

# Secure Your Retirement with a Self-Directed Gold IRA

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There is no substitute for holding physical precious metals in your IRA.

Conventional IRAs are limited to the usual menu of paper assets - cash, stocks, bonds and mutual funds. Even [exchange traded funds](#) focused on gold or silver or [mining stocks](#) won't provide the security investors need in these volatile times.



Banks and brokerages can and do fail. The dollar perpetually declines in purchasing power. Physical bullion endures.

Not only can you purchase, hold, and sell real precious metals with a tax-advantaged Self-Directed Precious Metals IRA account, but also you can withdraw your bullion and take direct physical possession of it under normal IRA distribution rules.

Few Americans have any idea about these fantastic options, because their brokers have never told them!

## How a Gold IRA works:

### Step 1:

Choose a custodian and fund your self-directed IRA account -- tax free!

There is absolutely no good reason for your IRA to be limited to investments in paper assets.

Conventional banks and brokerages get paid handsomely for trading paper, so they limit their customers' choices. You can take the exit and get control of your investment choices with a self-directed IRA. **Money Metals** recommends New Direction IRA (see below) because this trustee company offers the lowest fees and best customer service for our clients. But we can work with any firm providing self-directed accounts - additional companies are listed at the bottom of this page.

**New Direction Trust Company** (NDTC) is a Self-Directed IRA provider that specializes in holding physical precious metals as well as other assets like real estate and private loans. New

Direction allows clients to use a variety of depositories -- giving customers more choices than many other trustees do -- and still has highly competitive fees (starting at only \$75/year). Diligent customer service and quick processing speeds are among New Direction's core strengths. Get started with [New Direction](#) today, or download the [Precious Metals IRA Application](#) to establish and fund your new IRA account. If you would like assistance, please call **Money Metals Exchange** at **1-800-800-1865**.

## Step 2:

Lock pricing on the gold, silver, platinum or palladium bullion you want to hold.

Your IRA may hold a wide array of bullion coins, rounds, and bars offered by **Money Metals Exchange**. Here is a [list of all metals that can legally be held](#) within your Self-Directed IRA account. (No slabbed/graded "rare" coins are allowed, which should not be a concern because they are highly risky and tend to be poor investments.) You'll receive payment confirmation from Money Metals Exchange and be able to track your shipment all the way to the depository.

## Step 3:

Complete your transaction.

We'll send you confirmation and any other form that needs your signature immediately after we lock your pricing. Simply sign and fax or email the forms back. Your custodian will issue payment for the metals on behalf of your IRA and we'll ship the metals to the depository you have chosen for safe storage.

We will buy the metals you hold back at any time based on the current spot prices. Investing in beautiful, tangible coins, rounds, and bars in your IRA is the easiest option your broker or financial adviser will NEVER tell you about!

**\*\*Please Note: We can partner with ANY self-directed IRA custodian.** Here are examples of other firms with which we have worked:

- Mountain West IRA
- GoldStar Trust
- IRA Services
- Advanta
  
- Preferred Trust Company
- Ramsey National Bank
- Kingdom Trust Company
- Equity Institutional

Regardless of which firm you choose as custodian for your IRA account, we can deliver the physical gold, silver, platinum, and palladium bullion you want – and at great prices!

## **What is the difference between IRA Approved products and products that are not flagged as IRA Approved?**

The IRS mandates that gold held in an IRA be at least .995 pure (.999 or higher for silver). The agency created an exemption to also allow gold American Eagles, minted by the U.S. Mint, which are 22 karat purity (or .9167 pure). Unfortunately, this exemption also includes those scandalously priced “proof” Eagles, a form of Ripoff Gold that unscrupulous dealers pressure IRA customers to buy.

Meanwhile, depositories and IRA custodians generally have more stringent requirements. They often require bars and rounds to carry a mint mark from a COMEX approved refiner or certification that the items were produced by a firm with ISO 9001 quality controls. This measure is intended to protect their customers.

Some items at Money Metals Exchange are designated “IRA Approved” for precious metals backed Individual Retirement Accounts and some are not. This designation is really based on two sets of criteria -- one that comes directly from the IRS code governing IRAs and one that comes from the firms that provide storage and IRA custodial services.

Unscrupulous dealers took advantage of customers ordering for their IRA accounts -- particularly when the metals were headed into an unallocated or unsegregated type of storage account. Dealers shipped the least desirable and most difficult to market items. IRA orders represented a quick way to offload anything tarnished, scratched, and oddball.

These dealers knew the customer was unlikely to ever actually see the metal they purchased. And, if they did, the dealer could point the finger elsewhere. After all, the metal was delivered back out of an unallocated account, which means it could have originally come from any other dealer and any other customer.

Money Metals Exchange protects your privacyThe “IRA Approved” items at MoneyMetals.com are accepted by all of the major IRA custodians/depositories and meet the IRS requirements.

So, should you limit yourself to “IRA Approved” bullion products? Only if you’re buying specifically for inclusion in an IRA. There are great products including Krugerrands and Pre-1965 90% silver U.S. coins that don’t meet IRA eligibility, but are a cost-effective way to buy the metals. There are also products -- 1 oz silver rounds in particular -- that often do not carry a mint mark. Your best assurance of quality will be in choosing a reputable dealer.

## **Why Don't Financial Advisers Recommend Silver and Gold IRAs?**

Very few U.S. investors own even an ounce of [gold bullion](#) or [silver bullion](#), so it should come as no surprise that almost none of them know of the various options to hold bullion in an IRA

account. The lack of awareness is generally compounded by financial professionals – the very people whose job it is to educate investors.

Most investment advisers tout "diversification" as the ultimate investment strategy, then turn around and limit their clients to IRAs with the traditional menu of nothing but paper investment options – stocks, bonds, and mutual funds. Brokers are not anxious to promote true diversification away from these paper assets, as they would lose out on management and/or transaction fees.



Alert investors who are concerned about a portfolio limited to paper assets have a much better option. This option is known as the self-directed IRA.

By giving yourself full authority over your portfolio, you can then invest directly in other things besides registered securities – real estate, privately held companies, and precious metals, for example.

You can take matters into your own hands by opening a self-directed account. In it, you can purchase qualifying silver or [gold bars](#) and coins, and get immediate protection from the devaluing dollar in real, tangible metal.

And, when you are ready, you can actually take physical possession of that metal through distributions from the IRA. You completely avoid exposure to the dollar or paper assets denominated in dollars.

Many investors in precious-metals-backed ETFs have been moving out of such proxies and into self-directed IRAs holding physical bullion, stored at facilities of the investors' choosing. While ETFs offer a few advantages for short-term or high-frequency traders, [the risks of holding precious metals ETF shares are increasingly coming to light](#).

## Can You Invest Your 401k in Gold?

You almost certainly won't be able to buy bullion using funds in a 401(k) plan (unless the plan sponsor has set up a self-directed option, which is extremely rare). However, you may be able to convert some or all of your 401(k) balance into a self-directed IRA – the type of retirement plan you need to hold physical gold and silver. As a rule of thumb, you can make this "rollover" if you are no longer employed by the sponsor of your 401(k). If you are still working for the firm sponsoring your plan, you will be limited to the investment options they have chosen for you.

But just about any conventional IRA, whether Roth or traditional, can be converted to a self-directed account. Switching is easy. Most providers can enroll you right online – no need to print forms, complete them, and then mail them off. That’s it. The provider will work directly with your existing IRA/401(k) custodian to transfer funds.

And it is definitely worth doing. Traditional IRAs are the products of banks and brokerages. They offer the usual lineup of paper assets – stocks, bonds, mutual funds, and money markets. Self-directed IRAs don't just allow you to hold physical gold, silver, platinum, and palladium. They also allow you to hold real estate, shares of an LLC company, promissory notes, and more.

## **Is Opening a Home Storage IRA Prudent?**

No, it's a bad idea. A small handful of outfits in our industry recently sprang up and started heavily promoting a so-called “self-storage” or “LLC” IRA. The pitch is for you to establish an LLC company to store the metals on behalf of your IRA in your home (or nearby).

At first glance, it sounds like an attractive option. Investors buy metals to increase privacy and control. Some do not want to rely on third-party vaults and would prefer having personal access to their metals 24 hours a day, 7 days a week. We totally agree with this sentiment when it comes to precious metals that you personally and directly own. But anyone considering this “self-storage IRA” scheme should be extremely careful and aware of the risks.

In short, the scheme appears likely to blow up. The IRS may one day disallow the whole thing and declare taxes immediately due on the entire IRA balance, along with any applicable penalties.

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 innovation these dealers promote involves IRA holders setting up a stand-alone LLC company which they personally manage. The investor takes possession of the metals on behalf of their IRA rather than personally, thereby supposedly meeting the third-party requirement.

LLC IRA promoters haven't convinced the IRS or any court that, in the context of precious metals stored at home, the LLC company scheme can be reliably managed to avoid impropriety with regard to IRA rules.

As one expert frames it; “you can own a bakery with your IRA, but you cannot be the baker.” Owning a business with your self-directed IRA is okay. Hiring yourself and paying a salary is a definite no-no. Likewise it is perfectly fine to buy investment real estate, but your IRA cannot purchase your personal residence.

Creating an LLC company to purchase gold and silver coins and then storing them in your home safe – e.g. next to the rifles and some coins you inherited from grandma – hasn't been found definitively to be a violation of IRS rules, but it sure looks like trouble, particularly because IRS rules do state that IRA assets cannot be commingled with other property.

## **IRS Has Signaled It Will Disqualify “Home Storage” IRAs**

It is easy to imagine the IRS ruling against attempts to store IRA metals at home – nailing people with a huge bill for taxes and penalties. In fact, the agency is now issuing warnings. Laura Saunders of the *Wall Street Journal* recently [covered the topic](#); “The Internal Revenue Service says it ‘warns taxpayers to be wary of anyone claiming that precious metals held in your IRA can be stored at home or in a safe-deposit box.’”

So, thanks to the recent hype, these schemes are now on the IRS's radar. Although we are the last ones to say that the IRS is always right in their interpretation of the law, it does appear they will start going after “home storage” IRAs soon. We doubt many of our customers would want to be a test case for this iffy strategy.

Here are some other reasons to tread with caution:

- The rules around third-party management and control of IRA assets are highly complicated, and it would be easy to trip up and violate them.
- There can be significant costs of setting up and maintaining the LLC's operating agreements and state LLC filings.
- Costs could be higher if the holder takes a bit more prudent course and has prospective transactions reviewed by an attorney and/or CPA.
- There is currently a lack of clarity on what coins, rounds, and bars can and cannot be held in the LLC IRA, even assuming the structure itself withstands legal muster.

If that still isn't enough to give investors pause, we are also troubled by what we discovered when looking into some of the people who are aggressively marketing the “home storage” IRA scheme. Some of the characters involved are connected to shady, or even failed, rare coin dealers. They may tell you they have several letters from attorneys they've paid which declare the scheme is perfectly legal. They will charge what always amounts to huge set up fees. And they may try to sell you some of their overpriced “proof” coins to hold in the account.

But they may not mention any tricky nuances about what metal products might be allowed, assuming any would be allowed at all. They won't focus on the complicated reporting and file keeping that is required in order to have a reasonable chance of defending the scheme against an IRS attack. And they certainly won't take the fall for people when the IRS disqualifies the scheme and demands tax and penalty on one's entire precious metals holding.

In our view, the hype underplays – or outright ignores – the potential risks. Investors should only go down this road with their eyes wide open. And do so only after consulting your own attorney and accountant.

## **Doing Your Due Diligence Is a Must**

If you actually want to explore this, please do some additional due diligence. And don't limit your investigation to IRS rules and guidance. Check out your prospective dealer as well. The internet is a great tool. You can check the Secretary of State's website in the dealer's home state to find out how long a firm has been in business. Look for the firm's owners and key personnel, then do an internet search on those names.

If you do that, don't be surprised to find complaints, lawsuits, or ties to a precious metals dealer that went out of business while facing a prosecution for deceptive business practices. You can also find out what people are saying about their experiences with the dealer online – at the BBB's website and elsewhere.

There really is only one right way to own physical metal in your IRA. Choose a custodian and set up a self-directed account, purchase bullion from a reputable dealer, and store it in a professional third party vault. Many people can even find such a facility close to home.

At Money Metals, we help people to establish proper gold and silver IRAs daily. At a minimum, they save a fortune in coin premiums and set-up fees, and they are likely to save a whole lot more in taxes and penalties.

## **How Can I Avoid Taxes and Penalties for with Liquidating an IRA to Buy Gold?**

There is a simple way to buy physical bullion and avoid the taxes and penalties associated with liquidating an IRA prior to age 59½. You can set up a Self-Directed IRA with a firm that specializes in them and buy and hold your bullion obtained from Money Metals Exchange.

Simply transfer funds from your existing IRA into a self-directed IRA account, choose a depository who can provide storage, then buy the physical metals you want. It is all done within IRA guidelines and completely without consequences in terms of taxes or penalties.

Unfortunately, a lot of investors aren't aware of this option despite the fact that people have been using it to hold assets such as real estate, privately held company shares, and bullion for decades. The IRAs marketed so effectively by banks and brokerages never include the self-directed option. Instead most IRAs are limited to the usual lineup of stocks, bonds, and mutual funds -- all of which are financial instruments, of course. The reason is that self-directed accounts will not generate the handsome fees and commissions that Wall Street loves.

Bring up the idea of opening a self-directed account and using it to buy physical gold or silver and your broker will probably shudder and try to talk you out of it.

Now does appear to be an opportune time to switch some of your investments in stocks into bullion. Stock prices are near all time highs. Precious metals, on the other hand, are enjoying a great start in 2016, but have a very long way to go before recovering to the 2011 highs.

And, yes, the financial system looks like trouble. Banks are even larger than they were in 2008 and, by many measures, are even more leveraged than prior to the last financial crisis. Investors are starting to pay attention to that fact.

The share price of Deutsche Bank, one of Europe's largest, is very near its crisis lows as the market is factoring an increasing risk of failure. The potential ramifications of default at Deutsche Bank (DB) would be hard to overstate. DB is a much larger institution than Lehman Brothers, whose collapse set off the chain of events that led to the 2008 catastrophe.

Owning and storing actual precious metals in a self-directed IRA is an important and straightforward step toward true diversification of your investments. Review the above options and contact **Money Metals Exchange** at **1-800-800-1865** today to get started.