

Contact Center: (800) 248-8447 | www.IRAServices.com

The do's and don'ts of investing in a private, single-member or family IRA LLC with your self-directed IRA.

DO NOT PARTICIPATE IN PROHIBITED TRANSACTIONS

A prohibited transaction is any transaction between your retirement account and a "disqualified" person or entity.

A "disqualified" person is:

- Yourself
- Your lineal descendants (children, grandchildren, etc)
- Your lineal ascendants (parents, grandparents, etc)
- Your spouse, your spouse's lineal descendants, and your spouse's lineal ascendants
- Any entity for which any disqualified party owns 50% or more
- A fiduciary (attorney, CPA, Registered Investment Advisor (RIA), Certified Financial Planner (CFP), etc.)

The term "prohibited transaction" includes any direct or indirect:

- Sale, exchange, or leasing of any assets between your retirement account and a disqualified person.
For example: You cannot purchase personal interest in your IRA LLC from your retirement account.
- Lending of money or other extension of credit between your retirement account and a disqualified person.
For example: You cannot borrow money for personal use from your IRA LLC.
- Furnishing of goods, services, or facilities between your retirement account and a disqualified person.
For example: You cannot personally make an improvement to a rental property held in your IRA LLC.
- Transfer or use of the income or assets of your retirement account by or for the benefit of a disqualified person.
For example: You may not stay in any property that is owned by your IRA LLC.
- An act by a disqualified person who is a fiduciary whereby the fiduciary deals with the income or the assets of your retirement account in his own interest or for his own account.
For example: You cannot loan money to, or borrow money from, your IRA LLC to your CPA.
- Receipt of any consideration by a disqualified person, who is a fiduciary from any party dealing with your retirement account, in connection with a transaction involving the income or assets of your retirement account.
For example: You cannot pay yourself any income from profits generated from rental property held by your IRA LLC.

Participating in a prohibited transaction can result in penalties, including the full distribution of your account as income, and if you are under the age of 59 ½ an additional 10% tax penalty. It is your responsibility to understand prohibited transactions and their implications. For more information about prohibited transactions, please refer to *IRS PUBLICATION 590*.

DO NOT TAKE DISTRIBUTIONS DIRECTLY FROM OR MAKE CONTRIBUTIONS DIRECTLY TO YOUR IRA LLC

If you wish to take a distribution, you may not take it directly from your IRA LLC. Distributions are reportable transactions, and as such, must be made from your IRA. To take a distribution, you must write a check from your IRA LLC bank account, made payable to "IRA Services Trust Company" and send it to us with a *DEPOSIT NOTIFICATION* form and a Distribution Request form. We will issue the distribution as per your instructions on the Distribution Request form.

If you wish to make a contribution or rollover funds from another IRA or qualified retirement plan, you may not deposit the funds directly to your IRA LLC. Contributions and rollovers are reportable transactions, and as such, must first be deposited to your IRA. To make a contribution or rollover, send us a check made payable to "IRA Services Trust Company" with a Deposit form. If you wish to have the funds invested in your IRA LLC, also submit an Investment Authorization form with your check. (If it is your first investment in the IRA LLC, you must also send all required supporting documents as outlined on our IRA LLC Requirements information sheet.)

DO PAY INVESTMENT-RELATED EXPENSES USING FUNDS IN YOUR IRA LLC

If the assets you hold in your IRA LLC incur related expenses (e.g. property tax payments, repair or maintenance bills for real estate investments), expenses must be paid using funds in your IRA LLC. You may not use personal funds to pay the expenses, as this is a prohibited transaction.

DO PROVIDE A FAIR MARKET VALUATION OF YOUR IRA LLC ANNUALLY

It is your responsibility to provide IRA Services Trust Company with a valuation of your IRA LLC at least once a year. As a courtesy, IRA Services Trust Company will contact you during the last calendar quarter of each year to request an updated fair market value. Alternatively, you may complete our IRA LLC Valuation form to report the fair market value.