

What You Need to Know About Having a 401K or IRA in Real Estate

Hi,

Richard Geller here, I'm the CEO and managing director of the Financial Success Institute. In our ongoing work to educate people about highly secure alternative investments, we have created this newsletter. In it, you'll find several important aspects about why you should consider alternative investments instead of the roller coaster stocks and bonds. There are many alternative investments reliably returning between 12% and 18% every year. When's the last time your stock account earned that much? These alternative investments are also very secure. Maybe not as secure as a bank CD paying 1% interest. However, they can be as secure as a real estate mortgage. At the Financial Success Institute, one of the recommendations we often make is owning real estate in an IRA or 401K. Please read the entire newsletter and then visit the [Financial Success Institute](#) for all of your retirement account investing needs. Thanks

Self Directed IRA - What is it?

December 10th, 2011

Are you wondering what a self directed IRA is? Don't be afraid of asking. It's a sign of intelligence.

An IRA, or Individual Retirement Account, lets you put in some of your income into a special account.

The money in the IRA accumulates tax free until you take it out.

Taxes are a huge robber of your wealth. So having an IRA can help you save on your taxes because it lets your savings build up free from tax.

However, this is where most people go wrong.

They listen to Wall Street. They get their news from Cramer and from CNBC.

The right way to invest your IRA isn't to turn it over to Merrill Lynch or that nice broker who is always calling you.

That will lead you to lose money in the stock market.

The right way to invest your IRA savings is to direct those savings into investments such as real estate and notes that pay 8% to 12% fully secured.

Why is that?

Self directed IRA lets you invest OUTSIDE the losing stock market

Because by making sure your IRA is a self directed IRA, you can avoid the typical mutual funds and bank CDs that are a big loser over the past 10 years and in my opinion will continue to be losers.

The Baby Boomers are getting older and as they get older, they take their money OUT of the stock market. That makes stocks fall. Stocks have fallen or stayed flat for the past 11 years.

The ONLY people who want you to stay in the stock market are — the stockbrokers! They make all their commissions by having you KEEP your money there.

Why would you ever want to make your stockbroker happy?

No, what you want is to make your family happy. By investing your self directed IRA into investments that make sense for YOU and your family.



Don't invest your IRA money in the stock market. Don't eat the breakfast everyone else is telling you to eat! Photo courtesy of <https://secure.flickr.com/photos/austinevan/>

What a self directed IRA can invest in

This includes:

Gold you can hold at home. Gold coins that have gone up in value 18% or so every year since 2000

High quality secured real estate notes that pay 8% to 12%

Rental properties — yes you can hold rental properties INSIDE your self directed IRA and accumulate the benefits free from tax

Here's why NOT get a self directed IRA

If you are interested in a Self Directed IRA, you will even be MORE interested in a self directed 401K.

It has huge advantages over the self directed IRA but both the self directed IRA and the self directed 401K are so much better than the typical IRA that

it is the difference between being wealthy or being poor in the long run.

Is Your Retirement 401K Safe?

December 10th, 2011

Can a 401K Protect your Assets Against Creditors and the IRS

Can a 401K can provide great asset protection? Can a 401K protect you against the IRS if they try to seize your cash? And can an IRA protect your assets against creditors and the IRS?

I'll answer that in this article.

The IRS can place a lien on your property whenever they want. The lien applies to all your property, both real estate and cash and personal property like cars or even jewelry.

So if you owe the IRS and they want to, they can churn out a tax lien and slap it on you with no real due process.

End the ability of the IRS to take your 401K. Protect your 401K retirement from the IRS. Photo courtesy of <http://www.flickr.com/photos/josh/>

To take your stuff, the lien has to graduate to become a levy. A levy action is when the IRS actually seizes property that it has liened.

Can the IRS slap a lien on your IRA? Can they slap a lien on your 401K?

If your 401K is under pay status, the IRS can take your 401K money and property

Your 401K is in pay status if YOU can access the 401K proceeds.

That's the key. The IRS doesn't have "super powers." If YOU have the power to take cash or distributions from your 401K or IRA, so does the IRS. They can step into your shoes and do whatever YOU have the power to do.

So if YOU can't draw money out of your IRA or 401K, neither can the IRS!

This is where a 401K beats an IRA bigtime. An IRA is not a qualified retirement plan for most purposes. And a 401K has protection as a qualified retirement plan that an IRA does NOT have.

So the trick here is

1. Convert your IRAs to a 401K
2. Make sure you CAN NOT get to your 401K

How to protect your 401K so it isn't in pay status and the IRS can't touch it

Your 401K can be NOT in pay status and then the IRS can't get it. Neither can creditors. Remember, this ONLY applies to 401Ks and similar "qualified retirement plans", NOT an IRA.

If you are not yet 59 1/2 years old, you can make sure your 401K is NOT in pay status. You are NOT allowed to take money out of the 401K and neither is the IRS.



Lock up your 401K against the IRS. Photo courtesy of <http://www.flickr.com/photos/tyrian123/>

That achieves extremely high asset protection via a 401K. If you have IRAs, convert them into a 401K, which you can usually do, and then you can protect everything in the IRAs which are now in the 401K and until you are 59 1/2 you can keep everyone's mitts off your cash.

What happens at 59 1/2 so your 401K is protected against creditors and the IRS?

Once the IRS decides what you owe, they have 10 years to collect it. If they can't collect it, it's gone! You don't owe it. So it's a waiting game. Wait them out and after 10 years from when they decide what you owe, you owe nothing more.

If you are older than 59 1/2 and less than about 70, you can often keep everyone from accessing your 401K. The same techniques with a few variations work.

There is no asset protection better than a 401K if it's set up right.

How to form a 401K so it protects your assets and so you can invest in whatever you want

You can roll your IRAs and your spouses's IRAs into a 401K, a solo 401K. All you need is a small part time business. It doesn't even have to make a profit. It can be a network marketing thing, or a part time consulting business, or renting out a room in your house. Whatever.

Now you can have ALL your retirement funds in one place. And they are in one 401K and that 401K can invest in all sorts of things.

Real estate.

Notes and loans.

Gold coins and silver coins (that you can hold in a safe or at the bank or bury.)

Stocks and bonds and options and futures.

And much more.

About the only thing you can't own in your 401K is artwork, collectible cars, that type of thing. And you can't live in a house that your 401K owns, although there are ways around this to a great extent.

And the power of a 401K may be greatest not just in protecting your retirement against the IRS and against creditors, but in the fact you can borrow up to \$100,000 for a joint 401K or \$50,000 in single solo

401K, and use those borrowed funds for anything and pay it back to YOURSELF with interest over five years and sometimes longer.

It doesn't get better than this. Remember to use a good consulting firm to set up your 401K, make sure you have the type of 401K that lets you write checks and not have to get someone's permission to invest. And make sure that you don't have the ability to pay yourself from the 401K. Then the IRS can't get the money either.

Disclaimer: check out everything you read here with a lawyer. I can't be responsible.

Visit the [Financial Success Institute](#) for all of your alternative investing needs.
