



Self-Directed Retirement Accounts & 2010 Roth Conversions

**Security Trust Company
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Security Trust Company

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Self-Directed Retirement Accounts

● What is a Self-directed Account?

- You may choose any allowable type of asset
 - Includes non-traditional assets like real estate
 - Offers you true diversification
- You manage your retirement plan investments
- You have control

Types of Retirement Plans

- **Traditional IRA**
- **Roth IRA**
- **SEP/SARSEP/SIMPLE**
- **401 k – prior employer**
- **403 b – prior employer**
- **TSA – prior employer**
- **TSP – prior employer**
- **Keogh**
- **Solo 401(k)**
- **401(k) plans**



Some Investment Options

- **Single/Multi-family homes**
- **Vacation investment property**
- **Tax Liens**
- **Raw Land/Building Lots**
- **Commercial Buildings**
- **Real Estate Syndications**
- **Mortgages/Loans**
- **Private Business Investments**
- **Operating Businesses**
- **Foreign Currency/Options/Futures**
- **Stocks/Bonds/Mutual Funds**

Guidelines for Self-Directing

- **Administrative requirements**
 - Annual valuation of plan
 - Annual report to IRS (5498)
 - Books and records
 - State filings
 - Tax returns



Guidelines for Self-Directing

Prohibited Assets:

- **Life Insurance Contracts (except Solo 401(k))**
- **Collectibles (i.e. rugs, works of art, stamps, coins)**

Prohibited transactions:

- **Transactions not for the exclusive benefit of the account**
- **Can't borrow from Retirement Account**
- **Can't pledge Retirement Account assets to secure loan**
- **Can't utilize credit or guarantee to obtain loan for account**
- **Can't benefit any disqualified person**

Guidelines for Self-Directing

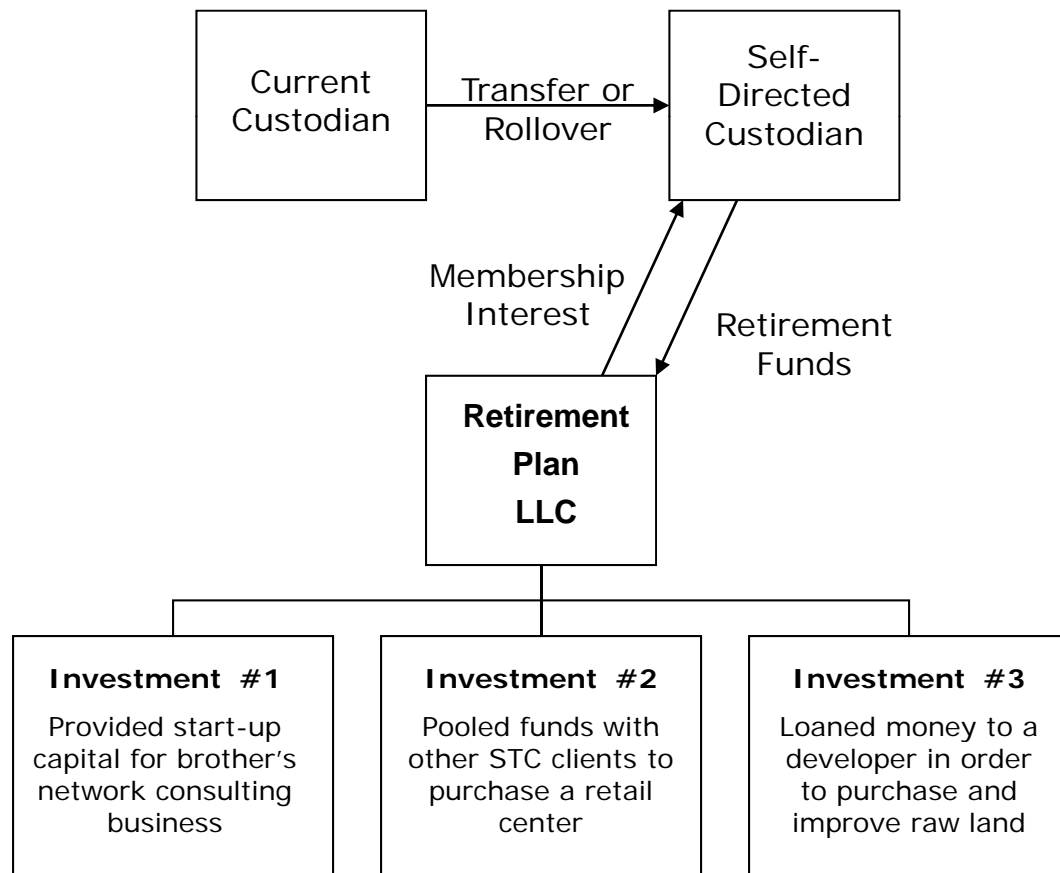
Disqualified persons:

- “You”
- **Certain family members**
 - Ascendants
 - Descendants
 - Lateral family members are not disqualified
- **Company if you have a majority share**
- **Company if you are officer, director, HCE**

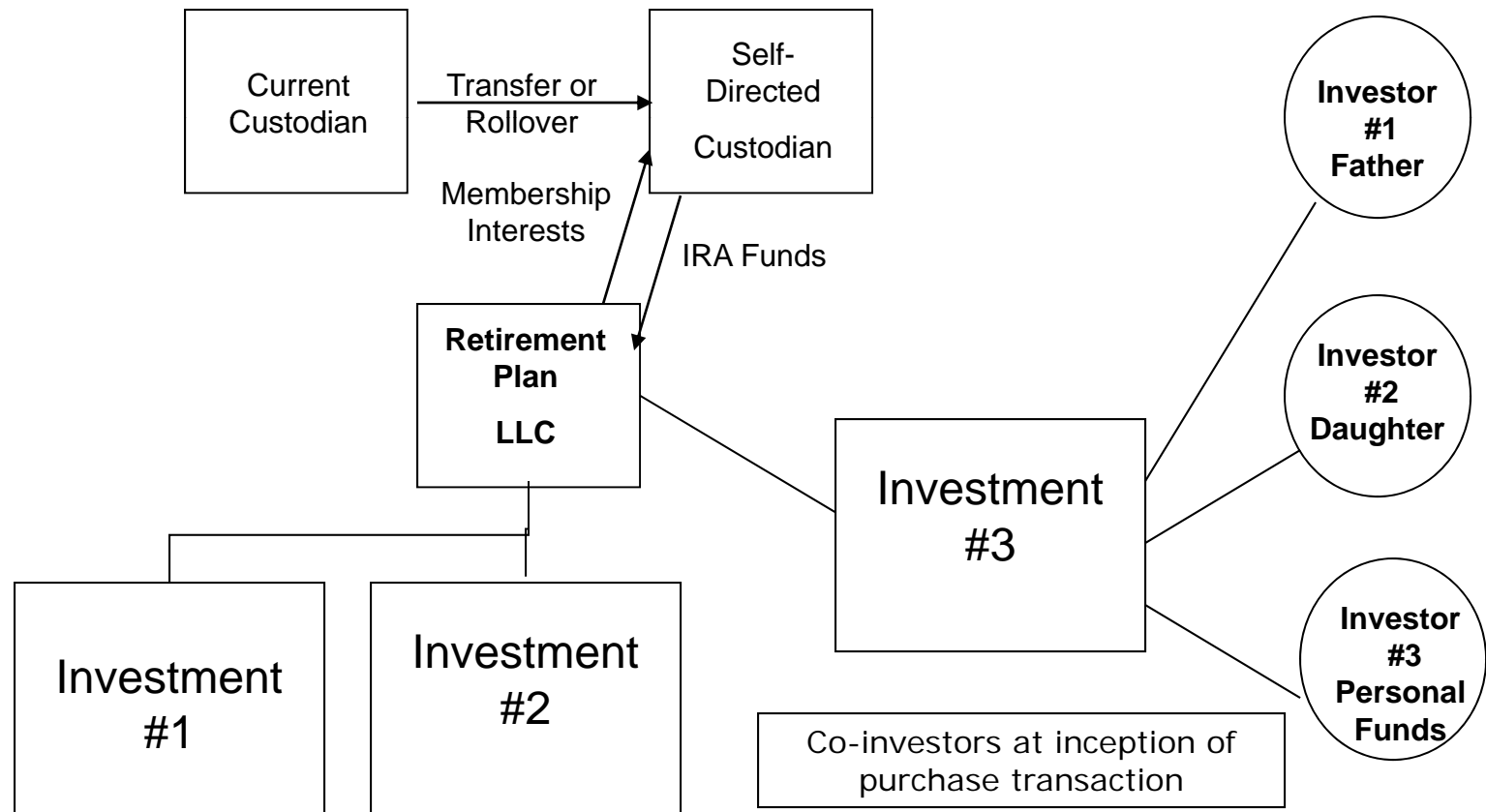
Benefits of the LLC Structure

- **Offers maximum flexibility**
- **Provides additional asset protection**
- **‘Checkbook control’ over retirement funds**
 - **Immediate response to investment opportunities**
- **Simplifies asset titling**
- **Ease of pooling**

IRA LLC Structure



Retirement Plan LLC Structure



Security Trust's Full-Service Approach

- Retirement Plan LLC structure setup
- Protected 'checkbook control'
- CPAs & attorneys to answer technical questions
- Guidance on transaction compliance
- Handle all the 'back office' support
- Maintain LLC financial statements
- Supervise regulatory reporting
- Oversee annual valuation

2010 Roth Conversions

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2010 Roth Conversions

**Roth conversions of “pre-tax”
IRA accumulations “opens up” in 2010.**

2010 Roth Conversions

Taxable income considerations:

- ❖ **Timing**
- ❖ **Payment**

2010 Roth Conversions

Limitations:

- ❖ **Income**
- ❖ **Multiple IRAs**
- ❖ **Holding period within the converted Roth IRA**

2010 Roth Conversions

- ❖ **Individuals with multiple IRAs can choose to convert one or more of the accounts. Not all accounts have to be converted.**
- ❖ **An individual can choose to convert only a portion of an account's assets.**
- ❖ **Conversions of multiple IRAs could occur over a series of years, thereby spreading the income tax effect over those years.**

2010 Roth Conversions

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How can Security Trust serve you?

Do you...

- **want to open a self-directed retirement account now?**
- **have clients or colleagues who would be interested in self-direction?**
- **need more information?**

Security Trust Company

- **Contact your STC representative.**
- **Website: www.securitytrustcompany.com**
- **Corporate: 1-866-682-3683**