

# IRS Warns Against Home Storage for Precious Metals Owned by Self-Directed IRAs

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The Wall Street Journal recently [reported](#) on the radio advertising that promotes an ability to store gold owned by a self-directed IRA at the IRA owner's own home. Based on the Journal's reporting and investigation, the IRS issued a statement warning against such storage. I've written about this topic on a number of occasions and our firm has always recommended against home storage for

precious metals owned your IRA or your IRA/LLC.

The recent statement by the IRS against home storage is an important development and one that all self-directed IRA investors who own precious metals should be aware of. Keep in mind, there are two rules that apply to precious metals owned by an IRA.

## Qualifying Metals

First, the precious metals owned by an IRA must qualify under IRC § 408(m)(3). In short, these rules approve certain specifically approved coins (e.g. American Eagles) and gold, silver, platinum, or palladium that meet certain fineness requirements. Check my prior [article](#) for more detail as not all precious metals qualify to be owned by an IRA. In addition, Chapter 12 of my book, *The Self Directed IRA Handbook* covers the subject in detail.

## Storage Requirement

And second, qualifying metals must be stored in accordance with IRA rules. Precious metals must be stored with a "bank" (e.g. bank, credit union, or trust company). Personal storage of precious metals owned by an IRA is not allowed. A broker-dealer, third-party administrator, or any company not licensed as a bank, credit union, or trust company may not store precious metals owned by an IRA. Additionally, an IRA owned LLC (aka, IRA/LLC) is subject to the same storage rules and must store metals the LLC owns with a "bank".

If an IRA purchases precious metals that do not meet the specific requirements of IRC § 408(m)(3), then the precious metals are deemed collectible items. As a result, they are considered distributed from the IRA at the time of purchase. IRC § 408(m)(1). Similarly, if the storage requirement is violated, then the precious metals are also deemed distributed as of the

date of the storage violation. IRS Private Letter Ruling 20021705. The consequence of distribution is that the value of the amount involved is deemed distributed and is subject to the applicable taxes and penalty.

Given the warning against home storage from the IRS, self-directed IRA owners should think twice before storing precious metals owned by their IRA or their IRA/LLC in their home.

For a detailed legal analysis, please refer to our Whitepaper on the topic found at the link below.

[white-paper storage-requirements-of-precious-metals-in-ira-llc 070715.](#)