

Understanding your Self-Directed IRA

When you opened your Self-Directed IRA with IRA Services, you acknowledged that you understood that you were responsible for your retirement account. That responsibility covers more than just your ability to decide what investments to make but also includes a number of other issues.

- *Investment Decisions:* The most important benefit you have in a Self-Directed IRA is the ability to make your own decisions on the specific investments you wish to include in your IRA.
- *Prohibited Transactions:* You are responsible for ensuring that your IRA does not engage in any prohibited transactions. These generally revolve around dealings with Disqualified Persons (see July 2006 News & Ideas), which includes you.
- *Investment Results:* You are responsible for the investment decisions and therefore for the results of those decisions. The Custodian/Administrator does not guarantee nor insure any of your investments against loss of income or principal.
- *Management of Assets:* It will be your responsibility to manage your assets to ensure that you can make proper distributions when required, that your contributions are within appropriate limits and that any investment cash requirements are available within the IRA account.

A Self-Directed IRA provides a tremendous vehicle for your retirement. There are some responsibilities, but it can provide you, when used appropriately, with control over your future. ❖

COMING IN FUTURE ISSUES

- 1 Distribution Requirements
- 2 My Account Online
- 3 Managing My Self-Directed IRA

UBTI, a Tax on your IRA

We continue to have questions about “UBTI” or Unrelated Business Taxable Income. We discussed this in the January 2006 issue of News and Ideas (available on our website under the “News” tab). As we noted then, it is important to know if your investment will generate “UBTI” and if so, what the tax implications will be for your IRA. Alternative assets in Self-Direct IRAs generally produce UBTI when income is created from an asset that was purchased with borrowed funds. You should discuss with your tax advisor the consequences of UBTI being generated by the assets in your IRA. A tax return must be filed with the IRS and potentially your state of residence. Please contact us if you have further questions. ❖

New Features...

We are pleased to announce that beginning November 1st, we are enhancing your IRA Services’ account by adding email notification of deposits. Many of you have asked for this service that will alert you when a deposit is made to your account. This gives you notice that funds are available to make a purchase or for reinvestment. To guard your privacy, the email will only advise you that a deposit has been made; you can then review your account online to determine the source and amount. If not currently registered for online access, go to our website at www.IRAServices.com and submit an “Internet Access Request” (under “Download Forms”). You may also call our customer service department at (650) 593-2221. ❖

Your suggestions:

One of the best resources for IRA Services is you, our clients. We have been given many suggestions and ideas on how to make our products and services better. With that in mind, we ask you to feel free to make suggestions and recommendations that you think would make your account with IRA Services more valuable to you. As with any product, not all the ideas can be implemented, however since our Self-Directed IRAs are designed specifically for you the investor, you will undoubtedly have many practical and useful ideas and suggestions. To make your IRA better, please drop us a line or send an email to mysuggestion@IRAServices.com. Thank you for being part of the IRA Services’ family. ❖