



What Your Real Estate IRA Custodian Might Not Be Doing In Your Best Interest

Hello,

I'm Richard Geller, CEO and operating manager of [FinancialSuccessInstitute.org](#). If you are not already a regular reader and subscriber to the vital information and resources provided by the Institute, I encourage you to visit the website and signup now at: [FinancialInvestmentInstitute.org](#).

The Institute is devoted to researching and providing information about high return alternative investments that you can physically hold in a real estate IRA or a self directed 401K. Financial Success Institute is equally devoted to making sure all subscribers have access to the best real estate IRA custodians in the business.

What you'll learn is contrarian investing. It goes against the herd. Why would you want to follow the herd when they are all losing their money on Wall Street? What you learn at [FinancialInvestmentInstitute.org](#) is very different from what your financial planner tells you.

This exciting new issue of our newsletter is devoted to educating readers about what some real estate IRA custodians are doing that is not in the best interest of our readers. The fact is,

when a real estate IRA custodian has control over your retirement account, your wealth is at risk. As we saw with the recent MF Global bankruptcy, when a financial services provider gets into trouble, they can access member assets and plunder their accounts. Right or wrong, it's been done many times. Here at [FinancialSuccessInstitute.org](#) we want readers fully informed not only of the risks to watch for with a real estate IRA custodian but also how to structure their account to be 100% protected against the real estate IRA custodian gaining control of their assets.

No one cares more about you becoming wealthy than you do and no one else should. You'll do much better taking full control of your financial future starting today! The way to do that is by learning the risks and how to avoid them when selecting your real estate IRA custodian.

At [FinancialInvestmentInstitute.org](#) you'll learn exactly how to do it!

Please visit us at [FinancialInvestmentInstitute.org](#) to leave general questions and comments. However, we cannot give direct advice because we don't know the details of your situation or all the laws in your state regarding securities and investments.

Thanks and Wishing You Great Success With
Your Investing,
Richard Geller

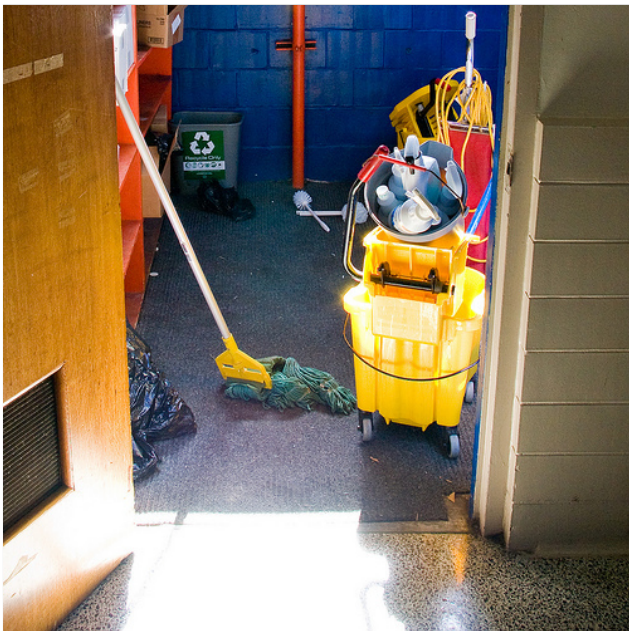
Self Directed IRA Custodian - Are They Exposing Your IRA to a Terrible Danger?

January 14th, 2012

Self Directed IRA Custodian – what they SHOULD be telling you but they're NOT

An IRA requires a custodian. The custodian is in essence the trustee. They are in charge of holding your IRA assets.

You the owner of the IRA don't get to hold your own assets.



Where's the self directed IRA custodian mess? Anyone see a clean mop? photo courtesy of flickr.com/photos/booleansplit/

A self directed IRA is a bit different. The idea of the self directed IRA is that you the owner should be able to control your assets. But you don't really get to hold them and you certainly don't get ultimate control.

The self directed IRA custodian must approve whatever you do.

The problem is that the self directed IRA is a stretch in law anyway. The tax code never envisioned a self directed IRA custodian who would let you make your own investment decisions. So the self directed IRA custodian layers on an LLC.

Self directed IRA custodian LLC

The custodian sets up an LLC that is owned by the IRA and you can have the right to manage the LLC. An LLC is pretty

flexible, almost the ultimate in flexibility as to how it is owned, how profits and losses are distributed, and how it is managed.

The trouble is that it is all too easy to invest your self directed IRA and make a major mistake:

Beware the personal guarantee trap for your self directed IRA

One of the biggest mistakes you can make is to personally guarantee anything having to do with your self directed IRA.

If you are managing the LLC that is owned by your self directed IRA then you can't personally guarantee any sort of debt by that LLC.

This is a huge pitfall in the self directed IRA custodian don't tell you about. If you sign a brokerage application that specifies any sort of personal guarantee, you're sunk.

And your IRA is then treated as "fully distributed." For instance, one brokerage agreement that all IRA holders must sign says:

You reserve the right to require full payment, or an acceptable equity deposit, prior to the acceptance of any order. I will have the required cash, available funds or equity in my Account prior to the execution and/or settlement of a purchase or short sale transaction, and the required securities in my Account prior to the execution and/or settlement of a long sale. If I do not have sufficient funds or securities in my Account, you have the right to liquidate or buy in securities at my expense, and I will be responsible for any cost or loss.

f. Payment of Indebtedness Upon Demand. I will be liable for the payment upon your demand of any obligations owing in my Account, including the reasonable costs incurred in collecting such amounts.

It is possible that this may constitute a personal guarantee of an IRA balance, and therefore make the entire IRA "fully distributed" under the IRS code.

Not good.

Owning gold inside an LLC in your self directed IRA may make it a collectible

In private letter ruling 200217059 the IRS said:

Sections 408(m)(2)(C) and 408(m)(2)(D) of the Code define collectible, for purposes of section 408(m) of the Code, as including any metal or gem and any stamp or coin, respectively. The only exception to classifying bullion as a collectible, for purposes of section 408(m), relates to any gold, silver, platinum, or palladium bullion of a fineness equal to or exceeding the minimum fineness that a contract market requires for metals which may be delivered in satisfaction of a regulated futures contract, if such bullion is in the physical possession of a trustee. This limited exception applies only if a certain type of bullion is in the physical possession of the IRA trustee. In this case, all of the bullion coins and bullion bars at issue are in the physical possession of Company M or Company N, not the IRA trustee. As a result, this exception is inapplicable.

A word to the wise is to ask your self directed IRA custodian about owning gold or silver inside an LLC if that is what you are doing. I can't give you tax or legal advice and we do our best to be accurate but anything we say here could be wrong, could not apply in your case, or could be a matter of opinion where our opinion differs from that of a judge or tax court or hearing officer. Just keep it in mind.



Your self directed IRA custodian isn't all seeing and all knowing. What if they are making a terrible mistake with your IRA? Could that have severe tax consequences you are unaware of at this point? photo courtesy of flickr.com/photos/naq/

These are only a few of the pitfalls of the self directed IRA custodian isn't telling you about. I would get a copy of our comprehensive report on the IRA vs. the 401K and you can see how a self directed 401K can offer much superior investment, tax treatment and asset protection than a self directed IRA.

Don't get a self directed IRA until you read this dangerous report!

Get your FREE Copy now by clicking on the ebook icon!

written by Richard in *Free Reports*



We've gone to some of the foremost experts who make their money AWAY from Wall Street to put together this report showing you how you can possibly convert to a MUCH better retirement account option that most people don't know about

- Pool most/all of your present IRAs into one "super account"
- Buy rental properties, mortgage notes, or your dream home INSIDE your retirement account
- Get tax free income for life with MUCH higher potential returns than you'll ever get from an annuity
- Buy and HOLD gold and silver coins so you have them PHYSICALLY in your possession, but they are owned inside your retirement account
- Works even if you have a J-O-B, even if your J-O-B already has a 401K for you

Readers Ask - What is an Alternative Investment

January 14th, 2012

If Wall Street investing isn't the answer what is? People want answers about what an alternative investment can do for them.

Tyler Durden writes this in the [ZeroHedge](#) Blog:

"I am of the opinion that we are in a gigantic structural bear market. The role of any bear market is to get the most people to lose the most wealth. And so our first goal is to help you be among those who lose the least, as they are the ones who win the most."

If you agree with that summary of Wall Street, you should be looking for an alternative investment.



An alternative investment belongs in your portfolio. Leave the bear market for children. Photo courtesy of: www.flickr.com/photos/laurelfan/474488974

Your Alternative Investment Can Be Anywhere

The narrow view that Wall Street is the only place to invest is perpetuated by the same financial executives that want to help you lose your money so they can have it. Here at the Institute, we think a good alternative investment is best answer. We also believe an alternative investment should be a physical asset. Not something merely represented by a piece of paper or stored in a financial firm's computer.

The best alternative investment is something like tax liens, mortgage notes, trust deeds, along with gold and silver. Each of these is securely backed by a physical asset. Holding a tax lien as an alternative investment means if the tax isn't paid your alternative investment becomes the real estate the taxes remain owed on. The same thing is true when a mortgage note or trust deed is held as an alternative investment. If the borrower fails to pay, your alternative investment becomes the real property securing the loan.

Gold and silver are physical assets themselves. What's important when precious metals are held as an alternative investment is you have physical control. Don't allow a third party to hold your gold or silver. Put your alternative investment of gold inside a home vault or safety deposit box. Having physical control is an important aspect of an alternative investment.

Tyler Durden backs this up with:

"The first step is to have physical gold in your possession. By this we mean bullion coins or bars stored somewhere very secure that does not place you at risk."

If your alternative investment is held in a tax deferred account like a self directed IRA or 401K, one alternative investment you can't hold are collectables like rare wines or art work.



You can go with an alternative investment with your eyes wide open. Or you can close your eyes and hope for the best on Wall Street. Photo courtesy of: www.flickr.com/photos/pip-x/3318891027

Your Alternative Investment Will Out Perform Stocks With Less Risk

By carefully selecting an alternative investment you are knowledgeable about, you greatly reduce the risk that you will lose money. And greatly increase the chances of making money with an alternative investment.

There is no limit to your downside when you invest with Wall Street. People lose their last nickel there all of the time. There's risk with any investment, even an alternative investment. But your downside is limited when you own a hard asset. If you own real estate as an alternative investment, the market might decline further. However, there is only so much real estate in this world and none of it is worth zero.

My educated guess is real estate will make a great alternative investment over the next several years. It's at the bottom of the cycle and poised to start back up. Still, it's important that you correctly structure your alternative investment.

Some people are buying and holding real estate as an alternative investment. They're becoming landlords to have tenants pay the mortgage or provide an income from their alternative investment. I don't like the problems that come with being a landlord. I structure my alternative investment by using seller financing. This brings in a higher monthly payment from the alternative investment and keeps me out of the landlord business.

If you are ready to explore more about how an alternative investment will make you wealthy, please follow the link to [Wall Street Won't Make You Wealthy – That's Your Job.](#)

Don't be an Investor. Build Wealth with Your Own Real Estate Business

January 14th, 2012

Retire rich by not being stupid and thinking you'll be an "investor"

Changing your life is hard.

For example, my friend Wendy tells me:

"Every year since I was a little girl I make New Year's resolutions.

"I think about what I'm going to resolve to do even early December and plan my resolutions carefully.

"I write them down and put them on the refrigerator and near the make-up mirror and on my computer monitor at work.

"Like this past year I resolved to spend 20 minutes every day on a brisk walk during lunch. And I resolved to do two kind things for my dad at least once a week. He's in a nursing home near our house.

"But what happened this year is I started out good enough. But around February or early March, I found myself making excuses. I have gotten completely out of the lunch time walking. I visit my dad but probably not nearly as much as I should and definitely not twice a week."



Mommy, I resolve we won't smoke, we won't drink and we'll be home before 11. And we'll use our retirement cash to start a lucrative real estate business. Photo courtesy of <https://secure.flickr.com/photos/31064702@N05/>

Studies suggest Wendy isn't alone. 90% of people don't make their resolutions and in fact resolve the same resolutions year after year for at least 10 years in a row, if they make resolutions at all.

Making positive permanent change in your life is a longshot, it would seem.

But what if you don't just write down what you'll do. What if you go and make a striking, major life changing decision by attending a live event? You get on a plane, you stay at a hotel, you mingle with other like minded people.

You laugh, you weep, you hug, you take lots of notes.

What about a life changing event?

Will that help you make positive permanent change in your life?

And if so, what change are we looking for exactly?

Start and run a new business that builds your wealth

The changes I'm talking about relate to health, wealth and happiness. And specifically in this article, wealth.

David is typical of what I'm talking about. He has about \$200,000 in his retirement account. And he owns some equity in his house (a whole lot less equity than he had five years ago.)

He is in his fifties and feels that his health isn't what it should be and that in ten years or so he will want to retire.

"But how can I retire?" he told me. "My investments are hardly growing at all."



The stock market has gone nowhere in 15 years. On an inflation adjusted basis the stock market has fallen sharply since 1995 and continues falling.

And therein lies the problem. Look, even if you have a million dollars today, you can't afford to retire. A million dollars earns you \$1600 a month in today's low interest rates.

How can you live on \$1600 a month?

And then if you eat into the principal, you could live on a million by taking say \$4000 a month out of the million, or \$50 thousand a year. So your million will last for roughly 20 years not counting interest (of course if you take principal down your \$1600 a month will shrink to less and less.)

That may sound okay but I have two points to make.

Point #1: Most people don't have nearly a million to retire on. They have more like \$80,000 or \$150,000

Point #2: Inflation is getting ugly. The money supply is increasing at 20% rate now. It's just a matter of time when food and energy and rents and everything explode with enormous inflation.



Money supply is exploding at a 20% annualized rate. Numbers are from the Cleveland Fed

So inflation is going to be kick butt bad pretty soon.

And interest rates are near zero and you need millions in order to have a decent lifestyle.

Or do you?

What you need to do is one simple thing really. Stop listening to the medja and Wall Street and what I call that stoopid "I word".

Stop being a sucker investor

Here's the simple fact, Buckwheat. You can't afford to sit back and "invest" like you're some Warren Buffett or something. No, you need some real cabbage and there is only one way you get that.

In your own business.

If you are fortunate enough to have a bit of clams stashed away in your retirement account, dust it off and put it to work in your own business.

In other words, if I "invest" I may earn 1%, 2%. But if I buy one stinkin' cheapo house and pay, say, \$50,000, and sell it with owner financing for \$100,000, I can double my fifty grand just about. And then I can do it again, this time with two houses, two fifty grand investments.

And if I don't have that money to start with, I can get it. And my first profits become my seed capital so I can build my wealth.

This is not an investment. It's a business.

And that's what you need right now. You need to use your retirement cash to fund your business. Not use it to "invest". Don't be a dummy sucker that Wall Street eats for lunch. Don't be fishbait.

And here's the dealio at this point. You need big money, that means your own business, you've decided on this houses thing, what I call Equity Resizing. But how do you really make sure you follow through on building your business?

How do you keep from breaking your resolution? How do you build the habit of buying houses today?

My answer is: get a mentor to help you. But not just any mentor...

Don't go for typical "coaching" that's out there

My first mentor that changed my life was a guy who is VERY well known as a guru now but wasn't then.

He charged a pittance (which is like maybe \$50 or something back in 1989) and he delivered a lot of value.

I worked with him and he resulted in my first success in real estate.

Before I met this guy, who I'll call Tight Ass but Nice (he was both) I was floundering all over the place between trying subject-to deals, buying paper, syndicating apartment buildings, hard money lending, and this was just a few of the things on a long laundry list.

All the things I did before I met Tight Ass but Nice resulted in three things:

1. More astronomical credit card debt
2. More of my wife's deserved displeasure
3. Even worse sinking feeling each day I woke up but it ended by the time I was asleep

I was here, I was there, and I lacked the ability to make any money, a dime, in real estate.

To my credit, I didn't sit around. I worked hard. Very hard. But working hard consisted of buying courses, attending events, and looking at properties and working at un-makeable deals and unworkable scenarios.

In short, the light bill and the mortgage continued to need to get paid, and I was sinking deeper and deeper.

It was that work with Tight Ass but Nice that saved me.

Since then I've been to a lot of live events and gone through numerous masterminds and coaching programs. I am in a very cool mastermind event where we meet and that is very helpful. You probably know of some of the folks there. And I spend a lot of money on training and coaches and it is always money well spent.

The more successful you get the more you realize how useful, valuable and profitable live events are, if they are the RIGHT live events.

So that brings me to the Mother of All Bad Live Events

I don't like these types of live events

You get there and it's one continuous pitch. Now there is often something really good you get out of the speaker. But it's one speaker after another, one pitch after another.

There is no coherence to it. Each speaker is a standalone. So when you leave you are lighter in the wallet and more confused than ever.



Not an event like this one, please! Photo courtesy of <https://secure.flickr.com/photos/boellstiftung/>

See when I went to visit with Tight Ass but Nice, he focused on telling me what to do and when to do it. He gave me the tools and the plan. And all I had to do was implement what he told me to do.

That's not what happens at the Mother of All Bad Live Events (MOABLEs). At the MOABLEs, you end up very confused and you do NOT have a plan, and you do NOT have a coherent strategy.

So that's not cool at all. I don't go to events like this anymore.

So how do we get folks to implement? How do we get YOU to go out there and do your first deal?

It's either do that first deal or fail

In my experience, the first is always the hardest. Do one deal, and your second is easy peasy. It's the first deal that really gets you fired up and ready for the next one.

The trouble with most folks is they set unrealistic "big hairy audacious" goals. They say "I'll retire by doing 10 houses a year and each will bring me fifty grand so that's five hundred grand a year."

Okay, really there is nothing wrong with this arithmetic and it is quite possible. But if you haven't yet done ONE deal, your reptile brain that is listening and lurking gets a load of this.

Your reptile brain is hard to fool. It starts making you fearful, scared, nervous, afraid. And that manifests itself as a "feeling". A feeling of doubt. A feeling of disbelief.

You don't really believe your own thought. You pretend to but you don't.

When you set a goal like doing 10 houses a year and you haven't even done one, you will almost 100% of the time become doubtful, fearful and unhappy.

And that sets you up for complete 100% failure.

Just like the New Year's resolutions.

And then because you are desperate and unhappy, you'll go to the next "shiny object", the next course, or the next event, or the next whatever to get your "fix" of hope and dreams. And you'll be no closer to building wealth than you were before.

If you make it your goal to do just ONE deal you are far more likely to do it. It's hard enough to build a new habit.

And don't expect to do the deal tomorrow or next month. You need to build a plan and start on that plan step by step. I don't say "wait and build a plan first." I say "build a plan AND start implementing."

You are far more likely to do that, in fact you are VERY likely to implement and begin in your own business, IF you have worked with a mentor and fellow students who are DOING DEALS, and IF you have started making changes and taking steps called for in your plan.

You really need to learn what to do step by step, and be DOING it at the SAME TIME.

That's what I want for you. To turn you into a businessman or businesswoman who is making money turning houses as a business, using Equity Resizing, rather than an "investor".

Visit FinancialSuccessInstitute.org for more alternative investing information!