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RETIREMENT PLANS ARE UNDER ATTACK!

The current administration has decided to restart the attack on retirement plans. This is a serious and imminent threat. I urge you to take action now while you can. Here are some of the headlines I've come across while researching this new attack.

URGENT ACTION NEEDED TO PROTECT YOUR SELF-DIRECTED IRA

House Democrats' plan would prohibit individual retirement accounts from holding private equity, hedge funds

House Bill Would Blow Up the Massive IRAs of the Superwealthy

If plans to cut IRAs succeed, the middle class will be collateral damage

The proposal is part of the infrastructure and tax package advancing in the House. The media has focused on the portion of this bill, which goes after so called mega IRA's. More on that in a minute. I'm more concerned about the proposal's direct attack on what you can and can't invest in with your IRA. I'm confident if they have their way it's only the beginning. For years I've warned my readers about an attempt to force IRA's and retirement plans to invest in treasuries, as a way to help finance the deficit. This might seem extreme to you, but I promise it's been openly discussed in Congress.

Text from the proposal-

Sec. 138312. Prohibition of IRA Investments Conditioned on Account Holder's Status.

The bill prohibits an IRA from holding any security if the issuer of the security requires the IRA

owner to have certain minimum level of assets or income, or have completed a minimum level of

education or obtained a specific license or credential. For example, the legislation prohibits IRAs from holding investments which are offered to accredited investors because those investments are securities that have not been registered under federal securities laws. IRA's holding such investments would lose their IRA status. Translation, your entire account would be considered a taxable distribution, ***even if you haven't liquidated the investments.*** This section generally takes effect for tax years beginning after December 31, 2021, but there is a 2-year transition period for IRAs already holding these investments.

What do you think will happen to all of the money in IRAs and retirement plans once they become liquid.... of course they will find a place for you to invest those funds. Think treasury bonds or maybe something new, like an infrastructure bond or a green new deal bond.

There are a number of other restrictive investment clauses in the bill that are equally concerning. Contact me if you'd like to know what they are or want a copy of the new bill.

Attack on the Wealthy.

The bill also attacks high net worth retirement plans. It restricts or eliminates their ability to make future contributions, and in some cases it requires a 50% distribution from the existing IRA and or retirement plan within 1 year of the new law.

In 2019 the number of IRA account holders with more than \$5 million was over 25,000. I'd estimate that number is much greater now given the recent market performance and growth in cryptocurrencies.

Why should the government be able to penalize you because you've done a good job accumulating assets for your retirement? Aren't they always telling us to save more because social security is running out of money? And now that you've done that, they're just going to take it from you....

The proposed bill states you'll have to comply with the new investment restrictions within 2 years or face the

disqualification of your IRA, leading to a total distribution. This would/will create a huge mess and massive taxes for those affected, but it would/will create significant income to the government.

There is always a chance the bill won't pass, but I'd rather not bet my future on it. I think there is a higher probability all, or some of the provisions will become law. (A similar measure was attempted during the Obama administration but it failed.) The political mood seems to have changed since then.

Typically, when there have been significant changes like this, there have been allowances made for existing accounts. It can come in the form of what's frequently called, "grandfathering", of existing accounts, phased in allowances or longer time frames in which account holders must become compliant. My personal feeling is, if you own highly illiquid investments the government will be forced to make allowances or grant the grandfathering of some or all of these types of investments. How can the government force you to liquidate an investment for which there is no market? What if you've already invested in something like a small privately held company, or a piece of raw land in the middle of nowhere? Investments such as these are not like traditional investments where you can go online and get the latest right up to the second price and sell them to the next buyer. These are just a few of the alternative investments the new bill wants to put an end to. Why would the government want to stop you from investing in something like real estate or a new start up company? Because they must have plans for your money, that's why! There is little or no way to liquidate an illiquid investment. Can you imagine the number of court cases that will be filed and the amount of time and money that will be spent arguing over what the value of these investments are? Imagine what will happen if they tell you, your IRA/retirement plan will be distributed and you'll be taxed on the "value" when you can't sell the asset or even be sure what the value is.

If this is the road they go down they'll be creating a huge mess that could actually end up costing them money. What's the point in that. The fact is they'll likely go after the low hanging fruit. Assets held in traditional stocks, bond, mutual funds and precious metals are super liquid. Besides, I'm sure more than 95% of the assets the government hopes to get are already invested in these types of liquid, traditional investments. I feel pretty certain they'll spend their time and energy "harvesting" the easy to get accounts.

What can you do to protect your assets?

You should consider getting as much of your IRA/retirement plan as you can into illiquid investments. Put a legal structure around them, which makes them more illiquid. Many consider a non-US LLC as the gold standard for this type of protection. A domestic LLC will also provide some level of protection, but nothing as strong as a non-US LLC. Remember, the greater the nexus is between your assets and those after them the easier they are to get. Why take the risk? Put as many barriers between your hard earned savings and those that would take them away from you as you legally can.

As always, I'm happy to answer any questions you may have.

An Important Question!

I asked a business associate of mine, who works for a precious metals dealer in Switzerland, to read my newsletter prior to publishing. He asked me, ***are you discouraging the purchase of precious metals because they are a low hanging fruit?***

Great question.

I apologize if I've been unclear. I'm not encouraging, nor discouraging, any investment. I don't provide investment advice of any kind. What I am doing is encouraging you to structure your assets and investments in a manner that will give them the most protection possible.

Firstly, own your investments inside of an LLC, and if your custodian allows it, own them inside of a non-US LLC. If your custodian doesn't allow it, you should **give us a call**.

Secondly, I feel if legislation similar to what I've been describing does eventually pass it will allow for, or grandfather in, existing illiquid investments. **The window** of opportunity to protect your hard earned retirement savings **could be closing. Act now!**

Liberate Your IRA!

P.S. If you want to try and stop this evil attack here is some information I found on our custodian's website.

We encourage you to reach out to your local representatives and congressional leaders as quickly as possible. Your voice and opinion are valued and need to be heard. Together, we may be able to change the outcome of the final bill's subject matter (*Sections 138312 and 138314 of the House reconciliation bill*).

To contact your U.S. Representatives, [click here](#).

To contact your U.S. Senators, [click here](#).

As always if you have additional questions or concerns please feel free to contact the office.

"Liberate Your IRA"

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Give us a call and learn more today!