



Sovereign International Pension Services Newsletter



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It's a little-known fact: You can make just about any type of investment in your Individual Retirement Account or other retirement plan, including investments around the world. Few people realize they have so many choices, because most IRA Custodians and plan administrators limit your investment horizon to traditional, plain-vanilla U.S. stocks, bonds, and mutual funds.

Sovereign International Pension Services can help you discover new horizons in your quest to protect and grow your hard-earned assets

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2014 The War On Wealth

I didn't listen to the President's State Of The Union Address. I decided to wait until it was over, see what the talking heads on both sides had to say, and read the summary. Regardless of who is in office, there's a usually a lot of fluff and not much meat.

Well there was some serious meat in this one. It's probably not what you ordered though...

The President has proposed a new type of retirement plan for anyone who doesn't have an individual retirement account or work for a company that offers a 401(k) or some other type of retirement plan.

MyRA will be managed by the government. For several years I have predicted the president would establish a Retirement Czar. Well, now we are all about to find out who it's going to be. The Czar will take care of all of the paperwork and invest the money, BUT the only investment option will be the "Government Securities Investment Fund", which is available to federal employees. The bottom line is your money will be invested in Treasury Bonds just as I have been predicting. (Should I mention how low the yields are and point out you have 100% exposure to the dollar?)

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Basically MyRA will be treated like a Roth IRA, in that you will NOT receive a tax deduction for your contributions, but future withdrawals will be tax-free. (For Now! There have already been discussions about indexing withdrawals to your total income, with the resultant effect that tax free withdrawals we have been promised will in all likelihood become at least partially taxable.)

This really falls into the president's War On Wealth. He stated he wants to limit the tax benefits that exist today for contributions to traditional plans, for top earners. (I hate to see how top earners are eventually defined.) And he's proposed a cap on the total amount American's will be allowed to accumulate in their tax preferred retirement plans. (Read traditional IRA, 401(k), Profit Sharing plans etc.) What he's basically said is they want to limit how much income you can take out of your retirement plan, which would drive how much you can accumulate. (The number being thrown around currently is \$3.2 million.) You can read my previous articles on this subject where I explain in depth how they came up with this number but more importantly how it's likely to be adjusted downward significantly.

What's the bottom line? With a simple executive order, that doesn't require anyone's approval, the president is about to significantly accelerate the War On Wealth and change the face of IRA's and Retirement Plans. This will begin the forced ownership of Treasuries, as I have been predicting for over 10 years.

What can you do about it?

(I'll give you the answer below but first you need to understand the attack is coming from multiple directions at once.)

Senator Harkin has re-proposed his signature legislation designed to alter the landscape of retirement plans in the U.S.

Universal, Secure, Adaptable (USA) Retirement Funds Act

Universal Coverage: USA Retirement Funds would be available to everyone, including the more than 61 million people without access to a workplace retirement plan and the 14.5 million people who are self-employed.

- **Automatic Enrollment:** Employees would be automatically enrolled at a rate of 6 percent per year, but could choose to raise, lower, or stop their contributions.
- **Secure Lifetime Income:** Benefits would be paid monthly for life, and participants would be shielded from market volatility and other risks.
- **Lower Costs:** Pooled, professional management and risk sharing will reduce the cost of retirement by up to 50 percent.
- **Portability:** People would be able to take their benefit with them as they change employers.
- **Simple and Easy for Businesses:** Small businesses can easily participate and would not have to take on risk or undue administrative burden.

Sen. Harkin's proposal promoting "USA", a, "Universal, Secure and Adaptable", **privately run retirement** system for older Americans. (Trust me- it's anything but privately run.) He is retiring in 2014 and wants to push for adoption prior to his departure. It has some interesting things like it should be universal and automatic, a shared responsibility between you, employers and the government, a pooled and professionally managed approach to managing **YOUR** money, (translate Retirement Plan Czar), a lifetime benefit or payment stream. Treasury Bonds are the obvious investment of choice for the Czar. It fits their lifetime income option as well as a number of other proposals in his plan.

Sen. Harkin's proposal makes me laugh and scares the heck out of me all at once. It makes me laugh because they call it **privately run**. That's like saying the Affordable Care Act is privately run. Can you imagine the government having to create another website capable of handling every single working American so they can be enrolled in a universal retirement plan system? How well do you think that is going to interface with employers when it comes time for **mandatory contributions!** Who gets the job as the new retirement plan Czar? They want to invest it all in treasuries anyway, it's the only way to do the job with the "least risk and in the most cost effective way" in their eyes. Besides they want to pay the money out over your designated lifetime, which is a fancy way of saying a lifetime annuity that will be funded with treasuries.

I've been writing about the attack on retirement plans for several years. For additional information see the article I wrote on protecting your pension for Gary Scott as well as our November 2012 Newsletter.

Gary Scott Report
SIPS November 2012 Newsletter
SIPS October 2013 Newsletter

What Can I Do To Protect My Retirement Plan?

In my opinion your only hope is in getting all or part of your retirement plan offshore, properly structured in a way that will protect it.

What can I do with it if I take it offshore?

2013 in review-

Let's talk real life. Here are a few of the investments our clients decided to make this year in their totally flexible, self-directed IRA's and Retirement Plans.

- Todd invested part of his IRA into a Hybrid Coconut Plantation in Brazil.
- Phillip made an investment in a Coffee Plantation in Belize, through a non-US LLC owned by his IRA.
- AK had Gold Coins that were already owned in his IRA and had them physically shipped to a repository in Zurich where they are now being held in the name of his non-US LLC. (Contrary to what you may have been told, you don't need to liquidate all of the investments in your retirement plan to take them offshore.)
- SM opened an account in Singapore with an online, offshore, trading platform, giving him access to trade securities almost anywhere in the world.

These are just a few of things our clients have invested in. We provide you with a totally self-directed platform with maximum flexibility. This allows you to protect your account, while at the same time giving you the opportunity to make the investment of your dreams.

Please don't hesitate to contact me if you have additional questions. Please, take action now before there is an unexpected executive order prohibiting you from taking your retirement plan offshore.

"Liberate Your IRA"

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If you have any questions or comments, please send them to lgrossman@offshoreira.com

Sincerely,



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