Financial Success Institute
Health, Wealth, and Family

Income Property - How to Grow Wealth with Your Self Directed IRA or Solo 401K

Hello,

I'm Richard Geller, CEO and operating manager of FinancialSuccessInstitue.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 reporting on new and high paying alternative investments that you can hold tax-free in a Solo 401K or self directed IRA retirement account. One alternative you must learn about is real estate investing.

There are many ways to invest in real estate. Out right owning an income property is one way - if you want to be a landlord. Also, you can hold the property deed in your Solo 401K or self directed IRA. Another way is buying high paying tax liens where you might end up owning the income property for pennies on the dollar.

In this issue of our newsletter, we delve into the reasons you are much better off holding income property in your self directed IRA or Solo 401K instead of investing with Wall Street. You are also about to learn why flipping income property is not the best way to invest your self directed IRA or Solo 401K. Finally, you'll be shown a few mostly unknown but critical mistakes that many self directed IRA and Solo 401K account owners are making every day. Read that part closely so the IRS doesn't declare your account fully distributed and demand you pay taxes and penalties on it.

To learn everything there is to know about the Solo 401K, you'll want to pick up your copy of the in-depth book Wall Street Won't Make You Rich - That's Your Job.

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!

At FinancialInvestmentInstitute.org you'll learn exactly how to retire wealthy when you take control of your financial future!

Please visit us at FinancialInvestmentInstitute.org to leave 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

Real Estate for Investment Remains Best Inflation Fighting Strategy

February 6th, 2012

Real estate for investment is still the best long term wealth building opportunity based on expert analysis of last week's announcement that the Fed will continue Zero Inflation Rate Policy (ZIRP) through 2014. The Fed also stated an inflation target of 2%. However, they are about out of ways to achieve either.

Here's an excerpt on the subject by Tyler Durden from **ZeroHedge**:

> *"What happens when there is no explicit back stop to the long end? Is this the reason why Bill Gross [co-founded of Pacific Investment Management and manager of the $252.2 billion Total Return Fund] yesterday said that he fully expects much more check writing by the Fed for the next '12, 24, 36 months." And how can it not: we don't have a market of rational players any more..."*

According to Barclay's the Fed has bought 91% of 20-30 year maturity U.S. debt to assure interest rates remain at zero through 2014. Of course, that was all with funny money printed from thin air. At that rate, there is no open market influence on interest rates. All of the real money that would have bought that debt is now in the economy. Something has to give and it will be inflation.

Real estate for Investment – A Real Investing Opportunity

Real estate for investment is paying 8% and up today. It's fully secured with a first mortgage on the property. You simply won't find a better return than real estate for investment as long as the Fed rides rough shod over interest rates.

There are many ways to hold real estate for investment. One of the most popular is buying it outright and becoming a landlord. When you're the landlord holding real estate for investment, you get to clean the toilet when your tenant moves out. Being a landlord holding real estate for investment also means no income until a new tenant moves in. And it costs you real money getting it ready for a new tenant.

Real estate for investment in a first mortgage is better than owning and cleaning the toilet bowls in rentals. Photo courtesy of: www.flickr.com/photos/sercasey/278428764

When investors are ready to hold real estate for investment, they don't often think about the promissory note as the best way of holding real estate for investment. When you hold a promissory note as real estate for investment, you have a high yield passive income. Instead of cleaning toilets, you collect and deposit the homeowner's monthly mortgage check while having the security of real estate for investment.

Whether you are looking at real estate for investment with your self directed IRA, 401K, or after tax savings, you'll be better of with real estate for investment than in a zero interest savings account or the high risks that come from Wall Street investing. With the Fed zero interest policy firmly in place through 2014, real estate for investment is the best option you probably have for at least the next several years.

Holding real estate for investment with a first mortgage helps others become homeowners. Photo courtesy of: www.flickr.com/photos/stevendepolo/3774068738

Real Estate for Investment in Commercial Properties

If you do want to own the property for real estate for investment, you should consider commercial properties. Unlike residential property, you're not likely to get 2 o'clock in the morning phone calls. Many commercial rentals make the tenant responsible for most repairs and maintenance. However, if you get into commercial real estate for investment, it is more complex. You'll need to become familiar with phrases like net operating income and cap rates.

Of course, just because you want to be in commercial real estate for investment, doesn't mean you have to be the owner. You can still hold the promissory note for commercial real estate for investment. Or you can both run your own business and have tenants in a strip mall. Two of the most profitable ways to hold commercial real estate for investment is apartment buildings and medical facilities. Both hold great promise in the commercial real estate for investment sector for years to come.

Bottom line is with interest rates at zero for years to come, real estate for investment is one of the best alternatives you have. Please leave your comments about real estate for investment below.

How to Buy Cheap Houses That Cash Flow Like Crazy

written by Richard in *Free Reports*

Click on the eBook icon for Your FREE COPY

One of the folks here has bought about 1200 houses. His name's Mitch and he is a super great guy and real down-to-earth. He prepared this special report as an underground guide for his students and I'm making it available to you (with his permission) for the ultra low price of zero. I hope you enjoy (I know you will). It tells you everything you need to know to start buying ultra cheap houses in your area.

Flip a House in Your IRA - Is it a Good Idea?

February 6th, 2012

Can I flip a house using my IRA is a question I often get from readers. Technically the answer is yes, you can flip a house using your IRA. The better question is do you want to flip a house inside your IRA. Several real issues come up when you flip a house in an IRA. Here is **MSN Real Estate's** take on inexperienced people trying to flip a house:

> *"The pros will tell you that they make their money on the front end by buying properties for at least 30% below market value. Finding those houses takes time and once you find them, you'll need to move fast."*

That's just a regular attempt to flip a house. It doesn't take into account when you try to flip a house using an IRA.

Flip a House in an IRA – More Trouble Than It's Worth

There major problems can come up when you use your IRA to flip a house. Two of them seriously reduce your profits when you flip a house in an IRA.

There's no hard rule with the IRS about what comprises 'inventory' when you invest in real estate with a retirement account. This is important because if the IRS deems your investment as 'inventory' you'll have to pay all applicable taxes on the sale. The same as if the property was not owned by your tax exempt IRA. What can become involved when you flip a house with your IRA is "unrelated business taxable income" (UBTI). It's as if your IRA owned a car dealership. You can't have an unfair advantage over the competition by not paying taxes. When you flip a house with your IRA, the IRS might consider the house inventory and require taxes to be paid.

If you flip a house using your IRA, the IRS could construe it as inventory much the same as if you had a motorcycle dealership. Photo courtesy of: www.flickr.com/photos/picsoflife/6503655613

In reality, if your IRA is used to flip a house but limits it to only one, the IRS probably won't consider it inventory. However, if you flip three houses in a year, they'll almost certainly consider it inventory.

Some people wanting to use an IRA to flip a house also need to be concerned with "unrelated debt-financed income" (UDFI). If your IRA has enough funds to cover all the costs to flip a house, this won't be an issue. If your IRA needs to borrow money to flip a house, this will be an issue.

There are many more expenses when you flip a house than just the purchase price and all of it must be covered by the IRA – one way or another. That can include borrowing to cover the cost to flip a house. Typically, your IRA has to pay the rehab costs to flip a house. Also any taxes, insurance, legal fees, and title costs. Every cost to flip a house has to be covered by your IRA.

So if your IRA borrows to cover the costs, it'll trigger UDFI on any profit you earn when you flip a house. Taxes are owed on the profit in proportion to the amount of money borrowed to flip a house. If 50% of the money needed to flip a house is borrowed, then 50% of the profit earned when you flip a house is taxable.

There are better and less risky ways than using your IRA to flip a house.

If you flip a house using your IRA, you might be taking unnecessary risk with your retirement wealth. Photo courtesy of: www.flickr.com/photos/jurvetson/2446871523

Less Risky Ways to Grow Your IRA Without Needing to Flip a House

Before you flip a house, read and learn from this quote that Richard C. Davis, creator and star of A&E's reality show, Flip This House gave MSN Real Estate:

> *"In our original video, we had a warning," Davis says. "'Do not try this at home. It's for trained professionals. You will lose money."*

Rather than taking big risks when you flip a house in your IRA, make smarter investments such as holding real estate mortgages, owning rentals, tax liens, and precious metals. Financial Success Institute provides a wide range of resources showing you how and why these are much more secure than using an IRA to flip a house and these provide solid earnings ranging from 8% to 18%.

When you flip a house, it's a lot of work and inherent with risk. You may earn a lot of money when you flip a house or you may lose a lot. Don't flip a house with your hard earned money.

What insiders know: Five Secret Retirement Investments, some paying 18% fully secured (your financial advisor did NOT tell you about these!)

written by Richard in *Free Reports*

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Only insiders seem to know how to earn 8%, 11% or more with these top five investments your financial advisor DID NOT tell you about. We scoured our experts for the five best and least known investments you can make inside your IRA, your 401K or your personal account. Some require a few minutes a month, others require no time at all. And all of them are only known by insiders and they have the potential to help you take your savings to the next level.

Put your email and name here and we'll give you instant access to this report.

Self Directed IRA Mistakes People Make That Can Cost You Big Money

February 6th, 2012

There are three major mistakes that people make with their self directed IRA.

Don't make these self directed IRA mistakes. Photo courtesy of flickr.com/photos/iamtekn/

A lot of self directed IRA custodian don't seem to keep the IRA holder from making these mistakes either. And I think there will be a lot of problems as a result.

Mistake #1: personal guarantees with a self directed IRA

You cannot personally guarantee anything in a self directed IRA or self directed 401K.

Most people say, "fine, I won't."

Then they open a brokerage account and it will have a personal guarantee as part of the agreement. It will stipulate asmost do that any shortage or deficiency in an account will be met personally. Like this one from a major brokerage:

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.

Oops!

There goes your self directed IRA, up in flames. And that means that potentially ALL your IRA holdings are now considered fully distributed by the IRS with huge tax payments and penalties owing.

And then there's this big mistake…

Mistake #2: owning the run type of gold or silver or other assets or owning it the wrong way

Yes you can own gold or silver in an IRA. But you have to be careful you don't fall afoul of the prohibition on owning "collectibles" in your self directed retirement account.

Bullion must be a certain type. It can be either current US minted coins such as American Eagles, or it can be bullion of the fineness and type that is used for delivery by futures exchanges. Anything else is not allowed.

And, the bullion must be physically held by the trustee. Not by an LLC or other entity that may be in turn held by the IRA. Otherwise, you may have trouble.

And the third major mistake…

Mistake #3: doing business with related parties

You can't benefit form your self directed IRA. Your direct relatives as defined by the IRS code can't benefit. You can't do business in a business that your self directed IRA owns. You can't live in a vacation home that your self directed IRA owns.

There is a limited exception for managing real estate yourself that your self directed real estate IRA holds. But that's it.

This is a very common violation that results in a prohibited transaction and that can bring the IRS down on your self directed IRA and result in a catastrophe.

Now, if you want to avoid all this you will want to go the solo 401K way. The Checkbook Retirement Plan solo 401K is much more forgiving and lets you do a lot more things than a self directed IRA. If you become familiar with the solo 401K you will not want to keep your IRAs but will want them to rollover into your own solo 401K instead.

Get our free report on this topic if you feel it would serve. Or **[check out our webinar on the subject](#)** with expert Tim Berry.

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

written by Richard in *Free Reports*

Pick up Your FREE COPY of the report by clicking on the icon now!

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