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THE MOST INTRIGUING INVESTMENT

Gold continues to be one of the most talked about and sought after investments. It is purchased for its value, rarity and beauty. It is political, and it is traded all over the world.

Because of TV and the internet, Gold has become a hot commodity in Individual Retirement Accounts (IRAs). But don't be fooled or taken for high fees. Purchasing Gold in your IRA is easy and can be *cost efficient* if you know how. Gold is the ultimate do-it-yourself investment, and it can be purchased with low costs if you know how. With all good deals, it takes a little work.

THE VALUE OF GOLD

As of writing this newsletter, Gold and silver are at all time highs. Within the last week, it has risen over \$100 per ounce. Many individuals view Gold as a safe haven for their investment funds, and are increasingly allocating more assets into purchasing Gold. Money magazine just rated Gold as one of the five safest investments in the current economic climate. Gold is often referred to as a "crisis commodity". This is based on the fact that the value of Gold often benefits from negative economic, political, environmental, and monetary conditions.

IS GOLD A GOOD INVESTMENT FOR IRAS?

Gold can be a great IRA investment for several

WHY CAN A SELF-DIRECTED IRA HOLD PHYSICAL GOLD?

Self-Directed IRAs are no different from any other bank or brokerage IRA. The main difference is that your self-directed IRA administrator will not sell investment products, and only purchase and sell assets at your direction. A huge advantage to IRA owners is that the self-directed IRA can hold many more different types of assets including private investments and physical precious metals. The IRA owner will direct the IRA administrator of their investment wishes.

reasons. Historically, Gold has increased in rate of return or greater than the consumer price index therefore at least holding its value. Gold will theoretically never lose all of its value based on the fact that it can be used as a medium of exchange even if paper money were to be deemed worthless. Therefore at retirement, your IRA assets will still hold value even in a "worst case" financial scenario.

Only Gold with a +.9995 degree of fineness can be used as an IRA investment. Therefore your IRA will hold only the best quality Gold ensuring the value will remain at high re-sale value if/when the individual decides to sell the asset. American Gold Eagle coins, Gold Bullion bars of 1 oz, 10 oz, and Kilo bars are examples of acceptable investment grade quality Gold. Gold Bullion was approved as an IRA acceptable investment in 1997, and prior to this decision, American Eagle Gold coins were allowable IRA investments.

Purchasing physical Gold in an IRA allows the investor to purchase an IRA asset that does not rely on the performance of another individual or institution for value. For these reasons, many IRA investors are investing more retirement funds in Gold IRAs.

HOW TO PURCHASE PHYSICAL GOLD IN YOUR IRA?

There are three main steps in purchasing physical Gold in your IRA.

1. **Setting up a Self-Directed IRA**
2. **Identifying a Gold dealer to purchase the actual Gold.**
3. **Using a reputable depository to hold your Gold**

While this may seem like a lot, it does not take that long.

There is an opportunity to buy Gold in a fund like a stock, but the disadvantage is that you do not know the costs charged by the fund manager. The difference with purchasing Gold by yourself is that you see the costs and you can control them. *American Eagle Coins and Gold Bullion are definitely the most popular investments of all precious metal. Silver would probably be the second most popular.*

HOW TO STORE YOUR IRA GOLD?

It is important to understand that if you purchase physical Gold or other precious metals in your IRA, the IRA owner cannot physically store their Gold. The Gold must be held at a third party depository, bank or with the custodian if they offer this service. There are many third party depositories that specialize in storing precious metals in a secure environment. Typically the depositories will store the Gold allocated or unallocated. Allocated means they will segregate the Gold you sent them to a specific vault. Unallocated means that if you send them American Eagles, they will be stored with other clients' American Eagles and when you want them back or sell, you will not get the same coins, but you will get the same value. Allocated storage is usually more expensive than unallocated storage.

DID YOU KNOW? Gold is the name of a yellow metal which has been derived from the Old English word 'geolu' meaning yellow and has been the valued since the inception of civilization. Some more interesting facts about Gold are that the chemical symbol for Gold is Au. Au is derived from the Latin word for Gold, Aurum. It is a naturally occurring element, with an atomic number of 79 and it is classified as a transitional metal in the Periodic Table. Among the unique physical and chemical properties of Gold, are that it does not corrode. Scientifically speaking, the fact is that it is the only metal that does not form an oxide film on its surface when it comes in contact with air at room temperature, and thus it is not prone to rust or tarnish.

**"If you want others to be happy, practice compassion. If you want to be happy, practice compassion."
-Dalai Lama**

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 Freedom can be reached at 239-333-1031 or go to 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?***

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 or call 239-333-1031