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A SOBERING STATISTIC—The majority of workers are saving money for retirement (68%) but nearly half (46%) have less than \$10,000 in savings and investments, according to the Employee Benefit Research Institute. And not surprisingly, half of all workers have no confidence about having enough money to live comfortably throughout their retirement years. If you feel that retirement is an elusive dream, *planning is the key to reaching your goals.*

DON'T WAIT – START NOW

The best time to start is now. When you're younger, it is very easy not to think about retirement, especially if it is 30 years away. Because of this, a lot of individuals procrastinate when saving for retirement. Others may have to attend other obligations first or may not be able to afford contributing any amount. The biggest question is can you afford to wait? Let me ask—Do you understand the time value of money?

MY STRATEGY - TED IS MY FRIEND TO RETIREMENT PLANNING

• T—TAX EFFICIENT STRATEGIES

As a saver, it is important to understand that while returns are important, what you earn after taxes is what counts. Be sure you have developed a strategy to for your money that maximizes returns in your taxable and tax free accounts.

• E—EDUCATE

The single most important thing you should do is to educate yourself. I'm not just talking about investing terminology, but also in terms

of getting an idea of where you are and where you need to be. Without a destination in mind, you will never meet your savings goals. To be able to retire on your schedule, you'll need a plan. It's that simple.

• D - DON'T LOSE MONEY

This is the cornerstone of Warren Buffet's investments strategy. The hardest part of investing is to recover from a loss. The money is made on the purchase. Go back to rule 2—educate.



PAY YOURSELF FIRST- One the oldest and most successful ways to save is a method known as "Paying Yourself First." As it says, you need to prioritize retirement first and you can do this by deducting the savings directly from your pay check. Now, you are guaranteed to save first. When you are using the retirement plans at work, chances are the retirement savings are automatically taken off your paycheck, so you don't even have to worry about budgeting for it. In addition, in some cases, the effect of retirement savings on their income is very minimal because of the tax savings.

INVESTMENT EXPENSES DO MATTER

Just because it is a no-load mutual, don't think it is free. If you compare two mutual funds with expense ratios of 1.3% and .2%, an investor would have \$31,701 more after 20 years on a \$25,000 investment. This information is readily available today on fund expenses.

Tips for Saving for Retirement

1. Make saving automatic—enroll in automatic accumulation plans
2. Annually be sure to max out retirement savings contribution
3. Start early—for the average person it is about steady, long term investing.
4. Live modestly—most of the time you would not recognize a millionaire
5. Use annual bonuses and raises to save for retirement, don't spend them
6. Play catch-up and use the additional contributions available for people over 50.
7. Get out of debt as soon as possible, it can be done.
8. Find out how much your Social Security payments will be . It is important to understand how much you have and how much you will need.
9. Keep working as long as possible, even if it a job to keep busy. Studies show the average retirement age is going up every year.
10. *Pay cash whenever possible and avoid the urge to splurge*

"Choose a work that you love and you won't have to work another day." - Confucius

Why don't you have a ROTH IRA?

1. All qualified withdrawals are tax-free
2. There are no mandatory required minimum distributions
3. You can withdraw your contributions at any time
4. There is no age limit on contributions
5. Every person with earned income and within the income limits can contribute to a Roth IRA
6. 2011 Contribution limits are \$5,000 with a \$1,000 catch-up if over 50

THE LATTE EFFECT—

Estimates are that you can save \$2,425 a year by skipping the morning Starbucks and muffin, and by packing your lunch 2 days a week. Over a 20 year career with a modest 5% return, you will have accumulated an additional \$84,194. Now that would buy a nice vacation.

"Creditors have better memories than debtors."
-Benjamin Franklin

Dave Owens, CPA, CES

Tax Free Strategies – Opportunities for the Savvy Investor

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Self-Directed Retirement Accounts

A self-directed IRA allows you to invest in both "traditional" investments such as stocks, bonds, and mutual funds, as well as "non-traditional" investments, like real estate, mortgages/deeds of trust, private placements, tax liens, and other private placements and limited partnerships. A self-directed IRA enables you to use your investment knowledge and expertise to manage your own investments. It is a common misconception that you can only hold CD's, stocks, bonds, and mutual funds in your IRA. This is simply not true. A self-directed IRA quite simply is an IRA account that allows you to directly manage and choose which investments to purchase.

There are so many options to consider with a self-directed IRA; listed below are the most popular investments:

- Real Estate
 - ⇒Raw land
 - ⇒Rentals (Single Family/Duplex/Triplex)
 - ⇒Foreclosures
 - ⇒Short Sales
 - ⇒Condominiums/Commercial
- Notes/Mortgages
- Private Stocks
- Gold and other precious metals
- Private LLCs

- Structured Settlements
- Tax Liens/Certificates
- CDs/Stocks & Bonds
- Commodities/Futures/Forex
- & More

Why invest with your IRA Dollars—The main benefit of IRA investing vs After Tax Investing is the opportunity for tax free gains inside your account. By not having to pay the taxes on the sale of assets, you can keep more money for yourself to grow your nest egg and build wealth

How to set up a Self-Directed IRA?

The first step to get started in Self-Direction is finding the right IRA Administrator. Entrust is one of the top IRA Administrators in the United States. Entrust focuses on helping IRA investors take control and purchase the assets they want. Entrust can be reached on the web at www.entrustfreedom.com.

Once you have identified your administrator, you will need to open an account and transfer funds from an existing IRA or make a contribution. Now that the account is set up, you will direct your administrator on what type of non-traditional asset you would like to purchase. ***Self Direction is easy, so why not take control today?***

Have a great day!

REAL ESTATE IRAS

If you've got an urge to sock away something in your IRA besides stocks, bonds and mutual funds, you may want to consider real estate. Raw land, houses, condos, commercial properties and even mortgage notes -- you can use an IRA to broaden your portfolio. A real estate IRA can be a great investment and offer a tremendous opportunity to investors who want to control and grow their IRA. Now may be the time to take advantage of the record low prices in the real estate market and use your IRA to get started investing today.

FREE eBook ON REAL ESTATE IRAs

If you are looking to get started in Real Estate IRAs, look no further than the eBook *Understanding Real Estate IRAs* written by Dave Owens, CPA. The free download of this book can be found at www.daveowens.com. The book is a hands-on guide to the ins and out of real estate IRA investing.

1031 EXCHANGES—WHAT IS A "QUALIFIED INTERMEDIARY?"

In a 1031 exchange, an investor must do more than sell real estate and reinvest the proceeds. To qualify for the favorable tax treatment, the investor can't touch the proceeds from the sale. This is where a "qualified intermediary" or man-in-the-middle comes in. The investor hires an intermediary to handle the money in the 1031 exchange account until the investor is ready to close on a new property, which consummates the 1031 exchange. The QI's role also includes facilitating the exchange using an exchange agreement, which means the QI becomes a party to the transaction. Based on the above description of the "qualified intermediary's" role, you can appreciate why it is important to choose an intermediary carefully. Choose an experienced Qualified Intermediary.

- How many years has your Qualified Intermediary been in business?
- How many exchanges have they performed?
- Is the Qualified Intermediary Insured?
- Where are the proceeds kept during the holding period?

1031 Tax Free Strategies has been performing 1031 Exchanges since 1997. Trust an experienced Qualified Intermediary to help ensure your exchange is handled with the highest degree of professionalism. For more info go to www.1031company.com