



Home Storage Gold IRAs: Pros, Cons & Risks (2020 Overview)

With recent financial uncertainties, many investors are looking to invest in gold or other precious metals. If you have a 401k or existing IRA, [investing some of that capital in gold](#) can help protect your wealth and hedge your investment against inflation.

Because stock prices rise and fall dramatically – *whereas gold will always retain value* – many experts suggest holding at least some [gold in your investment portfolio](#).

The Truth About Home Storage Gold IRAs

One of the great things about the internet is how much free information is out there.

But when investing in gold or silver, you have to be careful about what you choose to believe. For instance, you might hear about “home storage” [gold IRAs](#).

Now, home storage IRAs are a completely legal and legitimate thing. But for most investors, home storage IRAs will not bring any significant benefits while introducing serious costs and risks.

We wrote this brief guide so that investors wouldn't get tricked by some of the false or misleading information out there. If you want to know more, [download our free gold IRA investment guide](#).

Can I Store My Gold IRA at Home?

Home storage IRAs sound attractive on paper: You set up an LLC and have complete control of the transactions into or out of the IRA. This appeals to exactly the type of conservative, risk-averse investor who is attracted to gold in the first place.

While it is true that an LLC can have a checkbook IRA account – allowing owners control over regular transactions – it's important to make sure that you don't believe you can simply form an LLC, [buy some precious metals](#), and store them yourself—maybe under the mattress, in a bathroom cupboard, or fireproof safe. It's important to realize that this is **not** the case.

In addition to various other requirements, you must store the metals in a protected location such as a safety deposit box in the name of your LLC. If you took physical possession of the metals, that would be considered a distribution by the IRS **and you would be taxed just as if you pulled that money out of your IRA.**

So self-storage is completely out of the question.

Also, remember when you do [have a gold IRA](#), annual reporting must be conducted by the client or LLC, and determining value in this instance can be somewhat difficult.

With a normal IRA, a custodian can determine the value and report that amount to the IRS.

What Are the Costs Associated with a Home Storage Gold IRA?

The internet can be a fantastic source of information on what you can do to diversify and improve your IRA account. At the same time, it is crucial that you be careful about what you believe in – especially when buying gold and silver.

Setting up a home storage IRA requires a multitude of prior requirements, including creating a limited liability company (LLC), having a net worth of over \$250,000 after incorporation, having corporate legal counsel on retainer, and performing a detailed annual audit.

It also increases your chance of undergoing an IRS audit and you can be hit with various fines if it's found you are not in compliance with the rules governing home storage.

Will a Home Storage Gold IRA Afford Me Greater Liquidity?

You might think so, but it turns out that this is not the case. You, on behalf of the LLC, would need to either ship the metals back to the dealer or find a buyer in a local pawn shop.

But local coin brokers and pawnshops typically charge incredibly large liquidation fees that have a negative impact on your profit. What's more, mailing the metals that you own to a new firm can turn out to be incredibly expensive and you would have to pay for the insurance of those metals during delivery.

On the other hand, traditional depositories and approved custodians [can buy metals back on the same business day](#) and fund the client within 3 business days.

The Pros and Cons of Home Gold Storage

Due to the additional costs and complication of the DIY approach, the most common option for storing gold is using a depository or private firm. In addition to offering specialized bullion

vaults that are highly safe, secure, and most importantly – insured, you can obtain geographical and political diversification for the gold that you own.

You can also deal with better liquidity because you can sell your metal whenever you like and have the proceeds sent to you as quickly as possible. The issue with a private storage option is that you – as a client – will need to start an LLC which does cost time and money.

Not only do you need to maintain that LLC according to the rules and limitations of your home state, you also need to adhere to the fees that come with that LLC. This can create a lot of different forms and annual paperwork that you will need to fill in on a regular basis.

However, [with a self-directed custodian](#), you can have all paperwork handled for you – which is incredibly convenient.

Our Recommendation

Home storage IRAs are a legal and legitimate option. However, in our opinion and the opinion of many experts, the risks outweigh the potential benefits by a considerable margin.

You have to set up an LLC, find and administer a secure location for your metals since you cannot actually store them within your home yourself, report to the IRS, and take responsibility for ensuring that you are complying with all rules and regulations.

To save the hassle (while maximizing your investment returns), there is nothing wrong with choosing a trusted custodian firm [like Advantage Gold](#).

Clients get walked through the process to set up the account, select suitable precious metals, then store their bullion in an IRS-certified depository built to provide insured, guarded protection for their precious metals.

It's more convenient, less expensive, and less risky. In our opinion, it's clearly the better choice.