The Tax-Free Power Of The Self-Directed IRA

By: Albert Aiello, CPA, RE Broker

A Self-Directed IRA (SDIRA) is just like any other IRA (regular or *Roth*), SEP or Keogh, *except* that *you* decide where to invest the funds, as opposed to some institution. Compared to conventional retirement accounts, your range of options is much broader with a gourmet variety of high-yielding investments of *your* choice. With an SDIRA you can take just about all taxable investments and convert them into tax-deferred investments. If it's a self-directed Roth IRA, the earnings and profits will be permanently *tax-free.*

With an SDIRA, you use an independent, IRS-approved trustee to hold your funds so you can make your own investment decisions. You simply do a trustee-to-trustee, tax-free rollover and transfer your present IRA (SEP or Keogh) funds to one of these trustees, who places the funds in an interest bearing bank account, until you start directing the trustee as to where you want the money invested.

You can use your IRA (SEP or Keogh) to defer taxes on profits from property flips, options, paper, tax liens, loans, etc.

EXAMPLE: Using funds in your SDIRA, you acquire a bargain property, which you flip for a $30,000 clear profit. Outside of the SDIRA, the $30,000 "flip" profit is subject to ordinary income tax rates as high as 40%+ and would be drained by $12,000 in taxes, leaving you with $18,000 leftover in profits. Within the SDIRA, the *entire* $30,000 is ALL yours to be IMMEDIATELY reinvested into other highly profitable *tax-free* invest ments!

But there's even more...

- There is NO limit on the profits that can be deferred in an IRA. It can be a million dollar profit. It's still all deferred.
- If you convert to a Roth IRA and meet the requirements, your IRA profits will NEVER be taxed, tax-free FOREVER!
- You can quickly accumulate huge IRA sums via flipping.
- You can lend accumulated money out of your IRA, including to your buyers (unrelated). The interest you are paid is tax-free within the IRA.

Some planning tips...

- In order, to use your IRA (or any retirement plan) to defer taxes on property sales, you must avoid being a dealer.
- You must assess the audit risk of IRA's.
- You can take penalty-fee & tax-free money out of IRA, even if you are under 59-1/2.

In his presentation at the East Bay Wealth Builders Club meetings this month on March 16 and 17, Al Aiello will be discussing strategies on self-directed IRA's including how to avoid dealer status, audit-proofing IRA's and how to take out penalty-free, tax free money out of an IRA.nbsp; Don't miss the most dynamic tax presentation you will ever hear from Al Aiello. Learn how to save thou sands of dollars in taxes every year, audit proof your return against the IRS and not have to pay high-priced tax advisors!

Al has tons of information in his package *The Real Estate Investor's Goldmine of Brilliant Tax Strategies*, A Tax Reduction System And Special Forms Software Package.