



# Grow Your Wealth Tax-Free



# Table of Contents

Introduction . . . . .	3
Why an IRA? . . . . .	4
Self-Directed IRA: Total Control . . . . .	6
Individual Self-Directed IRAs . . . . .	8
Small Business and Qualified Plans . . . . .	10
Reduce Healthcare and Educational Costs . . . . .	12
How a Self-Directed IRA Works . . . . .	14
Private Bank Concept: Raise Unlimited Capital. . . . .	16
Why Equity Trust . . . . .	18

Have questions or  
want to know more?  
Call an Equity Trust  
Retirement Specialist at  
**888-382-4727**



## Take Control of Your Financial Future, Don't Rely on Social Security

In the past, you could rely on Social Security and pensions as a solid base for retirement. Not anymore.

The Social Security Administration's most recent trustee report states that Social Security will begin to run a negative cash flow by the year 2017 and by the year 2040 it will not be able to pay full benefits. Plus, inflation continues to rise, decreasing our purchasing power.

Is there an answer to combat this potentially dangerous combination?

Relying solely on investing in the stock market, with its ups and downs, could be risky.

How then, can you create a secure financial future and grow lasting wealth to live comfortably?



## Grow Your Wealth Tax-Free, While Saving for Your Future in Assets You Know and Understand

You can make your dream of truly lasting wealth a reality with a self-directed IRA. What makes a self-directed IRA such a great wealth creation tool?

The answer starts with you and the ability to invest in a full range of assets beyond just stocks and bonds.

If you have knowledge, expertise and success in certain investments, imagine the investment returns in the tax-free or tax-deferred environment of an IRA. In addition to tax-free or tax-deferred profits for life, self-directed IRAs provide potential large tax deductions, asset protection and estate planning benefits.

Take control and begin planning for your future today.

# Why an IRA?

## Why You Need an IRA Today

Realizing social security, pensions, and the stock market were not sufficient for retirement savings, the government created IRAs to help you save for your future in a tax-advantaged environment. An IRA grows tax-free or tax-deferred and compounds over time to maximize the ability to grow wealth.

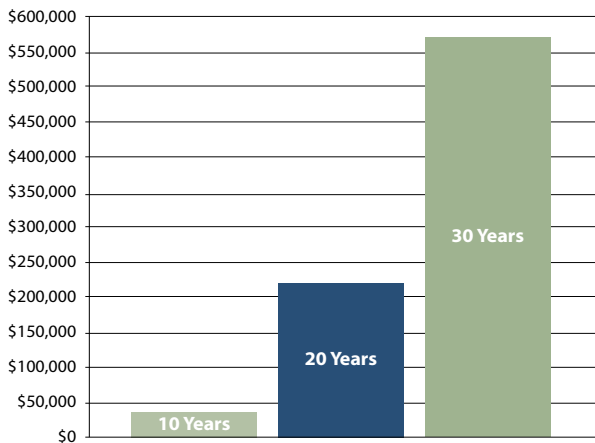
## The 4 Ways IRAs Benefit You

### 1) Compound Interest + Tax-deferred Profits = Lasting Wealth

*"Compound interest is the most powerful force on Earth."*  
- Albert Einstein

Here's why. Compound interest occurs when you not only earn interest on your original investment sum, but also on the interest earned on the original sum.

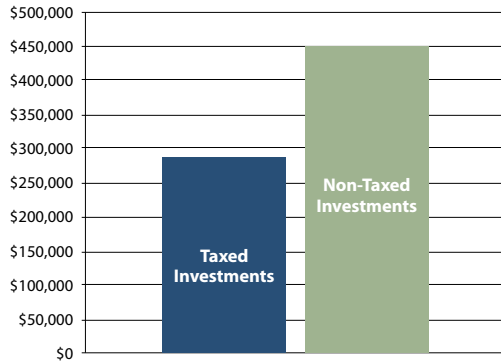
For example, beginning at age 25, you take the \$4 you spend each day for coffee and put it towards retirement. At that rate, you'd save \$121 a month.



If you received 9% in compounding interest each year, you would have \$23,415 after 10 years. After 20 years, you'd have \$221,520 and after 30 years, when you are 55, you'd have an amazing **\$566,440**.

The power of compound interest is multiplied in tax-advantage accounts, such as IRAs.

For example, if you were to contribute \$4,000 a year to a tax-advantaged account (an IRA) and assume an 8% compound interest rate of return for 30 years, your self-directed IRA would be worth \$449,133 at the end of year 30.



If you made the same investment in a non-tax sheltered environment (a brokerage account), assuming a 31% tax rate, it would be worth \$286,752 instead of \$449,133. That is 43% less, a difference of \$162,381. As you can see the effect of taxes on your savings can be dramatic.

## 2) Large Tax Deductions

Certain IRAs allow you to reduce your taxable income today while saving for your future. For example, if you meet certain income limits and contributed \$2,000 to a Traditional IRA during the year, you are eligible for a tax deduction of that same amount (\$2,000) when filing your tax return for that same year. Depending on the plan type, you could be eligible for more than \$50,000 in tax deductions.

## 3) Hard-Earned Assets Are Protected from Creditors

IRAs are afforded protection under federal bankruptcy law and thus generally are shielded from creditors in bankruptcy proceedings.

## 4) Provide Wealth for Your Future Generations

Certain IRAs allow the passing of assets to beneficiaries after death while avoiding taxes. Benefit your family's financial future with estate planning that leaves valuable IRA assets to loved ones without the burden of taxes.

There are different types of IRAs and government-sponsored small business retirement plans, and each possesses unique tax advantages to maximize your future wealth. Call **888-382-4727** to determine the right plan for you, and start enjoying the benefits today.

## Control Your Financial Future with a Self-Directed IRA

Many investors like Brian Harris, a music teacher, are taking advantage of one of the greatest benefits of a self-directed IRA – the ability to choose investments that you know and understand. From real estate, promissory notes and tax liens to investing in musical instruments, investing in non-traditional assets has become more popular among investors.

Why rely solely on the stock market, especially if you don't have an expertise in those assets, when it's possible to invest in assets you know and understand?

Combining your investment expertise with the advantages of an IRA—tax-deferred or tax-free growth—can be a powerful investment strategy.

Brian Harris was able to invest in something he enjoys by purchasing instruments with his self-directed Roth IRA and leasing them to students. The money he receives from renting instruments automatically goes to his Roth IRA to grow tax-free!

Discover the investments that work best for you.

*"Why not invest in my future with something I have a passion for [musical instruments]. This is an easy source of income."*

*- Brian, Arizona*



# Endless Investment Options

A self-directed IRA immediately broadens your investing possibilities, and puts you in control. The chart below lists just some of the many investment possibilities available to you with an Equity Trust self-directed IRA.

## Real Estate

- Residential Property
- Commercial Property
- Developed Land
- Undeveloped Land
- Foreclosures
- Rehabs
- Mobile Homes

## Tax Liens/Tax Deeds

- Tax Lien
- Tax Deed

## Promissory Notes

- Mortgages/Deeds of Trust
- Secured Notes
- Unsecured Notes
- Car Paper
- Commercial Paper

## Entities

- Private Placements
- Limited Liability Companies
- Limited Partnerships

## Traditional Assets

- Stocks
- Bonds
- Mutual Funds

## Other

- Structured Settlements
- Factoring
- Accounts Receivable
- Foreign Currency Exchange
- Equipment Leasing

**Plus, many more...**



## Choose the Right Self-Directed IRA for You

### The Traditional IRA

Do you want an immediate tax deduction now, have your investment grow tax-deferred, and only pay taxes when you withdraw funds? If so, a Traditional IRA may be your ticket to a successful financial future.

### Traditional IRA Advantages

- Contributions may be fully or partially deductible.
- Taxes on investment earnings are deferred.
- Many individuals are in a lower tax bracket during retirement when distributions are taken. Therefore, earnings will be taxed at a lower rate than at the time of the contributions.

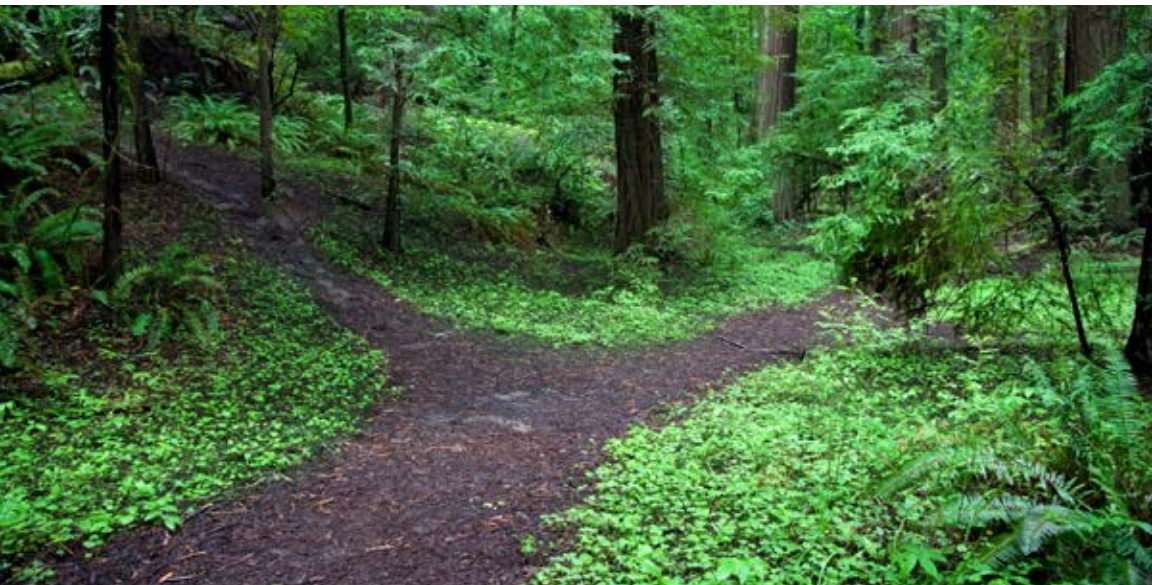
### Eligibility and Contributions

You are eligible for a Traditional IRA if you receive taxable compensation and if you're not age 70½ by the end of the year in which you open the account.

Your age determines how much you can contribute. Individuals that are 50 and older may contribute more to a Traditional IRA (known as a catch-up contribution). For contribution limits please visit [www.TrustETC.com](http://www.TrustETC.com) or contact a Self-Directed Retirement Specialist at **888-382-4727**.

### Withdrawals

You are eligible to begin making withdrawals at age 59½, but minimum withdrawals from a Traditional IRA must begin at age 70½.





## The Roth IRA

Would you prefer to forgo a tax deduction now, but never have to pay taxes when you withdraw funds? If so, a Roth IRA may be your ticket to a successful financial future.

### Roth IRA Advantages

- Qualified withdrawals are tax-free.
- Investments are able to compound tax-free.
- No required withdrawals.
- May be able to pass on earnings to beneficiaries tax-free.

### Eligibility and Contributions

Anyone may have a Roth IRA, regardless of age, assuming his/her Modified Adjusted Gross Income (MAGI) is within allowable limits. Investors must meet income limits to invest and/or contribute to a Roth IRA.

If you meet those limits you can contribute to a Roth IRA. Your age will determine how much you can contribute. Those individuals that are 50 and older may contribute more to a Roth IRA (known as a catch-up contribution). For MAGI limits and contribution limits please visit [www.TrustETC.com](http://www.TrustETC.com) or contact a Self-Directed Retirement Specialist at **888-382-4727**.

### Withdrawals

- Withdrawals are not required at any age.
- Contributions can be withdrawn at any age, tax and penalty-free.
- Earnings in the account may be withdrawn tax and penalty-free as long as it has been open at least 5 years and the owner is over the age of 59½.

### Accelerate Your Family's Wealth with Self-Directed IRAs

You are not the only one that can take advantage of self-directed IRA tax saving opportunities. Your spouse, children and grandchildren can benefit too.

Any individual that has earned income can open an IRA, and a spouse does not need to receive separate income if you file jointly. For more information on how your family can receive great tax benefits contact a Self-Directed Retirement Specialist at **888-382-4727**.

## Contribute More and Receive Larger Tax Deductions than Individual Plans

Are you looking for other investment opportunities in addition to your Traditional and Roth IRA to maximize your retirement savings? Equity Trust offers small business and qualified plans that allow you to contribute a considerably larger amount and potentially receive larger tax deductions (more than \$50,000).

**Special Note:** As an investor, self-employed individual or small business owner you most likely qualify for these plans. It's a great way to save for your own future, get tax breaks for your business and offer competitive employee benefits.



## Select the Right Small Business/Qualified Plan for You

### SEP – Simplified Employee Pension

Designed for self-employed individuals and small business owners (typically with 25 employees or less), the SEP allows contributions toward retirement without getting involved in a more complex qualified plan such as a 401(k). Contributions to a SEP are tax-deductible and compound tax deferred until withdrawal.

#### Why Should You Open a SEP?

If you want to contribute the highest amounts possible to your retirement account and qualify for the highest tax deductions yearly (other than a qualified plan), then a SEP might be your best option.

### SIMPLE - Savings Incentive Match Plan for Employees

The SIMPLE is a plan for small businesses with 100 or fewer employees that have no other qualified plans. With a SIMPLE plan, contributions are tax deductible and compound tax-deferred until withdrawal.

#### Why Should You Open a SIMPLE?

You can contribute more than individual plans and if you have employees other than your family, as the employer you are only responsible to match if the employee contributes funds first.

## **Solo 401(k)**

The Solo 401(k) is often the most attractive plan to investors, if they qualify, because it combines elements of the SEP and SIMPLE. This plan is designed for owner-only businesses and spouses. It can be established by both incorporated and unincorporated businesses, sole proprietorships, and partnerships.

### **Why Should You Open a Solo 401(k)?**

If you qualify, the Solo 401(k) plan is attractive because of the high contribution amounts and large tax deductions available.

## **Roth Solo 401(k)**

In 2006, Congress merged two of the most popular types of retirement savings plans, the Roth IRA and the Solo 401(k) into a Roth Solo 401(k). The Roth Solo 401(k) possesses the same benefits of the Solo 401(k), but with the tax benefits of Roth-type contributions.

### **Why Should You Open a Roth Solo 401(k)?**

If you want Roth tax advantages (tax-free distributions) with a substantial contribution limit, then the Roth Solo 401(k) is for you. Also, if you are interested in a Roth IRA, but you don't qualify because of income limits, then the Roth Solo 401(k) is an option to consider.

## **401(k)**

The 401(k) is a savings plan offered to employees that allows them to set aside tax-deferred income for retirement. An Equity Trust 401(k) is truly self-directed, allowing participants to invest in both traditional and non-traditional assets.

### **Why Should I Open a 401(k)?**

The 401(k) is attractive to employers and employees because of the high contribution amounts and large tax deductions available, plus the ability to truly self-direct investments in traditional and non-traditional assets.

## **Roth 401(k)**

The Roth 401(k) possesses the same benefits of the 401(k) but with the ability to designate a portion of funds as Roth contributions. Investors don't have to worry about income limits and they can still receive similar tax treatment as the Roth IRA.

### **Why Should I Open a Roth 401(k)?**

This plan is available to anyone with a 401(k) and is a benefit to higher-paid employees and self-employed individuals who may have been excluded from having a Roth IRA account because of income limitations.

## Secure a Lifetime of Healthcare Benefits

### The Health Savings Account (HSA)

If you want to take control of your healthcare costs – avoiding high premiums and complicated health plans – then an HSA could be the right plan for you. The HSA can reduce your health insurance premiums by as much as 70%, while you set aside funds to pay for current and future medical expenses. HSA contributions are tax-deductible (subject to limitations) and withdrawals are tax-free when used for qualifying medical expenses. HSA funds are owned and controlled by you to pay first-dollar expenses as they apply to your deductible. Unlike other medical savings accounts, they are not “use-it-or-lose-it” accounts. Both the contributions and earnings in an HSA carry over from year to year. To be eligible to establish an HSA, you must be covered by a High Deductible Health Plan (HDHP), which costs less than a traditional low-deductible plan.

## Save for Your Child’s Education Tax-Free

### Coverdell Education Savings Account (CESA)

The cost to attend college is increasing each year at an alarming rate. Equity Trust has a solution to pay for education costs and ease the burden of debt after college with the self-directed CESA.

A CESA is created for the purpose of paying qualified education expenses of the designated beneficiary of the account. A CESA can be opened for a beneficiary that is under the age of 18 or someone with special needs. Unlike other savings plans that require earned income, you do not need income to open a CESA.



## Complete a Self-Directed Investment in 5 Simple Steps

### 1. Identify Your Investment

The first step is finding an investment. Equity Trust allows you to invest in a variety of assets as long as IRS rules are followed. (See page 15)

### 2. Request Funds for Investment

With a self-directed investment, whenever funds are required you must complete an investment form that details information about the investment, how much it costs and where to send the funds.

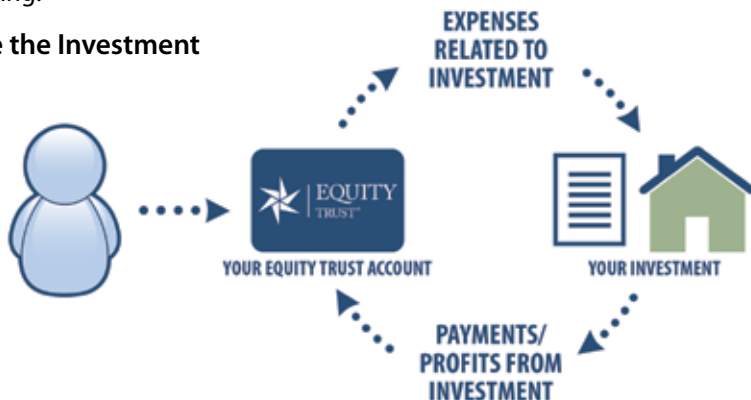
**Important:** All documents related to the investment must be titled in the name of your IRA; not you personally:

*Equity Trust Company Custodian FBO (your name) IRA*

### 3. Process the Investment

Equity Trust processes your form and will send funds for the investment based on your specifications. All records pertaining to the investment (such as real estate deeds, original notes, operating agreements for LLCs) are retained by Equity Trust for safekeeping.

### 4. Manage the Investment



Once your IRA owns the investment all expenses and profits related to the investment must come from and back to the IRA.

### 5. Sell the Investment

Once you've negotiated the sale of an investment with a buyer, you complete an investment form that instructs Equity Trust to sell on behalf of your IRA.

## Funds from the Sale Return to Your IRA Tax-Free!

## Rules You Need to Know

### Prohibited Transactions

While Equity Trust allows you to invest in a full spectrum of assets to achieve your financial goals, there are a few IRA investments the IRS prohibits, including:

- Art work
- Rugs
- Antiques
- Metals
- Gems
- Stamps
- Coins
- Certain collectibles

You can find out more about prohibited transactions at [www.TrustETC.com](http://www.TrustETC.com) in IRS Publication 590. You can also refer to [www.IRS.gov](http://www.IRS.gov).

### Disqualified Individuals

Your Equity Trust account cannot sell an investment to, or otherwise be involved with, disqualified persons (as deemed disqualified in IRS Publication 590).

Disqualified individuals include:

- You
- Your parents (and their spouses if re-married)
- Your grandparents (and their spouses if re-married)
- Your children (and their spouses)
- Your fiduciary, which may include a stockbroker, financial planner, tax professional, tax attorney etc. may also be disqualified.

If you have any questions about disqualified individuals please visit [www.TrustETC.com](http://www.TrustETC.com) or contact a Self-Directed Retirement Specialist at **888-382-4727**.



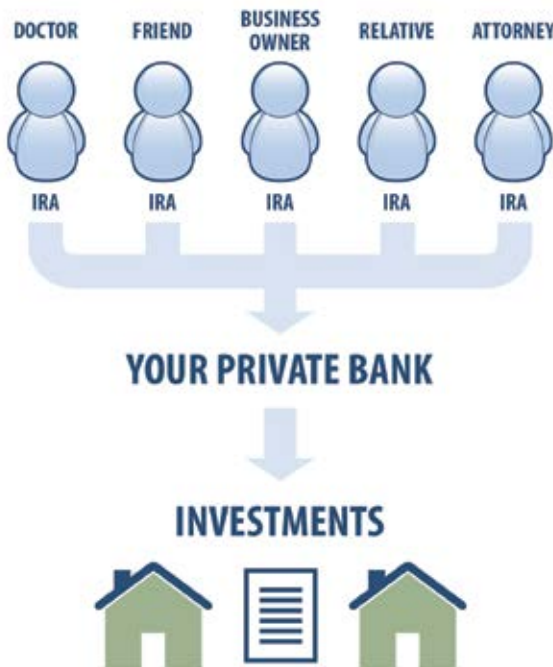
## Generate Unlimited Investment Funds By Creating Your Own “Private Bank”

One of the most common stumbling blocks to investing is not having enough funding to act quickly on hot deals. Imagine being able to create a funding source from which you could easily and quickly draw upon funds to finance your investments. By utilizing the “private bank” concept, this vision can become a reality.

Recent estimates place over \$5 trillion within IRAs, 401(k)s and other qualified programs across the country. These funds can become available to you through the utilization of self-directed IRAs.

The “private bank” concept is borrowing money from an individual’s IRA (not a financial institution) for investments. For example, an investor can borrow money from someone else’s IRA to complete an investment and pay the IRA back an amount of interest that is agreed upon in advance. Since IRAs are an exempt entity, interest earned on the money loaned is tax-free or tax-deferred, depending on the type of IRA.

Lending institutions, insurance companies and venture capitalists have used similar concepts to raise money for years. By utilizing self-directed IRAs, you can apply this concept to your investments, allowing you to become more profitable.



## How to Create Your Own “Private Bank” in 3 Easy Steps

The following is a real estate example of the “private bank” concept, but this concept can be utilized with other investments such as notes, tax liens, and private placements.

1. Find an investment property and negotiate a 75% or less loan-to-value ratio to give your investors safety for their investment. Build in enough gross profit to pay your investors an attractive rate of return. Remember, it’s not the cost of money, but the availability of it, that is important. Finally, leave yourself enough time, through a contingency clause, to find your investors.
2. Present the deal to potential investors, such as business acquaintances and local professionals (i.e., doctors, lawyers, and business owners). It is important that you offer an attractive rate of return and explain the security they have in the transaction by offering them the first lien on the property. Remind your potential investors that, in addition, their returns will be able to grow in a tax-deferred or tax-free environment, depending on which type of IRA they have.
3. Now that you have the investment and investors in mind, the final step is to open an Equity Trust self-directed IRA for each investor. The forms to open an account can be downloaded at **www.TrustETC.com** or sent to you by calling **888-382-4727**.

Once your investors have established their accounts, and the particulars of the investment have been agreed upon, you are ready to utilize these funds for your investing strategy.

*When utilizing The Private Bank Concept, we recommend that you consult with your legal professional for any applicable regulations.*

### “Private Bank” Advantages

- Allows you to participate in more deals
- More deals = More profits
- You are able to offer cash for investments to receive deep discounts
- Beat out your competition
- Free up personal money for personal needs

### What You Avoid by Creating Your Own “Private Bank”

- Lengthy committee approvals
- Bureaucratic red tape
- Potential credit risks
- Tying up your personal funds

# Why Equity Trust?

## Equity Trust Provides Investing Experience with True Value

Equity Trust Company and its affiliates are at the forefront of the self-directed retirement plan industry, specializing in the custody of self-directed IRAs and qualified business retirement plans. Since 1974, Equity Trust and our affiliates have provided services to individuals and the financial services industry, and today more than 130,000 clients rely on Equity Trust.

We provide valuable resources and tools to assist investors in creating tax-free wealth, including:

- More than 400 highly trained, self-directed IRA specialists at our corporate headquarters in Westlake, Ohio focused on serving you
- Personalized account management team and an 800-number for each client, allowing you to deal with someone familiar with your account
- Quick and accurate investment processing with the fastest turnaround times in the industry – assuring your investments are never delayed
- An industry-leading website portal ([www.myEQUITY.com](http://www.myEQUITY.com)), exclusively for Equity Trust clients
- A trusted, experienced custodial provider of \$12 billion in IRA assets to help you secure a financial future
- Ongoing education from self-directed IRA experts on creating tax-free wealth for life

*Equity Trust is a passive custodian and does not provide tax, legal, or investment advice. Any information communicated by Equity Trust is for educational purposes only and should not be construed as tax, legal, or investment advice. Whenever making an investment decision, please consult with legal, tax, and accounting professionals.*



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10:10 AM

100%



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# Why Equity Trust?

## Industry-Leading Web Site Guides You



### Helping You Get Started

From easy to understand “how-to” tutorials and client case studies to online investment calculators and simple access to forms, the Equity Trust Web site ([www.TrustETC.com](http://www.TrustETC.com)) is a wonderful wealth building resource. Learn how to make your investing dreams become a reality.



### Tools to Help You Build Wealth

Equity Trust offers a variety of self-directed IRAs and other investment plans to suit your needs. Discover advantages in each plan, how you qualify, contribution limits, plus much more.



### Gain Valuable Investing Insight

The Equity Trust Web site has a wealth of educational resources to keep you up-to-date on investing trends and news, including: client case studies, IRS publications and letter rulings, webinars, self-directed investing educational products and much more.

## Exclusive Educational Opportunities: Self-Directed IRA Experts Reveal How to Grow Wealth Tax-Free



Equity University's educational products, including informational books and DVDs, webinars, and live in-person seminars, teach you how to generate tax-free profits through self-directed IRAs.

### In-Person Events

Equity University travels the country each year educating investors on how to create tax-free wealth with self-directed IRAs. Events range from one day overview courses to in-depth three-day boot camps and conferences. Check out our upcoming schedule at [www.equity-university.com](http://www.equity-university.com).



### Online Events

Equity University hosts exclusive webinars on popular and pertinent investing subjects from the latest IRS rules to investing tips on raising unlimited capital. View upcoming topics at [www.equity-university.com](http://www.equity-university.com).

### Educational Books, CDs, and DVDs

Engaging and comprehensive, Equity University has books, CDs, and DVDs on a full range of investing topics. Based on more than 30 years of investing experience, Equity Trust experts detail the many self-directed IRA investing benefits. Find the right product for you at [www.equity-university.com](http://www.equity-university.com).

### Free Investing Information

Equity Trust produces an array of reports on exciting and relevant self-directed investing topics. Topics range from saving on college and health expenses to how a self-directed IRA actually works. There are also reports on the different IRAs and small business retirement plans and which one is right for you. Best of all... they are free! Call **888-382-4727** for your free copy.



## Safety and Security of Equity Trust Accounts

This should be one of your first concerns when considering a custodian for your retirement funds. Equity Trust Company and its affiliates have several procedures to ensure the protection of your funds:

### Equity Trust Company is:

#### *Regulated*

##### • Internal Revenue Code

- The Internal Revenue Code sets high standards for being a qualified custodian of IRA accounts and Equity Trust Company, and its affiliates, has operated as a qualified IRA custodian since 1983.
- Equity Trust accurately and completely complies with numerous complex IRS reporting and record-keeping requirements.

##### • State Regulation

- Equity Trust Company operates as a trust company under authority granted by the state of South Dakota.
- It meets the state trust company capital requirements and complies with all the state statutes and regulations.
- South Dakota law mandates audit of the company once every 18 months. State auditors perform the examinations.

#### *Insured Adequately*

##### • Deposit Insurance

- Equity Trust deposits all uninvested cash in FDIC insured accounts.
- Up to \$250,000 of all IRA deposits owned by the same person are insured by the FDIC.

##### • Commercial Insurance

- Equity Trust carries its insurance with a leading national insurance company. Coverage includes: Errors and Omissions, Directors and Officers Liability, Financial Institution Fidelity Bond, and Control Environment

#### *Operates in a Controlled and Audited Environment*

##### • Audit Committee

- The audit committee of the board of directors oversees the activities of both the company's internal and external auditors. It receives reports directly from the auditors.

##### • Internal Audit Staff

- Equity Trust Company's internal staff operates with independence and reports directly to the audit committee of the board of directors.



## Equity Trust Clients are Satisfied Clients

*"Equity Trust has been very helpful to me in setting up a self-directed IRA trust. What has been amazing, is that I have not had one inconsistency in the information provided. You guys are real professionals and well worth your fees."*

—Carl, Wisconsin

*"I wanted to let you know how much I was impressed with your customer service department at Equity Trust. Your response time was quick and the knowledge and ability to answer questions or find answers quickly was also excellent."*

—Pamela, Florida

*"Our whole family has accounts with you and I would like to thank you for all your hard work and dedication. You are always on top of things, and contact us in a timely manner. Plus, everyone is so friendly."*

—Valerie, Pennsylvania



## Get Started Today

Now that you are educated about the opportunities a self-directed IRA offers, it's time to get started investing. The faster you are able to establish an IRA, the longer you can enjoy the incredible power of compounding interest and the account's tax-deferred status.

### Open an Equity Trust self-directed IRA:

1. You can download the appropriate forms from [www.TrustETC.com](http://www.TrustETC.com)
2. Call **888-382-4727**

**Getting started is simple and can be completed in minutes.**



1 Equity Way, Westlake, OH 44145  
888-382-4727  
[www.TrustETC.com](http://www.TrustETC.com)