

Financial Success Institute Report - Holding Gold in Your 401K

Hello I'm Richard Geller, CEO and Managing Director of the Financial Success Institute and I want to thank you for reading this special report we put together. This report is for people like you that are frustrate with what the stock markets have done and will continue to do to your retirement account and want safe secure investment alternatives. Here at Financial Success Institute we share your frustration and want to make a difference in your and your family's life. Specifically, we want to share with you why you should hold gold in your retirement account and how to go about it.

Investing your IRA or 401K in gold and silver

December 3rd, 2011

Many folks will advise that you buy gold or silver. But should you? And if you do, how should you buy it?

You can buy gold and silver coins that are mailed to you.

You can buy gold or silver in the form of "paper" like you buy stocks or bonds.

You can buy gold or silver mining company stocks.

Should you buy gold or silver, and if so, how?

Why buy gold or silver?

Gold or silver is something you buy if you think that our current "money" is going to end badly.



The Fed was founded in 1913 by the Morgan banking interests, and in collusion with large money powers. Since it was founded, the US dollar has fallen 97% in value, we've had a Great Depression, and two economic crashes in just the last decade. Photo courtesy of http://www.flickr.com/photos/ken_mayer/

Some people believe that the US dollar is doomed. They believe that the US dollar will become worthless.

The dollar of 1913, when the Fed was founded, is now worth about three pennies. So the dollar is on the way to becoming worthless.

And in only a few short years, interest alone on the national debt will eat up the US government budget.

The Euro isn't much better.

So people are buying gold and silver in order to have "hard money". Gold and silver have functioned as money for thousands of years. And unlike any other asset I can think of, gold and silver, in your hands, are not a liability of anyone else.

Gold and silver are "fully paid for" hard assets that can't go bankrupt, go broke, quit paying dividends, or anything else.

A lot of folks complain, though. They say...

Gold and silver don't pay dividends

True. But over the past 10 years, which investment has gone up 16% per year, with not a single down year?

Gold.

And which asset has outperformed all others.

Gold.

If your gold goes up, if you need cash simply sell a little of it. That is your “dividend.” Capital gains are better than dividends in some cases because you don’t pay taxes on them.

So how should you own gold or silver?

If you can't hold it, you don't own it

I’m a huge believer that you should have the gold or silver buried or in your safe deposit box or somewhere. But not in a vault in Switzerland, or in a vault in New York. I call that “paper gold” and there is no comparison between paper gold and real gold.

You can own gold in your IRA or 401K if you have a Checkbook Retirement Plan and it is set up for you to manage your own money. You can hold US minted coins, currently American Gold Eagles, American Silver Eagles, or American Platinum Eagles. And these coins can be delivered via registered mail to you, very safely, and you can hold them in the name of your Checkbook Retirement Plan.



Grab physical gold and silver when you can. Don't buy "paper gold". Gold and silver and platinum coins from the US mint can be owned by your Checkbook Retirement Plan. Photo courtesy of <http://www.flickr.com/photos/pagedooley/>

This means your gold or silver is protected by laws (if there are such laws in your state) that cover all IRA or 401K assets, laws against creditors seizing them, for instance. If the government ever wants to seize IRAs or 401Ks and turn them into forced government bonds (as is happening in other places) they can't easily do this with your gold and silver coins.

If you are going to start ordering coins, I suggest you buy from Apmex.com. I recommend them highly although they do not pay me a dime nor can I stand behind what they do. They are very reputable.

Order gold and silver and take physical delivery. As things get rougher in the world, you'll be glad you did.

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How to buy gold

By richard on December 3rd, 2011

Few topics are as important as buying gold.

Why?

Because most of our assets are what I call paper:

- Stocks
- Bonds
- CDs

All paper investments have one thing in common: they are a liability of someone else. Meaning that to get at them, you have to go to someone else and say “I want this thing from you now”.



Gold coin baby -- right on! Gold you can hold even gold in your IRA or gold in your 401K. Photo courtesy of <https://secure.flickr.com/photos/juhansonin/>

For instance, stocks are nothing but paper. They are in theory a tiny share of a company. But that is only theory.

Bonds and CDs from the bank are obviously paper. They are a liability of the bank or the company issuing them or the US government.

When it comes right down to it, there are very few assets that are not paper.

Now here is a big secret: over the long run, paper goes up in value, and then peaks, and then crashes. Periodically people find that paper investments are not safe. So they flee paper. Where do they go?

Gold.

These cycles of “paper versus gold” are very long indeed. Paper becomes expensive, and gold cheap. Then paper crashes, and gold becomes cheap.

[As Gary North writes](#), this is all the trading you really have to know:

In August 1929, your grandfather sold one unit of the Dow and bought 18 ounces of gold. Three years later, when the Dow/gold ratio bottomed at 2:1, he sold 18 ounces and bought 9 units of the Dow.

Those 9 units reached another peak in 1966 when the ratio hit 28:1. Now your father exchanged those 9 Dow units for 252 ounces of gold.

In January 1980, the ratio got to an almost unprecedented 1:1 ratio, so he converted those 252 ounces of gold into 252 units of the Dow.

Come 1999 with the ratio at an unprecedented 43.85 to 1 level, the prudent family converted those 252 units of the Dow into 11,050 ounces of gold!

No trades were based on the price of gold or the level of the Dow . . . it's just a simple question of how many ounces is the Dow trading for in the market.

This little fictional fable started with 1 unit of the Dow at a peak in 1929. Two tops, two bottoms, and 5 trades later it's 11,050 ounces of gold, in 70 years.

Now, you can go one better than that. You can own gold inside your 401K. And if you don't have a 401K, you can roll your IRA into a 401K and enjoy many benefits. You can get the type of 401K I have and that we offer, a Checkbook Retirement Plan solo 401K, that lets you own gold and hold it in your hot little hands at home.

I have no interest financially in these companies but I feel that Apmex and Goldline are good companies to deal with, or at least have been in the past.

I believe you should buy gold coins that are not collectible. If you are a US person you should own American Eagles or Buffaloes. You can own these in your 401K and enjoy tax free growth and safety. You don't have to worry about a brokerage going under because you hold your own gold.

Gold in your IRA

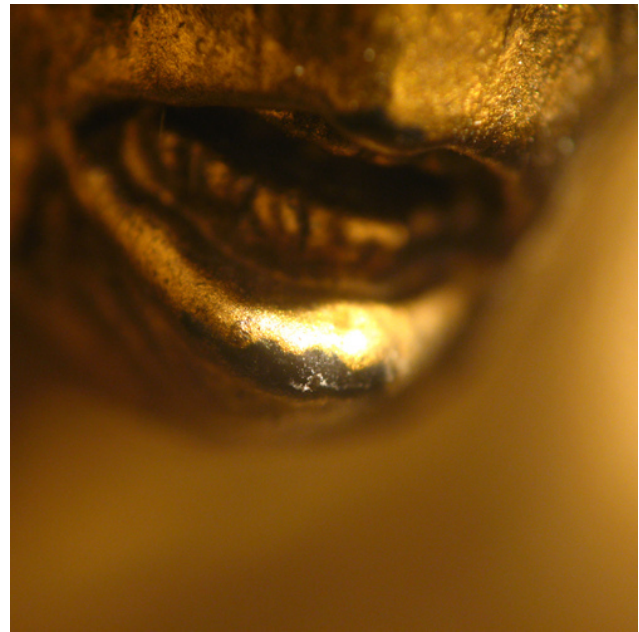
By richard on December 3rd, 2011

[This article in Smartmoney makes a case for owning gold in your IRA:](#)

The big issue with IRA ownership of precious metal assets is finding a trustee that is willing to set up a self-directed IRA, handle the transfer of funds to the precious metals dealer and facilitate the physical transfer and storage of the coins or bullion. None of the major brokerage firms are willing to play, leaving only a handful of outfits in the game, including Sterling Trust Company, American Estate & Trust, LLC, GoldStar Trust Company and the Entrust Group. Most trustees will arrange for the physical storage of coins and bullion with the Delaware Depository Service Company in Wilmington, Del.

This is an issue if you own gold in an IRA.

But there are two problems with it.



You want gold, real gold in your IRA, or real gold in your 401K...even a golden jaw beats paper gold or gold held by someone else, Photo courtesy of <https://secure.flickr.com/photos/pagedooley/>

One, is that the so-called self directed IRA is very limiting. It is a poor choice for most investors considering there is a superior alternative to the self directed IRA, and the gold IRA, that Congress put into place way back in 2002.

Second, the problem with gold in your IRA is that someone else holds the gold! You might as well get an ETF GLD, and own “paper gold” if you are going to have gold coins that someone else holds for you.

Way back in the 1970s, gold and silver ran up to very high prices throughout the decade. The price of gold and silver peaked in 1980 and only got back to those old prices in the last couple years. And silver still isn't at its all-time peak reached in a period of a few hours due to a bubble. (But that's another story that I'll cover some other time.)

Buy gold inside your IRA or buy gold inside your 401K. Buy American Eagles and you won't be sorry, I think, photo courtesy of <https://secure.flickr.com/photos/pagedooley/>

So anyway, gold and silver were booming. At that time, the retirement planning most people did was the Keogh plan if they were self employed. I'm not sure there was such a thing as an IRA, let alone owning gold in your IRA.

So people would buy gold but they would leave it in storage with a trustee. One of those trustees was a huge mega big coin dealer called Jonathan Coin.

Jonathan Coin went under and the \$100 million in gold they were supposedly holding was really some styrofoam fake gold bars in an otherwise empty safe.

There are other schemes like this now that I think are legitimate. Like [Bullionvault](#) and [Goldmoney](#). They store your gold for you in “allocated” form.

Let me explain this for a moment.

Allocated gold held by someone else is still held by someone else and not gold in your IRA or gold in your 401K that you can hold and touch

Say you go to a car dealer and buy a spankin’ new Mercedes convertible. The dealer has 10 others just like it. But you bought yours and you have title to that specific car. You may tell the dealer “I’ll come back for my car tomorrow.” They say fine, we’ll keep it for you.

That is the same as storing your gold by an allocated storage mechanism. Legally, if you store your gold at Bullionvault or Goldmoney it is your gold, just like the Mercedes you just bought is now your Mercedes.

I think both companies that store gold do an audit every night, use a third party accounting firm, and take precautions to keep customer’s gold separate and “titled” in each customer’s name, just like my car dealer example.

Basically they make out at Goldmoney and Bullionvault as if the gold is yours, and you might as well buy it and put it in a safe deposit box in your own name at your own bank. But it’s more convenient leaving your gold with a third party that lets you buy and sell it as conveniently as they do.

As Goldmoney says on their website:

If for any reason GoldMoney stops operating, you may receive your precious metals balance in form of any of the gold, silver, platinum and palladium bars we offer, provided you have a sufficient Holding balance. This includes the [London Good Delivery Bars](#), as well as the [GoldMoney 100 gram and 1 kilogram gold bars](#). Alternatively, you may receive the equivalent value of your metal in one of the national currencies we offer. A court appointed Liquidator would complete this winding-up process.

That’s the theory anyway.

But there are still significant risks of storing gold in someone else’s vault, whether allocated or not.

The government could take it.

The companies could find their vaults frozen by a court order despite what is written on the company’s websites.

For instance, [police in the UK opened 7000 safe deposit boxes](#) without court order:

Police later seized nearly 7,000 safety deposit boxes in a £10million sting, described as one of Scotland Yard’s most ambitious investigations in its 180-year history

They claim organized crime, but how can almost 7000 safe deposit boxes all be organized crime? A lot of innocent people no doubt had their stuff taken by police.

Anything like this is possible and I think in the long run probable.

Better than owning gold in an IRA

There is something far better than owning gold inside an IRA. IRAs don’t have great asset protection in many states and federally.

But 401K has great asset protection and is almost bulletproof against seizure by creditors, even the IRS. And it’s easy to own gold inside a 401K if it’s set up right. You can hold the gold yourself and you don’t need to buy gold in your IRA.

Bottom line, is if you want to buy gold in your IRA, you can do so by holding the gold through Goldmoney or Bullionvault using a self directed IRA and opening up the account in the name of the LLC owned by the self directed IRA.

See, it gets complicated.

And where things are complicated there are a lot of chances for problems.

IRAs suck anyway. Self directed IRAs require some third party trustee to hold your coins and be in your face.

For all those reasons, here is what I suggest you think about.

Buy gold in your IRA? Think twice – then consider how to buy gold in your 401K instead

I prefer the Checkbook Retirement Plan Solo 401K. That plan lets you be your own trustee. You can buy all sorts of gold coins, as long as they aren’t old collectible coins. You can buy gold American Eagles or gold American Buffalo coins. You can buy silver or platinum American Eagles.

The key is that you can hold this gold at home or in a safe deposit box in the name of the 401K. Your gold IRA is really a gold 401K and you can store the gold at home, or in a bank safe deposit box, or in your backyard buried safely and hidden away.

Yes you can own gold coins in your 401K. And you can have a 401K even if you are working full time. Even if your job already sets up a 401K for you. You can have a second 401K that is yours and your spouse’s and that lets you store your own gold.



This young lady wants gold in her IRA. Can you help? Photo courtesy of <https://secure.flickr.com/photos/acridier/>

The 401K must be set up correctly. The one I use can have both Roth and traditional contributions all in one account. And it lets you be your own trustee so you can act as trustee instead of appointing anyone else. And you can buy gold in your 401K and hold the gold yourself. This beats buying gold in an IRA hands down.

Whatever you do, don't fall for the "gold IRA". You should consider a Checkbook Retirement Plan 401K and gold you can hold yourself. Don't get someone else to be trustee in your business if you don't have to.

And always talk to someone about your financial situation. Don't come crying to me if there is a problem — this is your responsibility and I am hopelessly unqualified to give you advice about owning gold in your IRA or anything else really. Thank you for reading!

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