

# 2010 IRA *Update*

Income-Producing Investments  
for Your IRA / Roth IRA



*Mason Hill*

Over the last few years, U.S. retirement funds have taken one of the biggest beatings in history. Although the stock market is beginning to return to pre crash levels, many Americans are concerned about their investment portfolio and do not have much faith in the highly volatile listed equities market.

Investing your retirement assets properly in 2010 and 2011 could mean the difference between a comfortable (even luxurious) retirement and penny-pinching during the 'golden years.'

This document will outline several investment options that provide above average returns to your IRA/Roth IRA.

# Los Angeles Times

Tuesday, October 14, 2008

## U.S. to invest \$250 billion in banks

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# BROOKLYN DAILY EAGLE

And Complete Long Island News

LATE NEWS  
WALL STREET ★★

## WALL ST. IN PANIC AS STOCKS CRASH

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# BILLIONS LOST AS STOCKS CRASH

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There's no need to fear

## Snapshot of a slump

Times Staff Writer

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NO NEED FOR PANIC

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# *2010 Tax Loop - The Year of the Roth IRA Conversion*



2010 is an extraordinary year for tax law - a tax year so potentially advantageous that we may never see something like this again. Already this year a wave of high-income and high net worth individuals have begun converting traditional IRAs to Roth IRAs.

*Here's why 2010 represents one of the best years in history for your IRA...*

# Say "Good Bye" to Income Limits

In past years you had to pass an income test before you could convert a traditional IRA to a Roth. If your modified adjusted gross income (MAGI) was more than \$100,000, it wasn't allowed. This limit has long frustrated high-income taxpayers.

In 2010, there is NO income test. Anyone with any MAGI can make the conversion.

While you still can't contribute to a Roth IRA if your 2010 MAGI exceeds \$166,000 (joint filers) or \$114,000 (most single filers), it is the conversion that is important. (By the way, our planning team has a program that allows significant contributions - well in excess of \$5,000 or \$6,000 - if properly structured.)

Be sure to call for more  
information.



# *“Roth” is the New Black*

There are many reasons people are clamoring to convert from a traditional IRA to a Roth IRA. Some of them include:

- Tax-free growth of your assets
- Tax-free withdrawals of your assets someday (when you are 59½ or older and the Roth IRA is more than 5 years old)
- No minimum distribution requirements once you turn 70½
- An eventual reduction in your taxable estate



# *Delay Full Payment Until 2013*



Once you convert from a traditional IRA to a Roth, you will be required to pay taxes. But if you do this in 2010, you can delay payment. Unless you elect otherwise, the taxes on the conversion will be spread out over the 2011 and 2012 tax years. In effect, this gives you the ability to delay full payment of any tax due until 2013.



# *Backdoor to New Contributions (with Income Restrictions)*

Although the conversion limit of \$100,000 MAGI is lifted, it doesn't mean that the income restrictions are lifted for new contributions into the Roth. If you're over the phase out limits of the Roth IRA contribution, you will not be able to contribute new money to the Roth. There is, however, a backdoor approach to this previous frustration. The law allows for you to contribute to a non-deductible IRA and then afterwards immediately convert it to a Roth IRA and avoid all taxable consequence.

Please note: If you have pre-tax traditional IRA's already established, the IRS will treat them all as one IRA in the conversion process and you may have to pay a pro-rata tax on the non-deductible IRA.



# *What Should I Invest In?*

What you choose to invest in is largely dependent upon your risk tolerance levels, investment style and retirement requirements.

When determining the best investment for you, you should ask yourself the following questions:

- How much value do I have in my IRA to invest?
- What are my post retirement income needs? i.e. Do I need \$50,000 per year, \$100,000 or more?
- How quickly do I want to retire?
- What is my risk tolerance level?





# *Turnkey Cash Flow* *Real Estate*

One of the best investment vehicles currently available to individuals with IRA's/Roth IRA's is investment real estate. Of course, you need to acquire the right kind of property, generating the right kind of return and it needs to be compatible with all IRA requirements.



# *It's All About the Numbers*

You created your retirement account for one reason - to grow over the years so that when you retire, you will have enough money to comfortably fund your lifestyle. It's all about generating the highest returns while minimizing your risk. When you compare income-producing real estate to stocks, CD's or mutual funds, the results can be surprising. Most people are not aware that real estate can generate substantial returns that grow an IRA consistently year after year.

Mason Hill has a team of individuals who are focused on providing the best real estate investments to grow your retirement account. We offer properties at 50% to 75% below replacement value that provide positive cash flow the first month you acquire them. Then we manage the properties - finding and placing tenants, handling repairs and lawn care, delivering you a monthly check and status reports, and so on. We offer a hands-off investment backed by an appreciating asset that is in your name.

And the best part...each property consistently delivers an annual return of approximately 14% - paid monthly. (This is in addition to appreciation, which can further enhance long term returns).

Let's take a look at how it compares to other kinds of investments...



# Investment Comparison

## Interest Income Comparison Over 20 Years

# of Years	4% High Yield CD	S&P 500 (average from 1997-2006 = 6.72% per year)	14.22% return on rent + 5.4% average appreciation (historical data from 1963 to 2008 Census) for a Mason Hill Property (one property)*
Year 1	\$84,240.00	\$86,443.20	\$96,894.00
Year 5	\$98,548.89	\$112,128.01	\$160,470.00
Year 10	\$119,899.79	\$155,218.39	\$239,940.00
Year 15	\$145,876.42	\$214,868.26	\$319,410.00
Year 20	\$177,480.97	\$297,441.35	\$398,880.00

\* NOTE: This does not take into account real estate tax deductions or rent increases (as inflation increases, rents typically increase) or actual appreciation.



# *The Numbers... In Detail*

Price of Duplex: \$81,000

Monthly Income:

Monthly Rental Income: \$1,300 (\$650/side)

Expenses:

Management Fees (10%): \$130

Property Taxes: \$125

Insurance: \$50

Miscellaneous: \$35

TOTAL EXPENSES: \$340

Net Operating Income: \$960

Annualized Net Operating Income (Income Before Taxes): \$11,520

Cash on Cash Return of: 14.22% (based on rent collected... does not figure in appreciation)



# How *Mason Hill* Works

Mason Hill is focused on providing hassle-free real estate investments with above average monthly returns. Our process is simple and effective.

**Step 1:** Our team of analysts identify markets that have “bottomed out” (currently appreciating by 1% to 1.5% per month).

**Step 2:** Mason Hill purchases properties in bulk from banks and REO sources.

**Step 3:** Mason Hill refurbishes the properties to “new” status.

**Step 4:** Mason Hill’s experienced property managers manage the property (i.e. find and screen tenants, collect rent, fixes, etc.).

**Step 5:** Mason Hill delivers rental profits to you every month (\$650 to \$1000 per month).



# Benefits of Acquiring Properties Through Mason Hill

## Protects Wealth

- Tax-free growth of your assets
- Tax-free withdrawals of your assets someday (when you are 59½ or older and the Roth IRA is more than 5 years old)
- No minimum distribution requirements once you turn 70½
- An eventual reduction in your taxable estate

*"I did my research and due diligence and have found that Mason Hill goes far beyond the rest."*

*- Patrick Clapp, Strategic Partner and Mason Hill Client*





# You Control It

- You own the property outright, in your name – it is not part of a REIT, TIC, etc.
- All funds are handled through a reputable escrow or title company with title insurance.
- Mason Hill is NOT a pool, a fund, or a trust.
- Although Mason Hill provides property management – you are free to select another manager, sell your property, or do whatever you wish.





## Over 14% Return on Investment

- The annual cash-on-cash return generated from rents collected is 14.22%.
- Appreciation has been running at approximately 1% to 1.5% per month or 12% to 18% per year.

## You (or Your IRA) Are Paid Every Month

- Net monthly cash flow of \$950 to \$1000.
- You receive a check (or money is deposited into your account) every single month - you also receive a monthly report detailing your earnings.



## IRA/Roth IRA “Structuring” Team

Mason Hill has a highly specialized planning team including a:

- Tax Attorney
- CPA
- ERISA Expert
- Mortgage/Finance Specialist
- Property Transaction Coordinator





## Hassle Free Investment



*"I have been incredibly impressed with Mason Hill's professional service. I now have a portfolio of over a dozen Mason Hill properties all generating substantial returns. And the best part is – I don't have to worry about it. Mason Hill takes care of all the details. They do what they say they will do – all my properties have paying tenants, I receive a report every month listing my profits and the net profit is automatically transferred into my account every month. I have spent most of my professional life advising people on how to invest their money and I can honestly say that Mason Hill's product is ideal for passive income generation with lower than average risk."*

*- David Young, Wealth Manager, Provo, Utah*

Let Mason Hill do all the work for you.

Mason Hill:

- Locates profitable markets throughout the U.S.
- Provides you with a newer, refurbished, rent-ready duplex
- Finds and screens the tenants
- Manages the property (on-site property management team with over 18 years of experience)
- For the first year, we cover ALL expenses for fixes, repairs, etc. (after year one - total maintenance contract available for \$150/month)

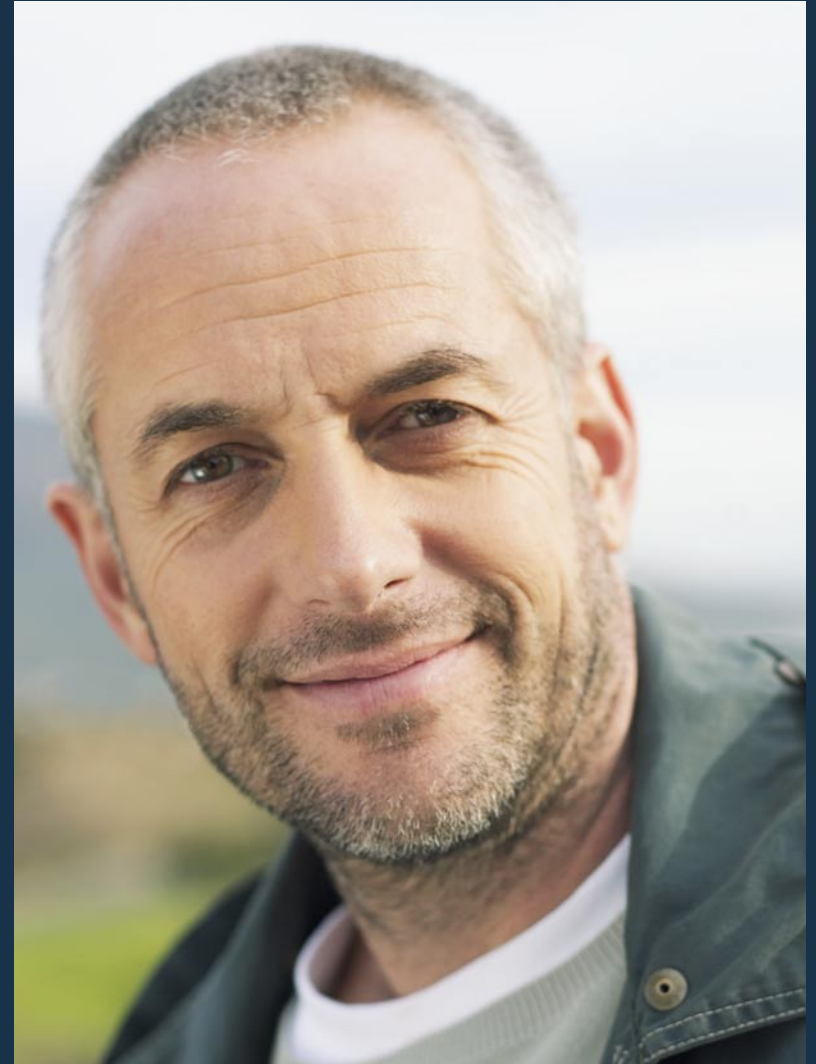
# Case Study: *Turnkey Cash Flow Real Estate*

**Situation:** John had a traditional IRA worth approximately \$140,000 – he came to Mason Hill to find out if we could help him purchase real estate.

**Objectives:** Consistent returns for his retirement fund.

**Solution:** Mason Hill referred John to one of our partners who assisted him in converting his IRA from a “regular” IRA to a Self-Directed IRA.

**Outcome:** John used his IRA to purchase a property for \$81,000 and is now increasing his retirement fund’s return by approximately \$11,400 per year in rental income and \$3,000 per quarter in appreciation. He plans to purchase another property shortly.



# *Acquiring Real Estate with Your Self-Directed IRA*

It's a little-known fact that Real Estate can be purchased with retirement account funds. When using a Self-Directed IRA for investments in real estate, your profits are tax-deferred back into your retirement account. In the

case of a Self Directed Roth IRA, your gains are tax-free and you can take personal ownership of the property tax-free at the age of 59 1/2.







*“Mason Hill offers a better way to take advantage of the current unprecedented opportunities to acquire income producing real estate.”*

*– Laura Roser, CEO/Founder of Mason Hill*

## Steady Income Generator with No Tax Bite

Income from a rental property bought with a Self-Directed Roth IRA flows back into the retirement account tax-free (or tax-deferred with a traditional IRA).

On a percentage basis, the income from real estate can be two to eight times higher than today's fixed-income offerings - even after paying expenses such as property taxes and insurance. Meanwhile, the accountholder can eventually reap the potential appreciation of the underlying asset, tax-free.

Proceeds from selling an investment property can also roll back into the IRA tax-free.

## New Rules For Conversions From IRA's to Roth IRA's

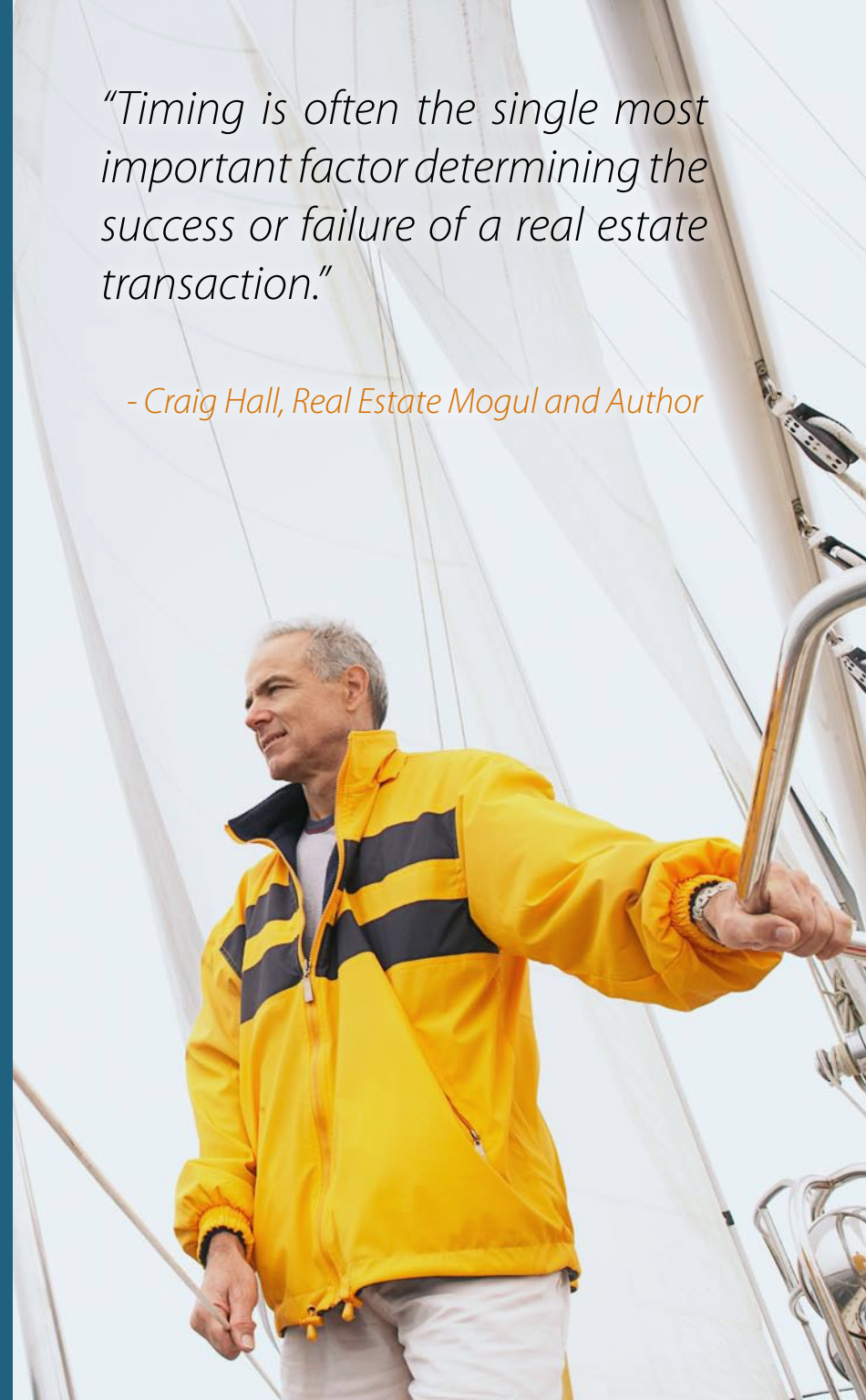
For tax years starting in 2010, the \$100,000 modified adjusted gross income limit for conversions to Roth IRA is eliminated and married taxpayers filing a separate return can now convert amounts to a Roth IRA.

The Self-Directed Roth IRA, similar to a Self-Directed IRA, allows the IRA holder to:

- Make a tax-free investment in any type of domestic or foreign real estate property or asset
- Purchase a rental real estate project and have all the rental income flow back to your IRA tax-free
- Purchase real estate foreclosures and tax liens on the spot, or make personal loans by simply writing a check and generate profits tax-free
- Buy your retirement home now at today's prices, rent it out, and then move in tax free at the age of 59 1/2
- Buy a vacation home now at today's prices, rent it out, and then use it tax-free at the age of 59 1/2

*"Timing is often the single most important factor determining the success or failure of a real estate transaction."*

*- Craig Hall, Real Estate Mogul and Author*



# The Next Step

## Retirement Plan Review

Is your retirement plan positioned for recovery?

Are you able to take advantage of income-producing real estate within your IRA/Roth IRA?

Is your retirement advisor acting in your best interest?

Is investment real estate right for you?

Schedule a complimentary retirement plan review to answer these and other important questions. After you have scheduled a review, take time to look through our website to learn more about our company and do your due diligence.

To schedule your complimentary review, contact: Mason Hill Corporate Office  
4505 Wasatch Blvd. Ste 260  
Salt Lake City, UT 84124  
801-305-3035  
[info@masonhill.com](mailto:info@masonhill.com)  
[www.masonhill.com](http://www.masonhill.com)

\* Prices subject to increase without notice. From October 2009 to May 2010, there were six price increases totaling \$12,000.

\*\* Past performance is not indicative of future results. Investments in real estate involves the risk of loss.

General Disclaimer: All information presented herein is accurate to the best of our knowledge. Mason Hill and its undersigned are not liable for any misrepresentation on this website or in additional information given verbally or in writing relating to Mason Hill. It is the buyer's responsibility to verify all information given.

Real estate buyers should understand that if held for investment purposes, there is a risk that returns from other investment vehicles - such as a stock, bonds or other property - could be higher. Accordingly, there is no guarantee that a property purchase represents the best possible investment relative to other possible uses of a buyer's money. Buyers should consult their own investment and tax advisors about the suitability of a real estate investment for their particular needs and situations. Percentage returns are examples and are based on a combination of purchase price discounts, rental amounts, appreciation rates and other factors.

This is a purchase of real estate; it is not a security.

