



MARIA TRIANTOS

Midwest Regional Manager

Maria.triantos@securitytrustcompany.com

630 215-9005

Use your IRA to Invest in Real Estate

301-665-2830

www.securitytrustcompany.com



Security Trust Company

- Security Trust Company is a retirement plan administrator only and does not provide legal, tax, or investment advice.
- Security Trust Company is not a registered investment advisor and does not represent or sell securities or investments of any kind.
- Security Trust Company does not represent or endorse any investment opportunities that other speakers at this event may introduce to you.
- You should consult with your legal, tax and investment advisors prior to making any investments.

301-665-2830

www.securitytrustcompany.com

Industry Facts...

- What is a Self-directed IRA?
 - **Self-directed** means that the IRA owner chooses their IRA's investments
 - (For example, choosing to invest in **non-traditional** assets like Real Estate)
 - **Self-directed** means **YOU** manage your IRAs investments
- Did you know?
 - The self-directed industry is growing at 40% annually
 - 60%-70% of self-directed investments are real estate

History...

- Is this legal?
 - Employee Retirement Income Security Act
 - ERISA enacted in 1974
 - Created IRAs and investment parameters
 - **Self-direction** allowed from the beginning
- Why haven't I heard about this before?
 - Brokerage community & mutual funds
 - 98% of all IRA assets in products that Wall Street sells
 - Bull market

IRA Facts

- More than \$14 trillion invested through IRA's
- Growing by \$200,000,000,000 per year
- 4,000 rollovers to IRA's each day
- First Baby Boomers reached retirement age in 2006
- Boomer rollovers will add trillions more to IRA's
- 44% of U.S. individual wealth is in real estate
- Only 2% of IRA assets are invested in real estate

301-665-2830

www.securitytrustcompany.com

Why an IRA?

THE BASICS...

- **Priorities...Purpose ...Goals**
- **Money IDEAS**
- **Get your thinking straight and get involved!**

301-665-2830

www.securitytrustcompany.com

Why a ROTH IRA?

- Do you qualify?

If Not, Prepare for a 2010/2011 Conversion.

- NO taxes in retirement (59 ½ and the account has been open for at least 5 years)
- No minimum Distributions at age 70 ½
- Continue to contribute after 70 ½

Pay taxes on the seed or the whole tree..?

Diversification

- Diversification is NOT investing in multiple versions of the same assets
- True Diversification allows you to invest in different assets such as:
 - Real Estate
 - Mortgages & Notes
 - Private Businesses
 - Brokerage Account

Benefit: Include Real Estate

- Why include real estate in your IRA?
 - Excellent long-term investment
 - Combines income with appreciation
 - Potential for increased returns using leverage
 - True portfolio diversification
 - Contrarian asset; real estate not correlated with the stock market
 - Real estate has outperformed S&P 500 index from 1973 through the first half of 2005

Plans that can be Self-Directed

- Traditional IRA
- Roth IRA
- SEP/SARSEP/SIMPLE
- 401k or 403b—prior employer and one-time rollover
- Annuities
- TSA – prior employer and one-time rollover
- Keogh
- Coverdell ESA
- Solo 401(k)

301-665-2830

www.securitytrustcompany.com

Guidelines - Why Security Trust?

- Administrative requirements
 - Annual valuation of IRA
 - Annual report to IRS (5498)
 - Books and records of the IRA Investment
 - State filings
 - Documents for your Tax returns

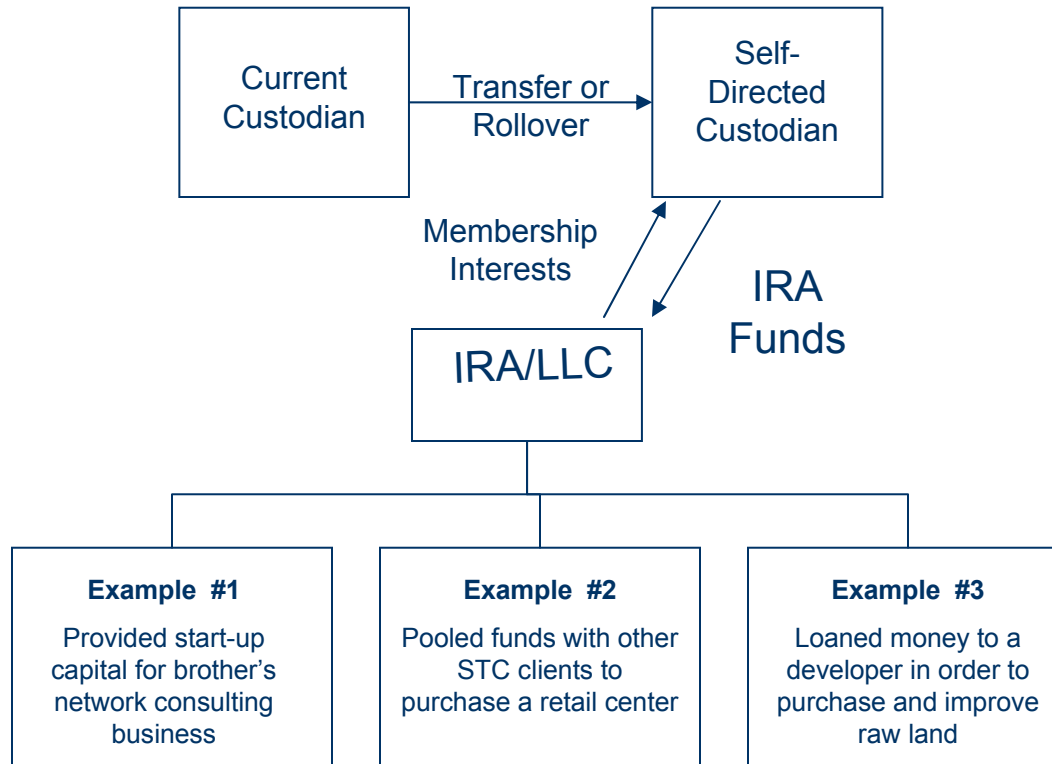
IRS Guidelines

- Prohibited assets
 - Life insurance contracts
 - Collectibles (rugs, works of art, stamps, coins)
- Prohibited transactions
 - IRA's meant to provide benefit only at retirement
 - Can't borrow from IRA
 - Can't pledge IRA assets to secure loan
 - Can't utilize credit or guarantee to obtain loan for IRA
 - Can't benefit any disqualified person

Guidelines

- Disqualified person
 - “You”
 - Family members
 - Ascendants
 - Descendants
 - Siblings OK
 - Company if you own greater than 50% of stock
 - Company if you are officer, director, HCE

IRA/LLC Structure



301-665-2830

www.securitytrustcompany.com

Who is Security Trust Company?

- Full service self-directed retirement administrator
- Establish self-directed structure
- Navigate complex rules and regulations
- Supervise regulatory reporting
- Oversee annual valuation
- Provide continuing education
- Offer a Simple fee structure

301-665-2830

www.securitytrustcompany.com

Facets of Security Trust Services

- Facilitate self-directed marketplace
 - Offer a menu of investment opportunities
 - Real estate
 - Mortgages/Notes
 - Private business
 - Legal advisors
 - Accounting and tax professionals
 - Networking events

301-665-2830

www.securitytrustcompany.com

Facets of Security Trust Services

- Establish IRA/LLC structure
 - Offers maximum flexibility
 - Provides asset protection that IRA alone does not
 - Checkbook Control over IRA funds
 - Immediate response to investment opportunities
 - Simplifies asset titling
 - Ease of pooling

301-665-2830

www.securitytrustcompany.com

 **SECURITY TRUST**
COMPANY *Unleash the Power of Your IRA*

Investment Example

- Property rehab and sale
 - Purchase price \$80,000 – ARV \$165,000
 - Property titled in LLC name
 - \$80 K from IRA - \$20K from IRA for Rehab costs
 - Hold Costs from IRA \$5000
 - Net \$60,000 on sale in 9 months
 - 65% return in 9 months

Investment Example

- Pooling to purchase apartment building
 - Purchase price \$1,000,000
 - \$200,000 needed for down payment
 - **4 Partners Needed**
 - **IRA money of \$50,000 each**
 - Form new LLC with 4 members,
each member owning 25% of the LLC
 - Non Recourse Loan secured for the balance
 - Plan Buy/5 year hold/expenses paid from cash flow
 - After 5 years - sells for \$1,200,000 after all expenses
 - Each partner has doubled their money in 5 years

Investment Example

- Investment Condos
 - Purchase 2 condos 100K each/ 200K
 - 100K used for down payment
 - 50% down with Non recourse 10 year loan
 - Mortgage/Taxes/Property Manager paid from cash flow of rental income
 - In 10 years – cash flow will be going to IRA
 - If over age 59 ½ , can disburse monthly income for living expenses in retirement and principal is still appreciating.
- GREAT for a ROTH account!**

How can Security Trust serve you?

Do you...

- want to open a self-directed IRA now?
- have clients, colleagues or potential investors who would be interested in self-directing their IRAs?
- need more information?
- **Check for Webinars on Website**

301-665-2830

www.securitytrustcompany.com

Checklist to set up Your Account

- ✓ Talk with your Security Trust representative
 - ✓ Discuss your investment objectives
- ✓ Get your questions answered
- ✓ Choose your account set-up
- ✓ Complete client set-up forms

301-665-2830

www.securitytrustcompany.com



Invest your IRA in Non-Traditional Assets

301-665-2830

www.securitytrustcompany.com

