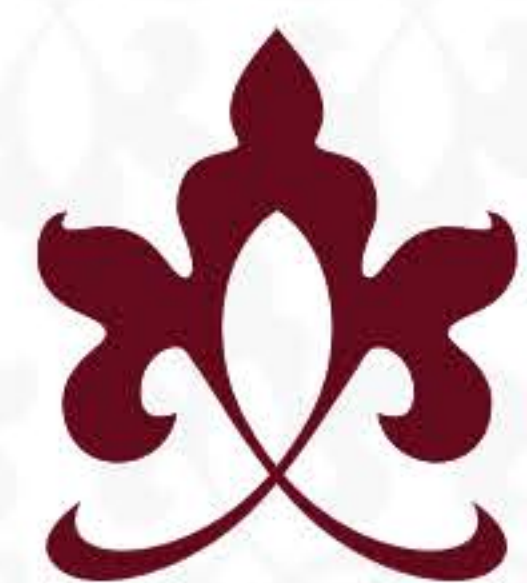


THE IRA



The Ultimate Self-Directed IRA Structure



VANTAGE®

WHAT IS AN IRA LLC?

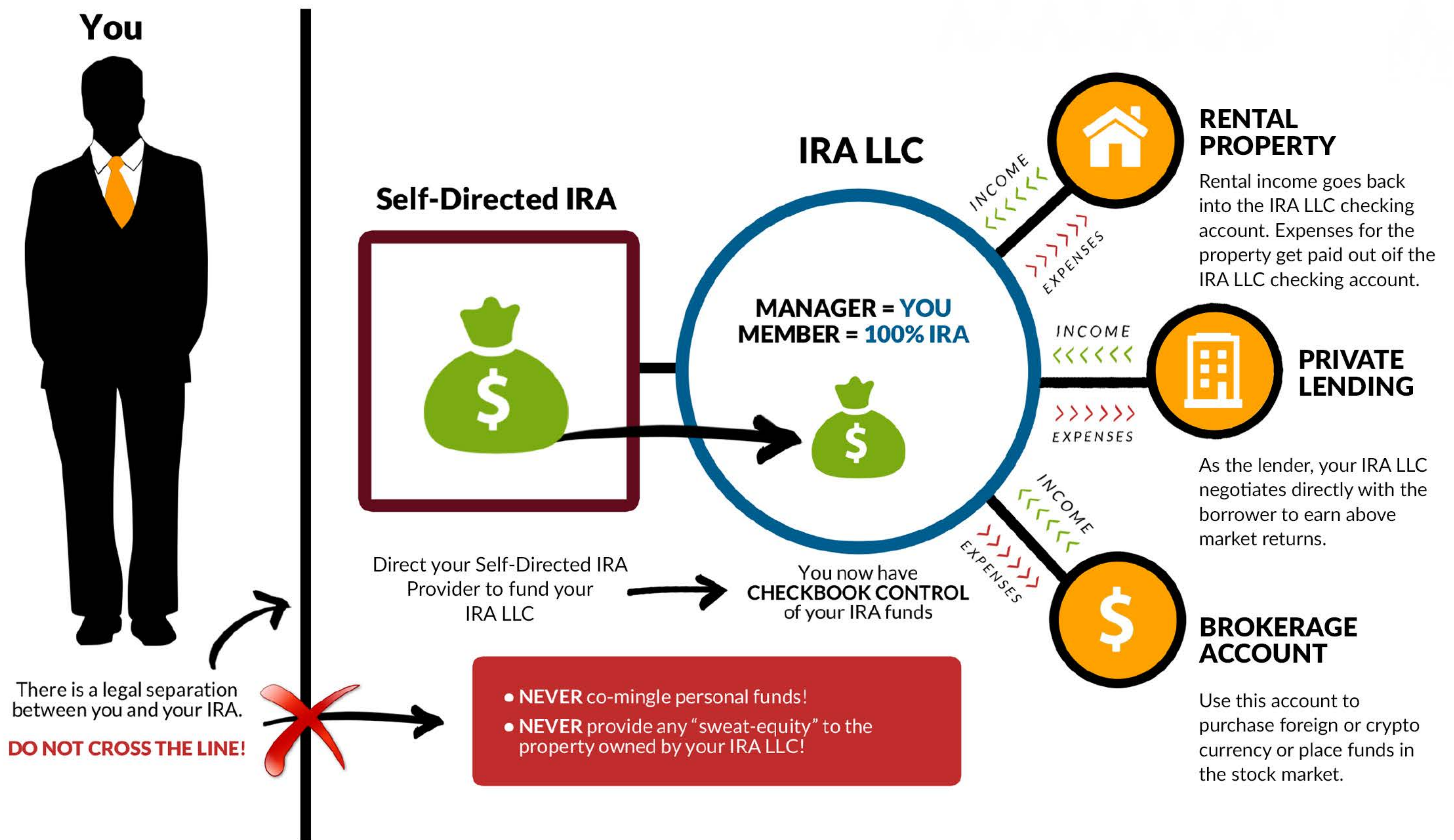
An IRA LLC, also commonly referred to as a “Checkbook Control” IRA, is a marketing term used to describe an IRA structure in which a Self-Directed IRA owner forms a Limited Liability Company (LLC) listing the IRA as a 100% member of the LLC and themselves as the Manager. The IRA LLC Manager (i.e. the IRA account owner - you) can then execute transactions for the IRA LLC without the involvement of the IRA Custodian, potentially reducing fees and eliminating transactional delays.

Yes! You can manage your own IRA LLC, but you cannot be compensated for doing so.

The strategy is similar to one you may already be familiar with when using a traditional LLC to purchase investment property. The main difference is the language found within the LLC’s operating agreement. The 100% member of the LLC is your Self-Directed IRA instead of you as the individual and the IRA LLC is limited as to whom it can and cannot conduct business with based on IRA rules and regulations (i.e. IRC Section 4975).

- STEP 1** Establish a Self-Directed IRA with [Vantage](#).
- STEP 2** Create an IRA LLC that is owned by your new Self-Directed IRA. This new LLC is a legal company and will be issued a tax ID number.
- STEP 3** Using the new company name and tax ID number, the Manager of the LLC (you) can now establish a business checking account at whatever bank you prefer to do business with.
- STEP 4** Direct your Self-Directed IRA company to purchase 100% of the membership units of the newly formed LLC. They will accomplish this by sending your IRA funds to the LLC business checking account you have created at the bank and making the initial capital contribution to your new IRA LLC investment holding company.
- STEP 5** Start investing! All IRA investment income and expenses must be received and paid in and out from the IRA LLC checking account. The LLC manager is responsible for the recordkeeping of all activity within the IRA LLC.

HOW DOES IT WORK?



IMPORTANT

An IRA owned LLC is very different than the traditional LLC that you may be familiar with. The IRA LLC should be formed in a particular manner and the operating agreement must contain specific language to meet all IRS rules and regulations for IRAs. You shouldn't attempt to form this type of LLC on your own.

Using a low cost legal document company is not suggested since they provide standard operating agreements that do not include the technical language for IRA LLCs. There is a list of specific IRA LLC formation resources available and we encourage you to hire professionals that are knowledgeable and experienced in working with IRA LLC structure formation.

WARNING

Do not be fooled by what you read on the web. While this is a legal strategy, it is not a required structure to self-direct your IRA. Many companies (i.e. IRA LLC Facilitators) will mislead you and try to convince you that this structure is required. These same companies will also try and charge you upwards of \$5,000 to form an IRA LLC. An establishment who tries to convince you of either is most likely an LLC formation company which still must sub-contract a Self-Directed IRA Provider to actually administer your IRA and provide the custody of your LLC membership units.

You can acquire a legal IRA LLC operating agreement somewhere within the price range of \$400 - \$1,000. If you hire an attorney to form the LLC for you, you will be subject to his or her standard hourly rate, but you also have the benefit of their legal advice.

SO WHAT'S THE DOWNSIDE?

We like to remind you that with freedom comes responsibility. This means that Self-Directed IRA investors must remember that holding alternative assets within an IRA LLC does not eliminate the requirement to follow all of the IRS rules and regulations concerning the IRA.

**“WITH FREEDOM
COMES RESPONSIBILITY.”**

Having additional control is great if you know how to avoid the pitfalls often overlooked by uninformed investors. Just because your neighbor did something a certain way doesn't mean he or she did it the legal way, so please be sure to educate yourself first about how a Self-Directed IRA can legitimately be used to help you build wealth. The best place to obtain this education is a credible Self-Directed IRA company that is familiar with this type of IRA LLC structure.

AN IRA LLC:

- Could reduce the amount of Administrator fees you pay.
- Can increase the timeliness of investment transactions and offer you more control over your assets.
- Requires a clear understanding of the proper structure and Manager responsibility for recordkeeping to avoid prohibited transactions outlined under Internal Revenue Code Section 4975.
- Allows the recordkeeping to be completed by the LLC Manager or the LLC advisors.
- Does not allow you to invest in a business that you own or that is owned by any disqualified person to your IRA as defined under IRC .
- As per Section 4975, you cannot own, manage, or earn a salary from a business that your IRA LLC is invested in.
- Requires that investment specific expenses and income be paid and received by the IRA LLC in direct proportion to the percentage of ownership initially established at the inception of the LLC formation.
- Requires that a Fair Market Valuation Statement of the units/shares of the IRA LLC, with substantiation, be provided to your Self-Directed IRA company on an annual basis.
- Requires that units/shares of the IRA LLC be titled/vested in the name of your Self-Directed IRA, not in your individual name, and in direct proportion to the IRA's percentage of ownership.
- Allows you to pool money with others to invest in larger purchases or more deals for increased diversification.
- Provides additional asset protection which helps add a layer of safety against creditors and litigious adversaries.

You now have a comprehensive overview of the most popular and practical structure for Self-Directed IRAs. It can save you money, time and limit your liability from investment strategies you choose throughout your financial journey.

Contact our Team today to open an account!