

Facts about Home Storage IRAs

Is it right for you?



Read on to discover the ins and outs of a Home Storage IRA.

The appeal of a Home Storage IRA, or IRA Limited Liability Company (LLC), is obvious.

We are all aware of the potential for capital controls, bank failures, and bail-ins. Investors are more than a little distrustful of banks especially with their retirement nest egg. So it's very understandable that many would find storage of gold or silver in their own home preferable to storage anywhere else.

What most investors looking to open a Home Storage IRA are unaware of is the stringent regulations and qualifications required. Make sure you know how to correctly open a Home Storage IRA!



But before we go into the necessary qualifications you must meet to open a Home Storage IRA, it's important to understand exactly what a Home Storage IRA is – or at the very least – what it's supposed to accomplish.



Many retirement accounts hold traditional assets like stocks, bonds, and mutual funds. For the most part, IRAs are strictly prohibited from holding anything that may be deemed as “collectible items”. This includes works of art, rugs, antiques, metals, gems, stamps, and coins.

An exception to this law was passed in the Taxpayer Relief Act of 1997, allowing account holders to store certain permissible gold, silver, platinum, and palladium bullion within their IRA accounts. Thus began the gold-backed IRA product.

You *can* hold precious metals in your IRA...

The Tax Relief Act allowed for the exception if the bullion is “in the physical possession of a trustee”. Home Storage IRA options attempt to use the IRS LLC loophole to make YOU a trustee. This involves creating a limited liability company in your name, registering it with the IRS, and using the “LLC” as the trustee for your IRA. If done correctly, this would allow you to keep your IRA precious metals in your home as your own IRA trustee.

While this seems simple on the surface, the process is actually quite particular, and requires applicants prove to the IRS they meet a long list of qualifications.

Do You Qualify to Store Your IRA at Home?

IF you meet ALL of the following requirements you may store gold or silver within your IRA at home:

- Incorporation:** You must have created a Limited Liability Company (LLC) in your name with a very special Operating Agreement.
- Diversity of Ownership:** Ownership of the trustee corporation (the people who house and manage the metals, typically YOU!) must be divided between several people.
- Net Worth:** After incorporation and audits, the applicant must have a net worth of at least \$250,000.
- Fidelity Bond for ALL Employees:** All employees and the trustees themselves – must put up a \$250,000 fidelity bond as corporate insurance.
- Public Location:** The trustee corporation for your IRA must have a business location that is open to the general public.
- Complete Annual Audits:** The applicant must provide a detailed audit by a qualified public accountant every 12 months.
- Fiduciary Experience:** The applicant must have a verifiable “reputable financial background”.
- Fitness to Handle Funds:** The applicant must prove they have had experience and competence handling retirement funds.
- Legal Counsel on Retainer:** The applicant must keep corporate legal counsel on retainer.

If you cannot comply with these minimum qualifications, we recommend against opening a Home Storage IRA.

Here are 3 simple facts that should shed some light on opening a Home Storage IRA.

1. The IRS is watching for the usage of loopholes that change the status of your retirement account...

This Home Storage IRA plan, if you cannot prove you qualify, could negate the whole point of a special tax

There are other IRA options that you can use to hold physical gold and silver in your retirement account with peace of mind in its storage!

- **Your metals are insured against loss and have complete protection.**
- While your custodian physically stores the metals for you - 100% of your physical gold and silver is yours and available **whenever you choose to take a distribution.**

status for retirement accounts and you would be on the hook for the taxes, interest, and penalties.

2. There is ZERO wiggle room for the legal definitions used in the tax code...

It's critical to understand the legal definition of the words 'physical possession' and 'trustee' used in the IRS Code so there can be no misunderstanding.

A trustee is defined in U.S. Code 408(a) and 408(n) as:



1. *“Any bank*
2. *An insured credit union*
3. *A corporation which, under the laws of the State of its incorporation, is subject to supervision and examination by the Commissioner of Banking or other officer of such State in charge of the administration of the banking laws of the state*
4. *Such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the trust will be consistent with the requirements of this section...”*

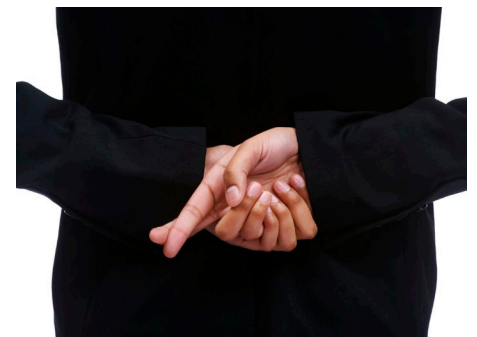
It's the third provision to which “home” IRA providers latch on; they make it seem as if you could easily satisfy the Treasury's requirements to successfully administer a retirement account in your very own home.

But keep in mind that if your Home Storage IRA triggers an IRS review, it'll be YOUR assets on the line. Plus:

Home Storage IRAs are not smiled upon by the IRS, to say the least. If you don't meet the aforementioned qualifications, the IRS will punish you without warning. And if you're counting on the US Treasury and Commissioner of Banking to overlook your IRA indiscretions, you could be at considerable risk. Make sure you qualify!

In approaching the issue of the legitimacy of Home Storage IRAs, Seth E. Pierce, Esq. of Mitchell Silberberg & Knupp LLP had this to say:

“If the U.S. Government wanted to let people keep direct physical control over their retirement savings, it could have easily done so. It did not – it imposed the trustee requirement. This was not



accidental; the government wants an independent trustee holding the assets to make sure the funds or coins are actually held and that any distributions are reported to the government. If you are holding your own assets, even under the guise of an LLC (that you own and control by the way), it is fair to say you are going to have a difficult time 'satisfying' the Secretary of Treasury of anything."

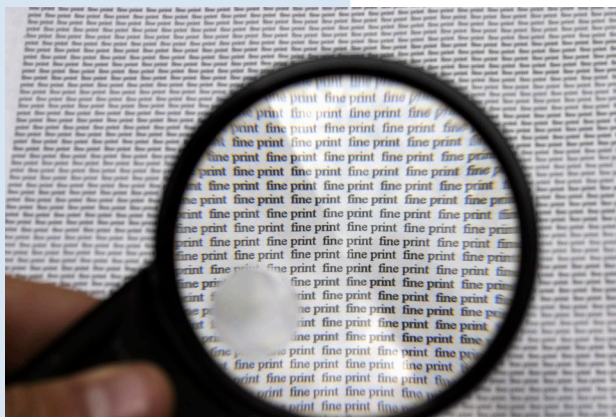
Further:

"Any entity wishing to comply, such as the LLC set up to hold your 'home' precious metals, must complete a written application with the IRS demonstrating that the applicant satisfies a long list of requirements specified in the applicable regulations, including requirements relating to fiduciary ability, fiduciary experience, capacity to account, fitness to handle retirement assets, bonding, audits and net worth."

3 Points to Consider with a Home Storage IRA:

1. The IRS takes retirement accounts seriously. Many investors were taxed at a 50% rate for a similar scheme in the early 2000's¹.
2. Companies that sell IRA LLCs will not stand by you legally. Most will completely disavow their role in the arrangement, claiming that they serve only as a non-interested third party.
3. There is not one precious metals dealer that has been in business more than 10 years that offers this product.

The reason established precious metals dealers shy away from Home Storage IRAs? They simply aren't as profitable for most investors. Creating an LLC, undergoing audits and overview, keeping an open business location, and keeping legal counsel on retainer is incredible expensive. Not to mention the time spent should you undergo an IRA review – you could lose half your IRA if you opened a Home Storage IRA without qualifying for one. The precious metals-backed IRAs offered by reputable precious metals dealers allow for all the tax benefits of a Home Storage IRA with the added bonus of vault security for your IRA, insurance on your gold and silver, and a sustained relationship with your precious metals dealer, all without the costs or IRS qualifications involved in a Home Storage IRA.



Unless your metals are safely stored with a qualified trustee, the exception made for bullion in an IRA account will not apply.

3. The consequences for investing your IRA via a “prohibited transaction” can be severe.

Use caution; if the IRS decides you’ve broken the rules, your retirement account could instantly lose its status as a tax-deferred IRA and be subject to heavy taxation.



The transfer could be considered a taxable distribution, and subject to ordinary income tax at whatever your tax bracket may be. In addition, if you are younger than 59 ½ years old, you may be liable for a 10% early withdrawal penalty from the IRS.

That could be a 35% bite out of your retirement value, easily... but it gets worse.

Mat Sorensen, a well-known attorney who focuses exclusively on self-directed retirement plans, refers back to Black’s Law Dictionary (a definitive legal dictionary referred to by lawyers and law students from around the country) to define the phrase “physical possession” found in Section 408(m) of the Internal Revenue Code.

According to Mr. Sorenson – the definition of “physical possession” is: *“a person who knowingly has direct physical control over a thing.”*

THE BOTTOM LINE:

Make sure you qualify before you open a Home Storage IRA and put your retirement account at risk.

Contact us to see if you truly qualify. If NOT, don’t worry. There is an easy way to place precious metals into an IRA and feel comfortable with the storage of your precious metals.

And There’s Never Been a Better Time.

Precious metals backed IRA’s can be a great idea...IF you play by the IRS’s rules.

In fact, many investors believe that precious metals are severely under-valued right now and poised for significant gains in 2015.

Not only that, but as you probably know, they serve as a hedge against an over-valued stock market, risky government deficit spending, and reckless legislation. That’s why Lear Capital has

partnered with Delaware Depository to provide you the ultimate peace of mind for your gold and precious metals-backed IRA.

The Delaware Depository has been the industry leading IRS-approved depository for the safeguarding of precious metals since 1999. Their state-of-the art facility is the ideal solution for safe, secure, storage of your metals IRA.




Lear Capital has conducted nearly half a billion dollars of business setting up precious metals IRAs since 1997. We are a trusted name in the precious metals industry... AND:

We can explain the best options to open your precious metals retirement account.

Mention this brochure – Home Storage IRAs – when you call about opening a precious metals-backed IRA and you could be eligible for nearly \$500 in discounts on the setup of your IRA. That means the fees to set up your IRA will be \$0 in most cases.

For a no-obligation consultation, simply pick up the phone and give us a call. Our specialists will answer your questions until you feel confident about making the right decision for your situation.

 Go ahead and give us a call now
(800) 576-9355

¹ Seth E. Pierce, Mitchell Silberberg & Knupp LLP Seth Pierce is a partner in Mitchell Silberberg & Knupp's Los Angeles office.

"Are Home Storage Precious Metal IRAs Legit?" Law360.com May 29, 2015

CORPORATE ADDRESS
Lear Capital, Inc
1990 S. Bundy Dr., Ste 600
Los Angeles, CA 90025



Any written sources provided to customers or potential customers by Lear Capital, Inc. ("LCI") are provided solely for informational purposes. LCI provides such resources with the understanding that each individual is responsible for doing his or her own independent research regarding any decisions he or she makes about purchasing precious metals through LCI or elsewhere. Moreover, information included in written resources may have already been changed by recent events and must be verified elsewhere before choosing to act on it. Precious metals may appreciate, depreciate, or stay the same depending on a variety of factors. LCI cannot guarantee, and makes no representation, that the precious metals will appreciate. C.P.D.Reg. No "T.S.11-05715"

LCI is a seller and purchaser of Precious Metals, nothing more. LCI is not an investment advisor, financial advisor, or retirement account fiduciary, and does not provide legal or tax advice, retirement planning or retirement specific opinions/information.

LCI makes no representations regarding the tax consequences of holding Precious Metals as an investment in an IRA. Customer expressly acknowledges that Customer has been advised to seek independent tax advice, from a qualified professional, regarding the tax consequences of such an investment.