



Control Your Retirement Wealth

**Simple Steps to
Setting up & Self-directing
Your Retirement Account**

Security Trust Company

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- You should consult with your legal, tax and investment advisors prior to making any investments.

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Self-Directed Retirement Accounts

- What is a Self-directed Retirement Account?
 - **You** may choose any allowable type of asset
 - Includes non-traditional assets like real estate
 - **You** manage your retirement account investments
 - **You** have control
- Did you know?
 - Self-directed industry growing 40% annually
 - 60%-70% of self-directed investments are real estate

Retirement Plans

- Traditional IRA
- Roth IRA
- SEP
- SIMPLE
- 401 k – former employer
- 403 b – former employer
- TSA – former employer
- TSP – former employer
- Solo 401(k)
- 401(k)

Benefits of Self-Direction

- True Diversification
 - Include non-traditional assets
 - real estate
 - mortgages & notes
 - private business
- You choose and control the investments and transactions
- You can increase your buying power by using leverage
- You may be able to experience a higher return on your investment

Using Leverage in your Retirement Account

- Leverage your Retirement Account
 - **Increase buying power** through non-recourse loans

Example:

- Property rehabilitation and sale
 - Purchase price \$250,000
 - \$125,000 cash, \$125,000 financed
 - \$50,000 cash paid to contractor for renovation costs
 - Net \$100,000 on sale in 9 months
 - 57% return in 9 months, 76% annualized return

Guidelines for Self-Directing Your Retirement Account

- Administrative requirements
 - Annual valuation of account
 - Annual report to IRS (5498)
 - Books and records
 - State filings
 - Tax returns



Guidelines for Self-Directing Your Retirement Account

Prohibited assets:

- Life insurance contracts
- Collectibles
 - i.e. rugs, works of art, stamps, coins

Guidelines for Self-Directing Your Retirement Account

Prohibited transactions:

- Transactions not for the exclusive benefit of the account
- Can't borrow from Retirement Account
- Can't pledge Retirement Account assets to secure loan
- Can't utilize credit or guarantee to obtain loan for Retirement Account
- Can't benefit any disqualified person

Guidelines for Self-Directing Your Retirement Account

Disqualified persons:

- “You”
- Certain family members
 - Ascendants
 - Descendants
 - Lateral family members are not disqualified
- Company if you are a majority shareholder
- Company if you are officer, director, HCE

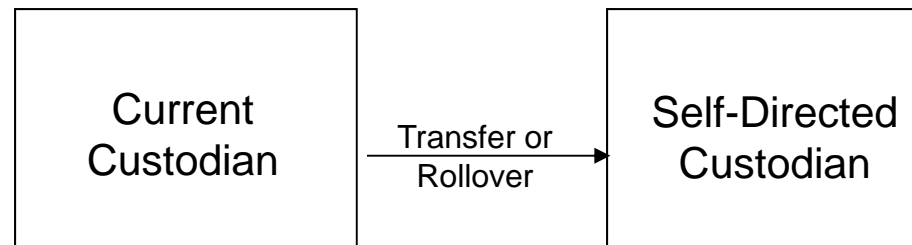
Security Trust's Full-Service Approach

- Set up Retirement Account LLC structure
- CPAs & attorneys to answer technical questions
- Guidance on transaction compliance
- Handle all the 'back office' support
- Maintain LLC financial statements
- Supervise regulatory reporting
- Oversee annual valuation

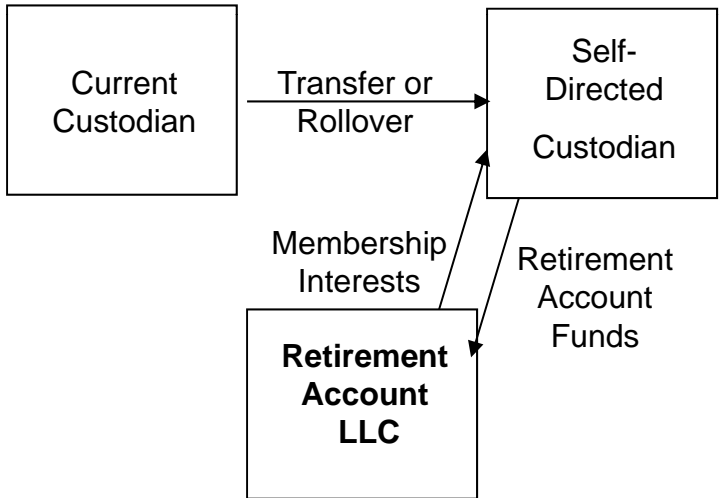
Benefits of the LLC Structure

- Offers maximum flexibility
- Provides additional asset protection
- ‘Checkbook control’ over Retirement Account funds
 - Immediate response to investment opportunities
- Simplifies asset titling
- Ease of pooling

Retirement Account LLC Structure



IRA LLC Structure



The Flow of Your Funds

During the Set-up Process:

- Current Custodian to Self-directed Custodian
- Self-directed Custodian to Retirement Account-owned LLC's Bank account

After Set-up Complete-Investment Purchase

- Retirement Account LLC's bank account to Seller of Investment

Additional Future Contributions:

- Client to Retirement Account Custodian
- Custodian to Retirement Account-owned LLC's Bank account

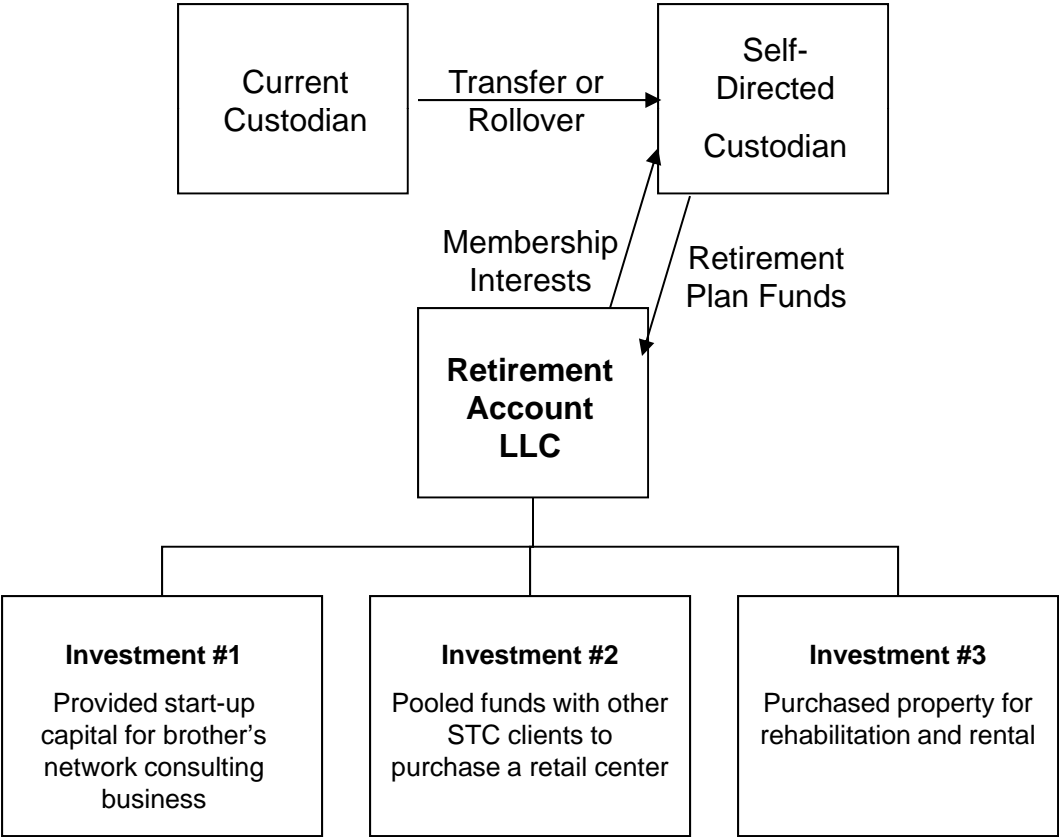
Choosing an Investment

- o **Investment Options**
 - o Single/Multi-family homes
 - o Vacation property
 - o Raw Land/Building Lots
 - o Commercial Buildings
 - o Real Estate Syndications
 - o Mortgages/Loans
 - o Private Business Investments
 - o Operating Businesses
 - o Foreign Currency/Options/Futures
 - o Stocks/Bonds/Mutual Funds

Investing Your Funds

1. Request review of transaction/structure in advance (optional)
2. Request Transfer of Funds
3. Client Services reviews transaction
4. Client Services processes transfer request
5. Funds sent from LLC bank account to Seller

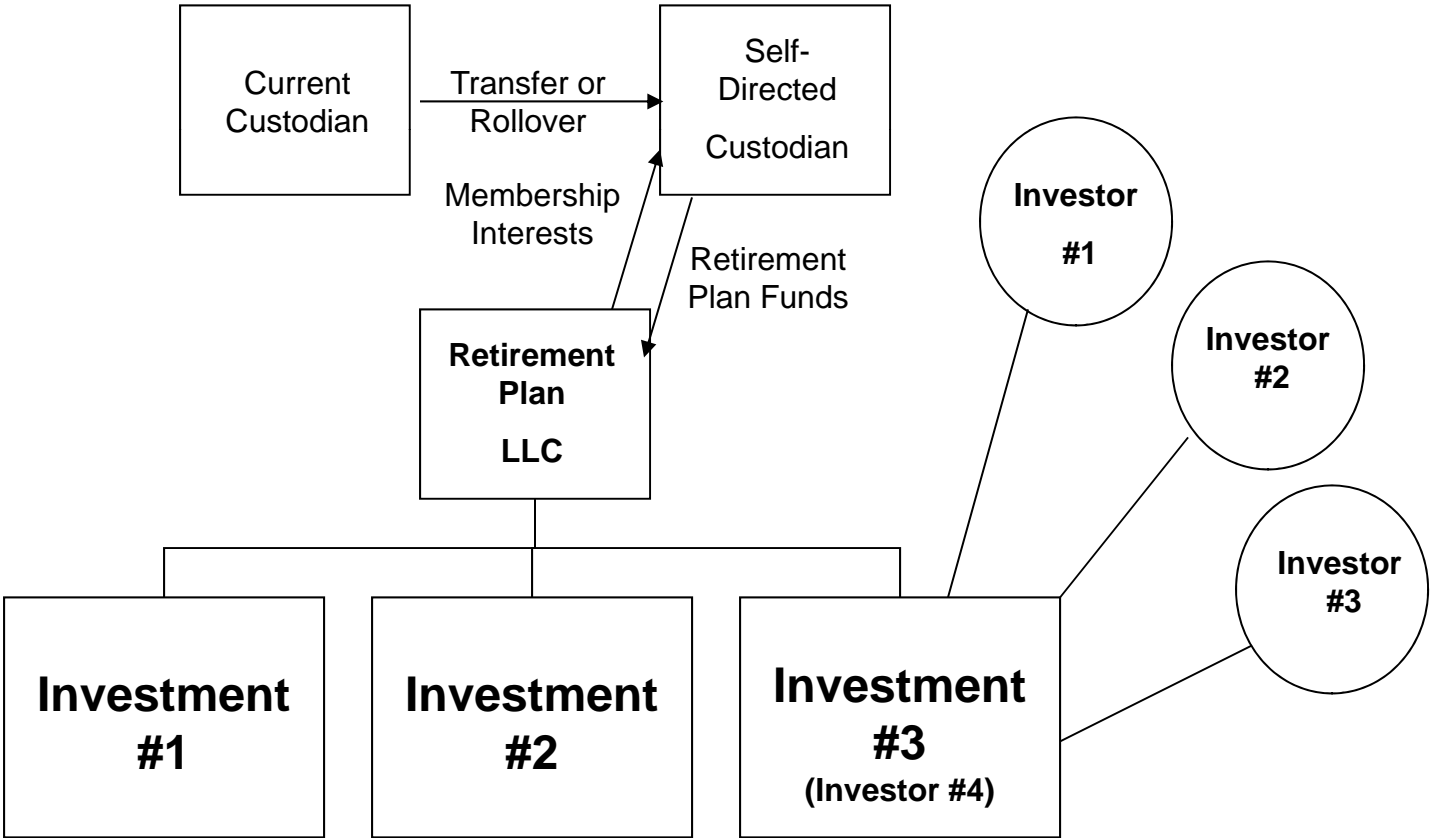
IRA LLC Structure



Whose Money Can I Use?

- Transfer or rollover your existing retirement account
- Open a new self-directed Retirement Account
- Partner your Retirement Account with other investors':
 - Retirement funds
 - Discretionary investment funds

IRA LLC Structure



Pooling Investment Example

- Pooling to purchase apartment building
 - Purchase price \$2,000,000; 100% cash
 - \$200,000 each from 10 people
 - Retirement Plan money of \$100,000 each
 - Own money of \$100,000 each
 - Form new LLC with 20 members, each member owning 5% of the LLC
 - Rent paid to LLC, expenses paid by LLC, net distributed to members

Checklist to set up Your Account

- ✓ Talk with your Security Trust representative
 - ✓ Review your current retirement accounts
 - ✓ Discuss your investment objectives
- ✓ Get your questions answered
- ✓ Complete client paperwork
- ✓ Take **CONTROL** of your retirement wealth!

How can Security Trust serve you?

Do you...

- want to open a self-directed Retirement Account now?
- have clients or colleagues who would be interested in self-direction?
- need more information?

Security Trust Company

- Contact your Security Trust Company representative.
- Website: www.securitytrustcompany.com
- Corporate: 1-866-682-3683