

DIRECTED | IRA

by Directed Trust Company

HOW TO FLIP & WHOLESAL REAL ESTATE IN A SELF-DIRECTED IRA OR SOLO 401(K)

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Disclaimer

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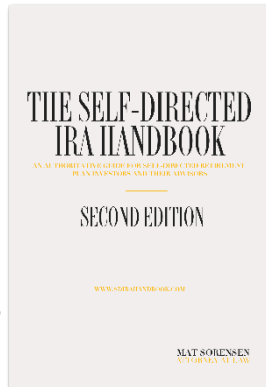
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About Mat

- CEO, Directed IRA



- Best-Selling Author
 - ▣ Amazon Best-Seller
 - ▣ Over 30,000 Copies Sold
 - ▣ Used or endorsed by most SDIRA Custodians



- Partner at KKOS Lawyers



- Host of the Self-Directed IRA Summit

self-directed **IRA** summit

SELF-DIRECTED IRA INVESTMENT PROCESS

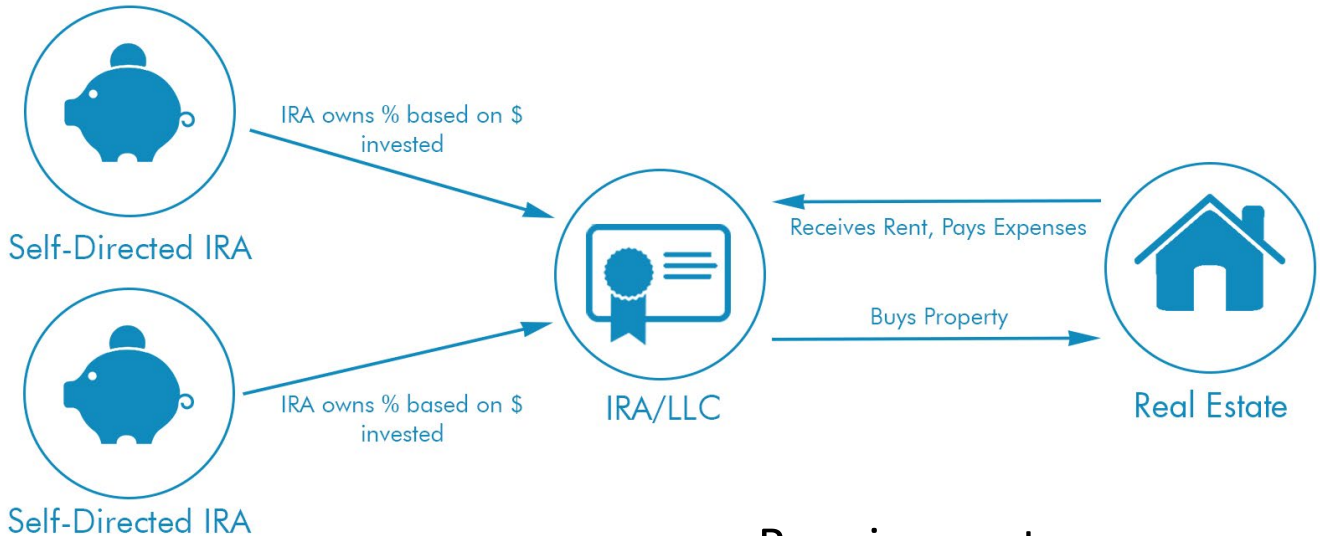


IRA/LLC STRUCTURE

- ❑ IRA invests \$ into LLC Bank Account
- ❑ IRA Owner, Manager of LLC, No comp (*Ellis v. Commissioner*, case)
- ❑ LLC acquires investment (e.g., property or note)
- ❑ Case History, *Swanson v. Commissioner*, 106 T.C. 76 (1996),
Hellweg v. Commissioner, T.C.Memo 2011-58, *Ellis v. Commissioner*, T.C. Memo 2013-245,
- ❑ DOL Advisory Opinion 97-23A,
- ❑ Single member LLC/disregarded entity, no LLC tax return.



MULTI-MEMBER IRA/LLC



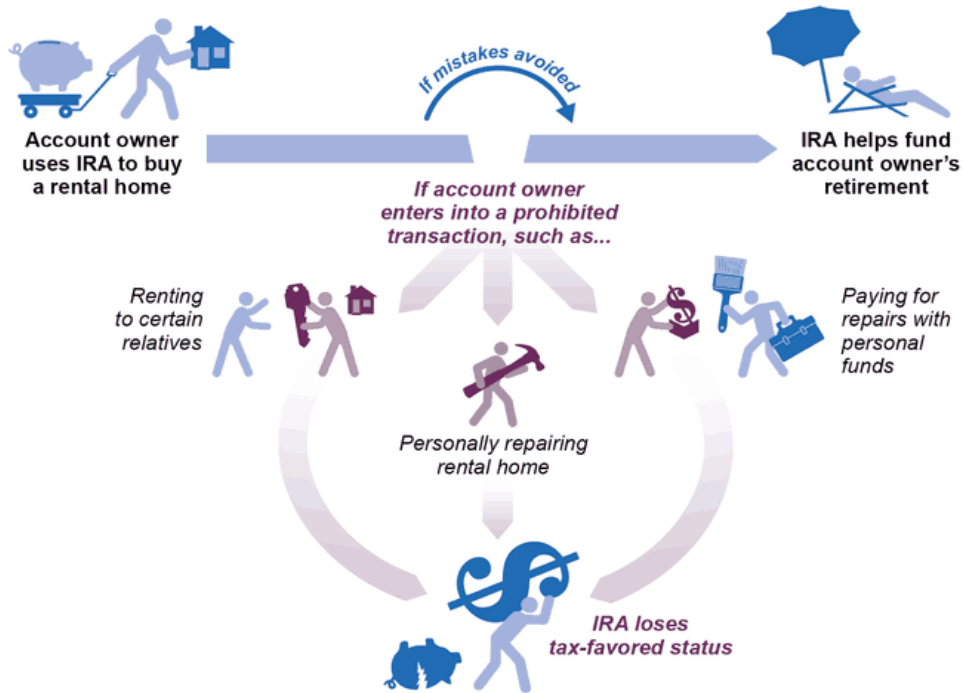
□ Benefit

- ▣ Combine cash from multiple accounts.

□ Requirements

- ▣ Ownership set once fixed (if DQP)
- ▣ Annual Tax Return (form 1065).

Common Prohibited Transactions



UNRELATED BUSINESS INCOME TAX (UBIT)

- Unrelated Business Income Tax (“UBIT”) applies to ordinary income received by an SDIRA or Solo 401k IRC § 511

COMMON REAL ESTATE SITUATIONS

WHERE AN SDIRA OR SOLO 401(K) IS SUBJECT TO UBIT TAX

- **Real Estate Development, Construction, or Significant Short Term Property Flipping**
 - ▣ UBIT tax is due from real estate activities that are not passive in nature. Rental income and capital gain income from the sale of real estate are exempt from UBIT, but there is a special caveat to the capital gain exemption on the sale of real estate which does not allow it to apply when the real property was acquired with intent to immediately sell.

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