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The owner of the IRA sold real estate to their IRA.

The IRA owner sold stock to the IRA.

The IRA owner purchased stock from the IRA.

The IRA owner purchased real estate from the IRA.

Another great client example: Not only was the owner allowed to purchase real estate from their IRA, they were allowed to have their IRA carry back the mortgage on the property.

Our clients hate paying interest to the bank. In this example, the IRA owner was allowed to have their IRA purchase the mortgage on their home. Now instead of having to write a check out to the bank each month, they write a check to their own IRA! Even though the interest is flowing into the IRA tax free, they still get the home interest deduction.

Another great aspect of this transaction is asset protection. Since the IRA owns the mortgage that means that the IRA also has a lien against the home. So now if somebody sues and wins a lawsuit against the IRA owner, the chances of the person who won the lawsuit collecting against the home is very minimal.

This is another incredible client case! This was a transaction that allowed an individual to have his IRA loan money to his 100% owned corporation! Once again, the IRA loaned money to a corporation 100% owned by the IRA owner. This individual was now able to access all that money in a totally tax free manner.

There were a couple of other very large benefits with this as well. The loan had to be paid back to the IRA, which of course generates interest. Since the loan was presumably for business purposes the interest would be allowed as a deduction for income tax purposes!

Then we get to the asset protection aspect. As a requirement to granting the exemption, the law required that the pension plan have collateral for the loan. The IRA owner then pledged their home and

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business assets as collateral for the loan. Just as with the prior exemption ruling, the individual now has absolutely fantastic asset protection. If somebody were to win a lawsuit against them, the lawsuit winner would be in second line behind the retirement plan for the ability to get the assets.

If you are a small business owner this exemption could save you thousands of dollars each year. In this transaction, the law said that businesses that sell tangible property via extensions of credit could have their retirement plans factor the accounts receivables.

So if the normal discount for selling off the accounts receivables early would be 10%, that would mean that the business would report 10% less income each year. At the same time, that extra money would flow into the retirement plan in a totally tax-free manner.

The above is certainly not an exhaustive list please contact us with your clients specific situation and let our tax experts determine if the transaction is allowable under current laws.

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