

Your Presenter



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Disclosure



Midland IRA does **NOT** give investment advice or endorse any products.

All information and materials provided are for educational purposes only. Please consult with your attorney, accountant, or financial advisor before entering any type of investment.

Midland reserves the right to accept or reject the asset, based upon our review for administrative liability.

About Midland IRA



Services

Self-Directed IRA Custodian
1031 Exchange Intermediary
Custody Services Provider

Main Offices

Chicago, IL and Fort Myers, FL (Midland IRA, Inc.)
Sioux Falls, SD (Midland Trust Company)

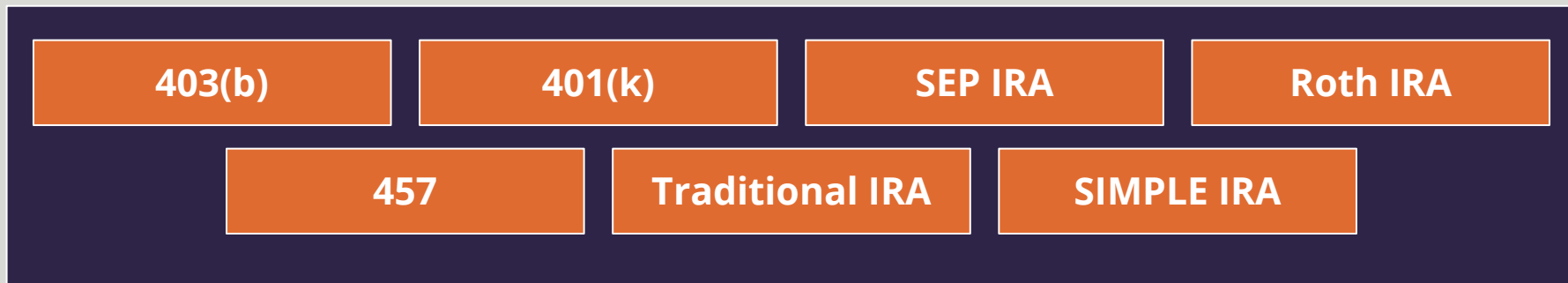
- ❖ We have over 3 billion dollars in client assets and over 20,000 account holders around the country.
- ❖ We make no commission. We do not sell investments. We work at your direction to fully administrate the needs and requirements of investments that you choose.
- ❖ We do not give legal, tax, or investment advice, but our offices are operated by individuals with backgrounds in the legal and tax fields. Many of our staff members have also achieved the designation of Certified IRA Services Professional (CISP).

What is a Self-Directed IRA?



- ❖ A self-directed IRA is not a special type of IRA.
- ❖ Most traditional IRA custodians will only hold investments that they sell; therefore, they only promote those investments (Stocks, Bonds, Mutual Funds) .
- ❖ A self-directed IRA allows the investor to choose the assets they know and they feel comfortable investing in.

What is a Self-Directed IRA?



*Rollover, Contribute,
or Transfer*

Self-Directed Plans

Self-Directed IRA Investment Choices



- ❖ Real Estate
 - All types of investment real estate qualifies***
 - Single-Family Homes
 - Multi-Unit Homes
 - Apartment Buildings
 - Condominiums
 - Commercial Property
 - Commercial Timber Operations
 - Improved or Unimproved Land
 - Trust Deeds and Tenant in Common Interests (TIC)
 - Foreign Real Estate Investments (Outside the US)
- ❖ Secured Promissory Notes
- ❖ Single-Member LLCs
- ❖ Private Placements and Private Stock
- ❖ Precious Metals
- ❖ Foreign Currency Exchange and Futures Trading

There are only 2 things you can't invest in?

Benefits of Self-Direction



	SELF-DIRECTED IRAS
TAX ADVANTAGES	YES! With a Self-Directed IRA from Midland, you receive all the same tax advantage. Any type of retirement account can be self-directed.
INVESTMENT OPTIONS	YOUR CHOICE! Midland IRA will hold assets that your traditional bank or brokerage firm won't such as hard assets, private stock, real estate and much more!
ADMINISTRATIVE FEES	YOUR CHOICE! At Midland IRA, there are no hidden fees. You choose fee-based or value-based fee schedule on what is best for your situation.
TRUE DIVERSIFICATION	YOUR CHOICE! Midland IRA does not sell investments. Our clients enjoy the freedom to choose their investment to truly diversify their retirement accounts.

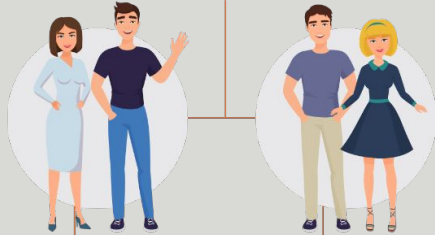
Important Rules



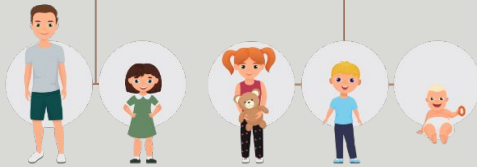
- ❖ **Title to Assets** - in the name of the IRA custodian or administrator
Midland Trust Company as Custodian FBO Client Name, Account Number
- ❖ **Percentage ownership** - 100% by the IRA or just a percentage
- ❖ **No personal use**
- ❖ **Investment purposes only**
- ❖ **Income and Expenses** - all income and expenses related to the property flow through the IRA (*i.e., rent checks are made payable to the IRA, tax bill paid from IRA*)
- ❖ **No prohibited transactions or parties....**

Disqualified Parties

IRA Holder & Spouse



Children & Their Spouses

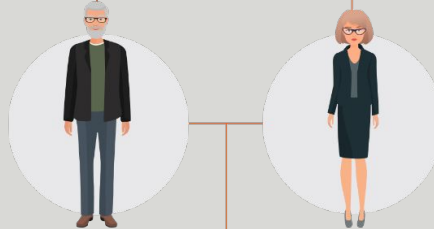


Grandchildren & Their Spouses

Grandparents



Mom & Dad



IRA Holder & Spouse





Ways to Invest

Cash Purchase

*The IRA purchases
100% of the property*

Partnering

*Your IRA can partner funds with a friend,
associate, family member, or even yourself*

Multi-Member LLC | Joint Venture

Checkbook Control LLC

- ❖ *Independent, qualified party sets up the LLC*
- ❖ *IRA is 100% Member (owner)*
- ❖ *IRA holder or party of their choice is 100% Manager*
- ❖ *Client has complete control, writes checks*

Things to Consider When Investing Abroad



- ❖ Language Barriers
- ❖ Difference in Time Zones
- ❖ Unfamiliar with IRAs
- ❖ Entity (LLC, IBC) might be required for investment or purchase of real estate
- ❖ Banking (currency conversion)
- ❖ No residency or visa privileges when investing in an IRA
- ❖ You need a visa or residency
- ❖ ****When purchasing RE within another country, you have to abide by that country's laws and processes****

Single-Member LLC

(Checkbook IRA)



Rules

- ❖ An LLC is an entity established under state laws that limits the liability of its members and provides a conduit for managing a project, property or investment
- ❖ The IRA holder and his/her lineal descendants cannot be the managing member of the Corporation
- ❖ IRA is the Sole Member
- ❖ Client or non-disqualified third party of their choice is the manager
- ❖ Bank account is established under LLC, manager has full check writing control

Single-Member LLC

(Checkbook IRA)



	LLC	VS.	IRA
Ownership	LLC		Midland IRA FBO (Account Holder)
Paying Bills & Depositing Checks	LLC Manager		Midland IRA
Signs Closing Documents	LLC Manager		Midland IRA
Accounting & Reporting	LLC Manager & Midland IRA		Midland IRA

Investing in an IRA-Owned LLC



Advantages

- ❖ Pooling funds (Multi-Member)
- ❖ “Checkbook Control”
- ❖ Ease of transactions
- ❖ LLC manager signs closing docs
- ❖ Fewer IRA admin fees for clients with multiple real estate holdings

Things to Consider

- ❖ More responsibility on IRA holder
- ❖ Must keep very good accounting
- ❖ No co-mingling between IRA LLC and other assets/accounts
- ❖ Need to plan members and ownership, changes sometimes limited down the road due to PT rules
- ❖ If the LLC manager is an IRA investor, they cannot be compensated
- ❖ Additional capital contributions for IRA investors cannot be mandatory, only optional

FAQ Answers



- ❖ Instead of IRA directly purchasing and taking title to the investment, an IRA can invest as a member of Single-Member or Multi-Member LLC and that LLC can invest in most investment types.
- ❖ With an IRA-owned LLC, purchase contracts should all be in the name of the LLC (not the IRA) and signed by the LLC Manager (not the IRA Custodian).
- ❖ IRA Holder can be the LLC manager, but cannot receive any compensation or other consideration for doing so.
- ❖ All membership interests in the LLC must be pro-rata based on dollars contributed.
- ❖ If Client A contributes \$60,000 to the LLC and Client B contributes \$40,000, then a 60/40 partnership is created. All contributions/distributions after initial setup must be split pro-rata.
- ❖ When an IRA is investing in an LLC with other DQ parties, it's important to set up the percentages correctly from the beginning, may not be able to change later.

Investing in an IRA-Owned LLC



Ongoing LLC Requirements

- ❖ Annually the LLC manager will be required to provide Midland an annual valuation of the LLC, including all assets, bank accounts, etc.
- ❖ Reminder all new contributions and distributions should be pro-rata to the initial setup.
- ❖ Single-Member LLCs owned by an IRA are not required to file tax return (K1, etc.). It is considered a disregarded entity. However, multi-member LLCs are required to file.
- ❖ No investments disallowed by IRS are able to be held by LLC.
- ❖ All rollovers, transfers, and distributions must come from the IRA. No personal use of LLC operating account.

Real Estate in an IRA-Owned LLC Investment Process



1 IRA holder opens a Midland SD IRA

2 IRA holder transfers from another IRA

3 Midland begins prep on establishing the LLC (including Operating Agreement, State LLC Filing, Setup LLC Tax ID, LLC Bank Account Setup, etc.)

4 IRA holder establishes LLC op. account at bank of choice

5 Midland wires the IRA's investment to the LLC's op. account

6 LLC's manager executes the investment through the LLC



Access Live & Invest IRA/LLC Special Promo Code: **LiveandInvest2021**

\$925 IRA/LLC Establishment
\$270 Savings

Client pays a \$325/asset annual fee for the IRA beginning on account anniversary date; LLC establishment in client's state of residency; Investor is responsible for state LLC filing fee; \$600 LLC establishment must be paid from IRA.



Contact Me Directly

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