to the precious metals dealer. Entrust sends the dealer a notification confirming payment and the depository information. The depository audits the shipment upon arrival. Entrust reviews the depository's audit and reconciles it with the dealer's invoice. Finally, the metals are officially recorded in your Entrust account.

8 Does The Entrust Group work with any dealers or depositories?

The Entrust Group is not licensed as a metals broker or dealer, nor are we directly affiliated with any precious metals dealers. However, at your request, we can provide a list of dealers that our clients frequently work with. While this list is not exhaustive, it may serve as a helpful starting point for those looking to invest in precious metals

We do work with a few select precious metals depositories, found here. Please note that if you invest in precious metals with Entrust, you must use one of the depositories we already work with.

9 How do I choose a precious metals dealer?

Again, please note that Entrust is not directly affiliated with any precious metals dealers. While we cannot recommend a precious metals dealer, here are some key considerations to help you make the right decision:

Reputation and Credentials: Look for a dealer with a solid reputation, positive customer reviews, and credentials from respected industry organizations.

Transparent Pricing: Choose a dealer who is upfront about their pricing, including premiums, commissions, and any other fees.

Selection of Metals: Make sure the dealer offers a wide selection of metals, such as gold, silver, platinum, and palladium bullion. The metals must meet specific purity standards to be eligible for a self-directed IRA.

Experience with IRAs: If possible, select a dealer who has experience working with self-directed IRAs. They should understand IRS regulations and ensure compliance with IRA guidelines.

Secure Shipping and Storage: They should have a process in place to ensure that your metals arrive safely at a precious metals depository.

10 Why do I need a custodian to hold precious metals in my IRA?

Section 408(a) of the Internal Revenue Code mandates that IRAs be established and maintained by a trustee or custodian for proper administration and compliance. Further, Section 408(h) outlines that an approved custodian or similar entity is responsible for administering the IRA and executing transactions.

11 In a precious metals IRA, do I own the physical metals?

In a precious metals IRA, the physical metals are owned by your IRA, not you personally. This arm's length relationship between you and the IRA is what allows the assets to grow tax-deferred or tax-free.

12 Can I take personal possession of the precious metals?

Only if you'd like the precious metals assets to lose their tax-deferred or tax-free status.

Of course, you can take what's called an in-kind distribution by taking possession of the precious metals, transferring the metals directly to you. Keep in mind:

- The assets will lose their tax-advantaged status, potentially triggering a hefty tax bill.
- If you're under 59½, the distribution may also incur an early withdrawal penalty.
- While the metals remain in your IRA, they must be stored in a precious metals depository to preserve the tax-advantaged status of your account.

13 What's the difference between allocated and segregated storage?

When choosing a depository for your metals, you'll need to choose what type of storage you want: allocated or segregated.

Allocated storage, also known as non-segregated or commingled storage, involves commingling the metals with assets owned by other investors. Account holders are assured of receiving metals of the same types, weights, and years/hallmarks as their original deposits, though may not receive the **exact** metals they deposited. This type of storage is more convenient for the depository and generally incurs lower costs.

On the other hand, **segregated storage** refers to keeping metals separated from those owned by other investors. While this option generally comes with higher costs, account holders are guaranteed to receive the exact metals they originally deposited.

14 Should I invest in precious metals with a traditional or Roth SDIRA?

Only you can make that decision. Though, remember to consider these factors when making your decision:

TRADITIONAL SDIRA

Tax-Deferred Growth: Contributions are typically tax-deductible, meaning you'll save on taxes now. However, withdrawals in retirement are taxed as ordinary income.

Typically Ideal For: Individuals who expect to be in a lower tax bracket during retirement, as this allows them to defer taxes and potentially pay less in the future.

ROTH SDIRA

Tax-Free Growth: Contributions are made with after-tax dollars, but withdrawals in retirement (including gains) are entirely tax-free, provided certain conditions are met.

Typically Ideal For: Individuals who anticipate being in the same or higher tax bracket during retirement, as this allows them to lock in today's tax rates and avoid taxes on future growth.

For more information, check out our full blog post, Tax-Deferred vs Tax-Free: How to Pick the Right Plan.

15 Are there risks involved with investing in precious metals?

Absolutely, all investments entail risk and precious metals are no exception. Some potential risks of precious metals investments include liquidity challenges, storage costs, and fluctuations in demand and pricing.

16 Can I contribute bullion or coins I already own into my precious metals IRA?

No, you cannot contribute bullion or coins you already own into a precious metals IRA. The IRS rules prohibit the direct transfer of personal assets into a retirement account.

17 Are precious metals certificates allowed?

No, The Entrust Group does not allow precious metals certificates.

18 What fees are involved with opening a precious metals account with Entrust?

At Entrust, we have designed our fees to adapt to every type of investor. Whether you invest $20,000 or $2,000,000 in a self-directed account, our fees are scaled to match the complexity of administering your account and make sure you have quality service and access to SDIRAs at a reasonable price.

Here are our four main fee types:

Account Establishment Fee: A one-time fee required to open your self-directed IRA account.

Annual Recordkeeping Fee: This covers the ongoing work to keep your account in compliance, including IRS reporting, recordkeeping, and administrative services.

Asset Purchase and Sale Fees: These are one-time fees for the paperwork and processing involved when you buy or sell an asset through your IRA. However, these fees do not apply to the purchase or sale of precious metals. They only apply to transactions involving real estate, private equity, promissory notes, and other alternative assets.

Transaction Fees: These one-time fees apply to specific transactions like issuing paper checks, processing stopped checks, or handling expedited requests.

Estimate your annual recordkeeping fees by using our fee calculator.

Note: In order to hold precious metals within an IRA, the precious metals must be held by a depository. Most depositories charge their own recordkeeping and maintenance fees billed on an annual or quarterly basis. These fees are passed to The Entrust Group, which then bills them to the client as pass-through fees. Once the client pays, The Entrust Group forwards the payment to the depository on the client's behalf.

19 Does it cost more to invest in one precious metals asset compared to multiple precious metals types?

Yes, at The Entrust Group, a single asset type results in a base annual recordkeeping fee of $199 per year while multiple asset types results in a base annual recordkeeping fee of $299 per year.

In general, each unique combination of metal, form, and hallmarks is treated as a distinct asset type. Note that you can hold multiple units of the same precious metals asset and still only be invested in one precious metals asset type.

For example, if an account holds multiple 2019 Gold American Eagle (1 oz) coins, it is considered to hold one type of precious metals asset, regardless of the number of coins held.

However, an account would be considered to hold three asset types if it includes multiple 1998 Gold American Eagle (1 oz) coins, multiple 2019 Gold American Eagle (1 oz) coins, and multiple 2019 Platinum Australian Koala (1 oz) coins.

20 Are there processing fees each time I buy or sell metals within my SDIRA?

No, The Entrust Group does not charge a general processing fee for each purchase or sale of precious metals within your IRA. However, there are optional fees based on specific services:

- A $30 wire transfer fee applies if the client chooses to use a wire transfer for payment.
- A $150 **expedited** review fee applies if the client requests their transaction to be prioritized and moved to the front of the queue.

Keep in mind that precious metals dealers and depositories may have their own fees for services such as purchasing, selling, shipping, or storing your assets. It's important to inquire about these costs while conducting your due diligence to fully understand the total expenses involved.

21 Can Entrust coordinate the metals purchase for me?

No, The Entrust Group is not licensed as a precious metals broker or dealer, nor are we licensed as financial advisors. Therefore, we cannot directly coordinate the purchase of precious metals due to the self-directed nature of these accounts. This means that, as the account holder, you're responsible for choosing the dealer, negotiating the purchase price, and deciding which types of metals you want to invest in. Entrust will process the transaction after you provide the necessary details and instructions.

22 Can I pay the precious metals dealer and depository fees with my personal funds?

Yes, recordkeeping and storage fees can be paid using personal funds or a credit card.

23 How do I track the value of the precious metals in my IRA?

The value of the precious metals in your IRA is directly linked to the daily spot price of gold, silver, platinum, or palladium. To determine the current value of your IRA-held metals, check the latest spot prices on various dealer websites. This allows you to assess their current market value and compare it to your purchase price to evaluate any potential gains or losses.

24 How do I liquidate the metals in my IRA to meet required minimum distributions (RMDs)?

You have two primary options for liquidating metals to meet RMDs:

- **Sell the Metals**: Sell enough of your precious metals to meet your RMD requirement. The proceeds from the sale will be distributed to you in cash.
- **Take an In-Kind Distribution**: Distribute the physical metals directly from your IRA to yourself. The market value of the metals at the time of the distribution will count toward your RMD.

25 What happens to the metals in my IRA if I pass away?

If you pass away, the precious metals in your IRA will transfer to the beneficiaries you designated for the account. If you did not name a beneficiary, the account will typically become part of your estate. This can result in additional steps involving probate court and/or the loss of the contents of the IRA if it remains unclaimed.

For more information on designating your beneficiaries, browse our Legacy Planning Guide for IRA Holders and Their Beneficiaries.

Still Have Questions About Investing in Precious Metals with Your IRA?

Download our Precious Metals IRA Guide

Talk to an Expert

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