

Self-Directed IRAs 101: Master the Basics





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All information and materials are for educational purposes only. All parties are encouraged to consult with their attorneys, accountants and financial advisors before entering into any type of investment.

Agenda

- 1 Defining Self-Directed IRA & Key Roles
- 2 Permitted vs. Restricted Investments
- 3 Disqualified Persons & Prohibited Transactions
- 4 Benefits vs. Risks
- 5 Account Comparison & Common Investment Strategies
- 6 How to Get Started
- 7 Q&A

Meet Your Presenter

Bill Neville

Business Development Manager at The Entrust Group



10

Years at Entrust



Educating investors and professionals on tax-preferred retirement accounts



B.S. in Finance from Penn State University

About Entrust



\$4B

Assets Under
Administration



22k

Active
Accounts



40

Years of
Service



1

Point of
Contact

About Entrust



- Self-Directed IRA administrators
- Knowledgeable staff with CISP designations
- Nationwide offices
- In-person events and virtual webinars
- National Continuing Education program for other credentials
- Bi-annual IRA Academy

What is a Self-Directed IRA?



A retirement account in which the individual investor is in charge of making all investment decisions



Greater opportunity for asset diversification outside of traditional stocks, bonds, and mutual funds



All securities and investments are held in a retirement account administered by a regulated custodian or trustee

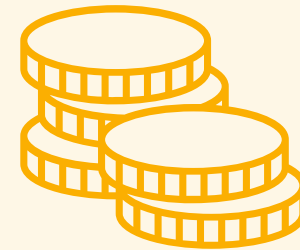
Defining the Key Roles



IRA Holder



**Custodian/
Recordkeeper**



IRA

Plans for Individuals

**Traditional
IRA**

**Roth
IRA**

**Education
Savings
Account
(ESA)**

**Health
Savings
Account
(HSA)**

Small Business Plans

**Individual
401(k)**

**Savings
Incentive Match
Plan for
Employees
(SIMPLE) IRA**

**Simplified
Employee
Pension
(SEP) IRA**

What You Can Invest In



✓ Real estate

- Commercial, residential, multi-unit, developed and undeveloped land, etc.

✓ Private equity/Private placements

- LLCs, LPs, joint ventures, start ups, crowdfunding

✓ Private lending

- Secured or unsecured notes

✓ Precious metals

- Gold, silver, palladium, etc.

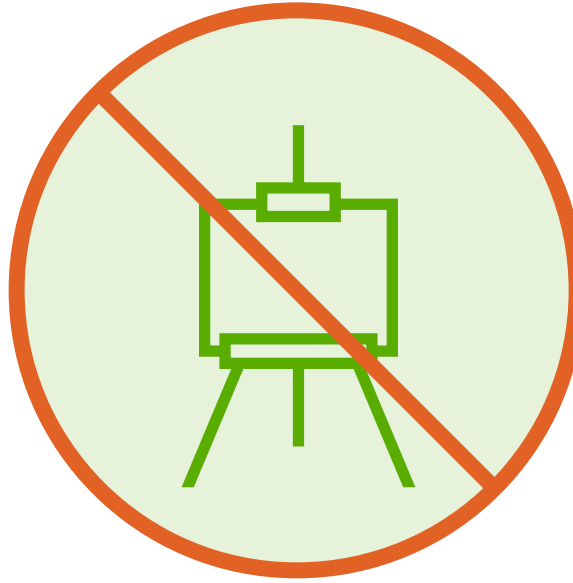
✓ Cryptocurrency

✓ And much more

Investments Restrictions



Life Insurance



Collectibles



S Corporations

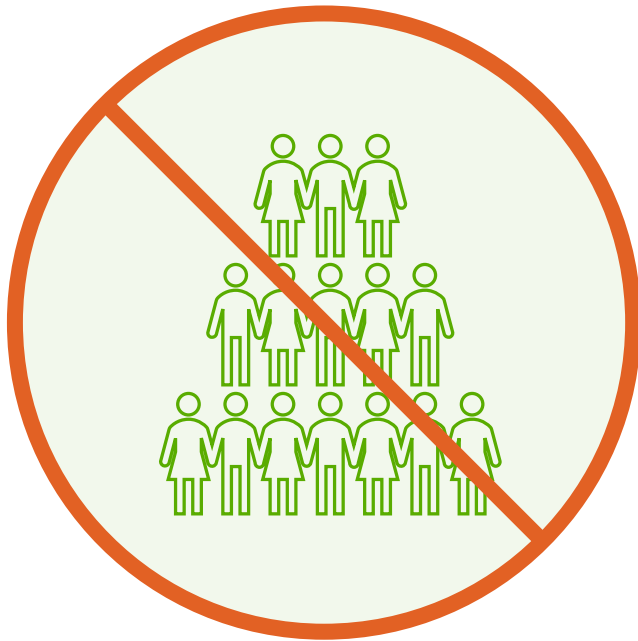
What is a Prohibited Transaction?

- Any improper use of your IRA by you, your beneficiary, or any disqualified person (*IRS Publication 590*)
- No Self-Dealing/'must be arm's length' transactions
- Prohibited transactions can be direct or indirect

Acceptable Transactions

- ✓ Partnering with yourself on a new deal
- ✓ Partnering with your cousin
- ✓ Partnering with your spouse on a new deal
- ✓ Leasing the property to your siblings

Learning The Rules: Disqualified Persons

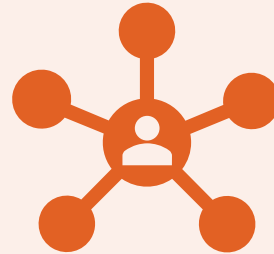


- **You**
- **Your Spouse**
- **Your lineal descendants and their spouses**
- **Your lineal ascendants**
- **A beneficiary of the IRA**
- **Any corporation, partnership or estate that you (or any disqualified person) have at least a 50% stake in**
- **Your trustee, custodian, or anyone providing services to the IRA**

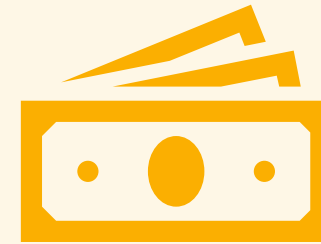
Benefits of Self-Direction



Take Control



Diversification



Tax Benefits

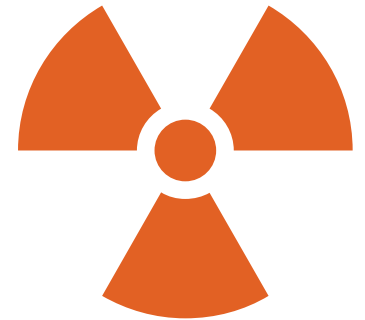
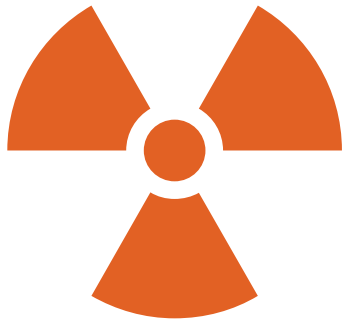
Remember: Risk is Always Involved

More reward = More risk

Losing IRA tax qualified status

Prohibited transaction penalties

Poor maintenance can be costly



Consult your tax or financial advisor before entering into any transaction.

Purchasing Assets: A Wealth of Options

Direct Purchase

- Vesting must read:
The Entrust Group Inc. FBO [Client name] IRA [account #]
- Subscription Agreement must be signed by Entrust
- Client will sign as “read and approved”
- All dividends and capital flow into, and out of, the IRA

Partnering

- Identify partner (personal funds and/or other IRAs)
- Combine your IRA fund with your partner’s funds for investment
- All income and expenses (on a proportionate basis) from the property flow in and out of your IRA

Purchasing Assets: A Wealth of Options

Single-Member LLC

- Designate member of LLC: **The Entrust Group Inc. FBO [Client name] IRA [account #]**
- Assets will be titled in the name of the LLC instead of you. Your IRA owns the LLC, not you
- Expenses and income flow into and out of the LLC

Leveraging

- IRAs can leverage (non-recourse loan) to purchase real estate
- if the borrower (IRA), defaults the lender can seize only the collateral
- Be aware of UBIT and UDFI
- Get a list of non-recourse lenders at:
www.theentrustgroup.com/investments/real-estate/strategies/non-recourse-loans

Getting Started with a Self-Directed IRA

- 1 Open SDIRA** Research Self-Directed IRA custodians, identify which one best meets your criteria, and open an account
- 2 Fund SDIRA** Fund your IRA via a transfer, rollover or contribution
- 3 Identify Investment** Define your preferred investment strategy and complete market research
- 4 Complete Due Diligence** Review all available investment information, vet key stakeholders, and audit with professionals if needed
- 5 Make & Maintain Investment** Expenses & income must flow in & out of your IRA

What's Next?



Upcoming Webinar: Decrypting Cryptocurrency

➡ Register today & join us on July 14!



Want to learn something new?

➡ Let us know in the survey as you leave



Need more information on SDIRAs?

➡ Visit our website and Learning Center



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Time for Questions



Stay Connected



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“

Education is the passport
to the future, for tomorrow
belongs to those who
prepare for it today.

- *Malcolm X*

