

IRA & 401(k) Insights

The Leading Industry Newsletter on Self-Directed Retirement Plans and Investments

About: IRA & 401(k) Insights

IRA & 401(k) Insights is a monthly publication for anyone interested in self-directing their retirement funds and investing in nontraditional assets.

Nothing in this publication is intended as tax, legal or investment advice. Entrust does not sell securities or other investment products. The deadline for article consideration is the 15th of each month. To subscribe, call (888) 340-8977 or email: editor@TheEntrustGroup.com

Letter from the Editor

Welcome to the June edition of the IRA Insights Newsletter. Our newsletter is just one of the educational resources available from Entrust to help you control your self-directed retirement investments.

Entrust is the only self-directed IRA administrator that serves you right in your community. Entrust affiliate offices are staffed with experts in law, finance and business, all with first-hand experience in self-directed accounts.

Entrust's local offices also provide educational seminars on self-direction to help clients and professionals understand the broad spectrum of investment options and the benefits of self-direction. Explore all of the educational opportunities by visiting our web site www.TheEntrustGroup.com.

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Unlocking Your Employer's Plan – For the Power of Self-Direction

By: Glen Mather

I'd be able to self-direct my IRA – but all my money is tied up in my employer's 401k Plan". This is a common complaint heard daily by Entrust affiliates across the country, once clients understand the power of self-direction.

It is true that the portability or transferability of employer sponsored plans such as 401K, 403b, 457 or Employee Thrift Plans are governed by the plan documents adopted by each company. As such, each employee should familiarize him or herself with the rules upon which they can transfer or roll-over plan assets to a (self-directed) IRA.

In all company plans, a termination of service qualifies an employee to roll-over funds to an IRA – hardly a practical solution for most employees. Yet there may be other opportunities that are hidden in your employer's retirement plan document that may provide a window of opportunity to transfer the funds tax-free to another

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administrator. Here are a few ideas to explore:

Paternity, Maternity or Medical Leave: Many companies have leaves available for both new mothers and fathers – and thus may permit a partial of full transfer of retirement assets during the period of leave.

Furlough or Temporary Lay off: We had a client that was a airline mechanic – furloughed due to a downturn in business. He was able to roll-over \$150,000 from his 401K plan just days before he was recalled.

Age Basis: Company plans may have a provision to permit a portion of their plan assets to be rolled-over when a participant, for example, turns 50 years of age.

Amending the Plan Documents: It may be within the plan administrator’s discretion to amend the plan documents to permit retirement funds to be self-directed within the current plan. In such case, there is no need for the participant to transfer funds to a self-directed IRA.

In all cases, check with your current administrator to determine your plan details, and be persistent. You may be self-directing your retirement sooner than you think.

Glen Mather is Director of Entrust Administration Services, Inc. Serving the Jacksonville, Orlando and Miami area. (877) 259-3256. www.entrustfl.com

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Interesting Insight

Did you know that if you take a hundred people at random at the beginning of their working careers and follow them for 40 years until they reach retirement age, you’ll find the following:

- One will be wealthy.
- Four will be healthy and financially secure.
- Five will continue to work mainly because they want to not because they have to.
- 36 will be dead.
- 54 will be broke and dependent upon Social Security.

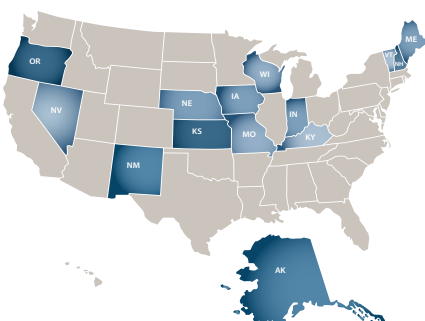
What makes the difference?

HSA owners fall into the top 5% They take responsibility for their health and their financial affairs. By choosing an HSA plan for their health insurance needs, they save premium dollars immediately. If they fund their account, they get immediate tax savings. And if they stay healthy and don’t use their HSA funds, the account can grow to be worth hundreds of thousands of dollars by retirement.

For more information about self-directing your Health Savings Account contact your nearest Entrust office or visit www.BuildWealthThroughHealth.net



Get in on the ground floor of the \$14 trillion dollar retirement industry.



Become part of our national network of professionals who have expanded their business by opening a local Entrust office. **Get started today! Call Pete Tucker at (888) 340-8977 Ext 301.**

Territories available include Oregon, Nevada, New Mexico, Nebraska, Kansas, Iowa, Wisconsin, Missouri, Indiana, Kentucky, Vermont, New Hampshire, Maine and Alaska.



The Case for the Self-Directed IRA

By: Lisa Moren Bromma

Over and over again, I hear from people who have not only lost money in the market but also in their retirement plans. I recently went to my doctor for a physical. He told me he was planning on retiring this year but his retirement plan lost so much money that he can no longer afford to retire. He appeared very disappointed, and mentioned that he was looking forward to spending time between his homes in Hawaii and Lake Tahoe.

"Not now", he said. "And, on top of this, business is down because so many people have lost their health insurance that they skip the doctor visits if they have to pay!"

You may not feel sorry for someone with homes in Lake Tahoe and Hawaii. My point is that everyone, no matter what financial position they have achieved in life, is suffering.

We can feel sorry for ourselves or we can do something about it. I make the case for the self-directed IRA because a truly self-directed retirement plan allows you to invest in hard assets as well as conventional investments. You get to vote on how your money is invested by making the choice to diversify and to not have all of your assets in one investment or with one broker. A self-directed retirement plan requires your active input.

You make the investment decisions, not someone who would possibly never care as much as you about your money.

The Entrust Group (www.theentrustgroup.com) offers a commitment to excellence, integrity, and community. With local offices nationwide, our commitments go far beyond the work we do for our clients. We make no investment decisions or recommendations, we simply act on your instructions. The investment choices are yours!

Take the time to learn more about how to self-direct your retirement plan with investments you choose and that you feel can have a positive impact on your financial future. When you know, understand, and are in control of your money, you are on the way to achieving the financial freedom you deserve.

Lisa Moren Bromma has been a real estate investor since 1978, a note investor since 1998 and has worked with some of the top private mortgage institutional buyers. She is an advisor to The Entrust Group, the nation's largest network of self-directed IRA administrators, and the author of Real Estate Investing for the Utterly Confused, and Wise Women Invest in Real Estate. Visit her web sites at www.wisewomeninvestor.com or www.theentrustgroup.com.

Tip of the Month

Identify your goals and develop a plan

When do you want to retire? What types of things will you want to do during retirement? Golf, travel or maybe buy a vacation home? It's fun to think about your future, but creating a plan to make those goals a reality is important. Many people wait because it seems daunting, but retirement planning is not as hard as you might think.



Make sure you'll reach your goal

Don't wait until you retire to realize you don't have enough money. Usually, there are three sources for retirement income -- Social Security, your employer's retirement/pension plan and your personal savings. Calculate how much you will receive from these three sources and compare that figure to how much your retirement plans will cost. If your retirement plans cost more, than your income you have a gap.

Still Planning at 27

By: Jennifer N. Bzik, CISP

If you have been a regular reader of The Entrust Group's "IRA & 401(k) Insights" for a while now, you may recall seeing one of my previous articles, "Female, 25, Planning Retirement". If you haven't read it, you can find it in the October 2007 edition. It's been a while, and the economy has certainly made the time interesting, so I thought I would give everyone an update.

I'm 27 now, and still actively planning my retirement. I now have two separate loans that I've made from my IRA, both at 12% interest. I don't have any grand plans of retiring when I'm 35 and traveling the world (though I do know some clients who are on that track!) I love what I do, educating people about the benefits of self-directed retirement plans, so I don't plan to stop for a long time. But when I do retire, I want to be confident that I can live comfortably, in the way that I want to, and that I won't run out of money in my old age. So, I'm planning now.

Many of the people I've talked to recently have said that it is difficult for them to think about saving money now, since the economy is not so good, and their expenses continue to rise. I know that's true for me. We have an old house (built in 1898) with high maintenance costs, and various unexpected repairs. Since cash is tight, I'm letting my Roth IRA serve double duty – as both my retirement savings, and my "last resort" emergency fund. Let me go on the record as saying that I personally think that using money from a retirement plan for anything other than retirement is a bad idea. That being said, sometimes bad things do happen, and there may not be many other choices. I know that if I do have an emergency, I can withdraw the contributions I have made to my Roth IRA (called "basis"), at any time with no tax or penalty. Since I have worked so hard to get these funds into my Roth IRA, I know that I will think long and hard about all of my other options before taking an early distribution. This helps me to prioritize, and really carefully judge what I consider an "emergency" worthy of drawing on those tax-advantaged funds.

I also try to make saving for my retirement as "painless" as possible, so that I am prepared for both my retirement, and those surprise expenses. My current favorite technique for this painless savings is my bank's online bill payment service. My paychecks are direct deposited into my checking account on the 1st and 15th of every month. I have set up a recurring "bill" for automatic payment on the 2nd and 16th of each month to make partial contributions to my Roth IRA. The funds come out of my checking account before I even really know they are there, so I hardly miss the money. My regular bank sends the checks twice a month, payable to my Entrust Self-Directed IRA. I have made sure that the checks indicate my Entrust account number, and say "2009 Roth Contribution", so that the deposits are recorded correctly into my Entrust account. When "tax time"



rolls around, the majority of my contribution will already have been made, so I won't have to suddenly scramble to come up with the \$5,000 I can put into my Roth IRA for 2009.

I plan to continue using my Self-Directed Roth IRA to make creative investments and save for my future. Keep reading "IRA & 401(k) Insights" to keep up with my progress! If you have any questions, or if you want more information about using your own Self-Directed Retirement Plan to enhance your retirement savings, feel free to contact me at 973-857-8058.

Jennifer N. Bzik, CISP, is the Account Manager at Entrust Northeast, LLC. Jennifer has been awarded the Certified IRA Services Professional designation from the Institute of Certified Bankers, and has been using her educational background in Finance to assist Entrust clients for over four years. She can be reached at Info@EntrustNortheast.com.



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