



Beware of Home Storage IRAs

Considering a precious metals IRA? Buyer beware of home storage IRAs! Gold and silver prices are edging back up and the unethical tactics in the precious metals industry are in full play. We have seen unethical precious metals dealers surface repeatedly over the last couple of decades, and recently a number of these firms have begun marketing a potentially disastrous precious metals IRA scheme known as, “Home Storage IRAs”, “Self Storage IRAs” or “Checkbook IRAs”.

Their marketing pitch appeals to the prudent investor that wants to own and hold their own physical bullion, and they also know that millions of Americans have significant savings in their IRAs and 401ks. As a result, they want to tap your IRA savings by appealing to your desire to have “privacy” and “full control” of your physical precious metals, in your own home or nearby. While we recommend physical precious metals for the valid reasons of privacy and control, we do NOT recommend the use of IRA funds for home storage. There is a correct way to establish a precious metals IRA, but home storage is not the way to do it.

If you do a quick Google search on the dangers of home storage precious metals IRAs you will find numerous articles aptly warning you to steer clear of them. These articles can be found in the [Wall Street Journal](#), on [PRWeb](#) and others.

May we caution you to stop and think this marketing scheme through. No one wants the IRS pursuing their IRA account funds, and this is an open door for potential future IRS problems.

Little Known Facts About LLC Precious Metals IRAs

A quick look through the following list should raise a multitude of red flags if you had considered a home storage gold IRA.

Things you need to know:

- Firstly, the IRS is notified annually that your specific IRA owns the LLC. No additional privacy there.
- You, as the owner must supply the IRA provider with actual third party confirmation of the value of the LLC. This means that you have to report the exact value of your precious metals and any cash in your LLC. No additional privacy there.
- Your precious metals choices are limited to only US minted Eagles. The hucksters out there will try and talk you in to Proof Eagles, read our article why you should never own proof coins in an IRA.
- You cannot reasonably insure your precious metals that are stored at home – the insurance cost is astronomical. Remember that if your metals are stolen or lost, you will have a taxable withdrawal cost on top of your physical metals loss value.
- Safe Deposit box storage is not insured via any bank. Also, many banks will not allow the storage of bullion in safe deposit banks, beginning with JPMorgan Chase.
- All bookkeeping for the LLC must be maintained by the IRA owner.
- If the IRS asserts that a prohibited transaction occurred, the burden of proof is on the taxpayer. You must prove that you did not receive a personal benefit. Worse yet, you will be presumed guilty in tax court until you prove otherwise.
- If asked, you need to provide proof of the “chain of possession” ensuring that the metals have not been tampered with.
- All prospective fees are the responsibility of the LLC potentially including, but not limited to: legal fees, bookkeeping fees, annual reporting and state filing fees.

You are Ultimately Responsible

At the end of the day, if the IRS decides to pursue IRA holdings that they feel do not meet their defined storage requirements or otherwise, the IRA individual will be responsible. These unethical dealers know and understand that they are simply fulfilling your precious metals order. They are not responsible for establishing your LLC (even though they direct and guide you to the attorney that establishes the LLC.) The attorney is not responsible for how you choose to “fund” and store your IRA items, they simply established your LLC, to be used in whatever fashion you choose. You are ultimately responsible for the use and legality of your IRA funds. Period.

First, a little background on the IRA structure. The IRS requires the assets in your retirement account to be held by a third party.

The intent is to stop account holders from using or accessing IRA assets for personal benefit because doing so would be tantamount to a fully taxable distribution. There are also a number of prohibited transactions and disqualified persons.

The unethical dealers promoting home storage IRAs provide you with a referral to an attorney to establish a stand alone LLC company and infer that by you, the investor, taking possession of the

metals, the IRS custodial and third party requirements have been met. You need to take a harder look at the IRS details.

What Does the IRS Say?

The bottom line is that the IRS clearly defines that all IRA assets, whether it be cash, stock, ETFs, real estate, a business or physical metals be held by a third party. Why? Simply to prevent individuals from accessing their IRA assets for personal use before the defined distribution timeframes – simply because if you do so it is a significant taxable event. And the IRS is in the business of collecting taxes.

On September 30th, the IRS added this new FAQ to its IRA investment site:

“If my IRA invests in gold or other bullion, can I store the bullion in my home?”

“Gold and other bullion are ‘collectibles’ under the IRA statutes, and the law discourages the holding of collectibles in IRAs. There is an exception for certain highly refined bullion provided it is in the physical possession of a bank or an IRS-approved non-bank trustee. This rule also applies to an indirect acquisition, such as having an IRA-owned Limited Liability Company (LLC) buy the bullion. IRA investments in other unconventional assets, such as closely held companies and real estate, run the risk of disqualifying the IRA because of the prohibited transaction rules against self-dealing.”

What does all of this mean? Quite simply, IRS rules state that IRA assets cannot be comingled with other property, and there are [prohibited transactions](#) against self-dealing. The IRS has signaled it will disqualify “Home Storage IRAs” and that taxes and penalties may ensue. We know this because our reputable IRA Custodians for Self-Directed IRAs have been in communication with the IRS and know this to be true.

An IRA owner should only invest into precious metals that meet the statutory requirements of IRC § 408(m)(3). Bullion coins should always be stored in the actual physical custody of a precious metals depository or company that meets the Internal Revenue Code’s definition of a “bank”.

Worth the risk? We think not.

Safe and Secure Precious Metals IRAs

There really is only one proper way to own physical metals in your IRA or your 401k rollover account, and that is through a [self-directed IRA](#). A self-directed IRA can be easily set up through

3 Simple Steps:



Open a self-directed IRA (SDIRA) with the custodian of your choice



Fund your precious metals IRA directly or via a rollover



Work with us to select your preferred IRA approved precious metals

At Fisher Precious Metals, our team helps you to establish safe and legal [Gold and Silver IRAs](#) every week of the year. We will help you to maximize your precious metals IRA holdings by selecting low premium IRA approved precious metals. You can safely store your IRA metals in Delaware, Canada or Grand Cayman.

We work hard to protect you from deceptive marketing practices in the precious metal industry. Feel free to call us at (800) 390-8576 to discuss any precious metals IRA questions you might have.

On June 14, 2017 / [Daily Market Watch](#), [General Market](#), [Gold](#), [Precious Metals IRAs](#), [Silver](#)