Mitt Romney Ballooned his IRA to $100 Million

Now Many Other "Every-Day" Investors are Using This Same Strategy...

Here's How!

"In the wake of news reports that billionaire businessman and former presidential contender Mitt Romney owns an individual retirement account worth as much as $100 million, questions are growing over how it could have gotten so big when contribution limits are capped at $5,000 or $6,000 a year.

He did it **tax-free and legally**. Of course, he had very good tax advice. Now you can access similar information and legally avoid taxes on your retirement, education and healthcare spending.

Reason #1 to attend Attorney/Accountant/Investor John Hyre's Self-Directed IRA Workshop on May 20th & 21st in Greenville, SC:
Romney did it. Done right, it is legal. You can do it. We'll discuss how Romney did it and spend the rest of the workshop on how *you* can do it.

The Do-Gooders Have Noticed What Romney Did

The Do-Gooders have started to notice what citizens are doing with their Self-Directed IRA's ("SDIRA"), largely due to the publicity arising from Romney's use of his IRA. Once his deals started appearing in the press, the "Envy Your Neighbor" crowd & other Usual Suspects took notice.

"Many potential Roth savers worry that if they pay upfront taxes to fund such accounts, **Congress will double-cross them and curtail future benefits**....A recent Government Accountability Office study on "supersize" IRAs—those worth many millions of dollars— is prompting some to consider limits. One proposal would permit only investments in publicly traded assets. This would prevent well-placed insiders from investing their IRAs in pre-IPO shares or partnership carried interests that are a tiny fraction of their future value. Another idea is to limit the accounts' overall size. The previous administration suggested that IRA owners not be allowed to contribute to accounts greater than about $3.2 million."

So the secret is out. Legislative proposals to ban certain SDIRA techniques have been put forth. In the present environment of gridlock, these proposals are not very likely to become law. But at some point that may change. I predict that:

1) Some techniques will be banned

2) Roth IRA's themselves will one day be eliminated

3) When Congress bans something, they usually "grandfather" everything before the ban date

4) Given that connected people (e.g. – Romney, etc.) are using SDIRA's and various creative techniques to balloon them, grandfathering seems more likely than a retroactive ban

5) You still have time to use Romney-esque techniques to grow your retirement, education (including private K-12 education) and health savings accounts TAX FREE and benefit from "grandfathering" if & when Congress changes the law. **But procrastinators may well be shut out**.

Reason #2 to attend my upcoming IRA Workshop: Congress is now aware of how Roth accounts are being used. Act now, learn how to balloon your accounts before the Do-Gooders close the door.

FURTHER, THE IRS WATCHES FOR THESE DEALS. They have made plenty of money off of the people who misuse their IRA's, even if the misuse was accidental & unintentional. The IRS' victories in court have emboldened them. They are picking up the pace and auditing more IRA's. I know, because I'm one of the *few* attorneys in the country who has been through multiple audits of IRA's – and who has used the Tax Court to get the IRS to back off. In short, I know which deals they can stop, and how they do it. Because of my hands-on experience, I am **uniquely** positioned to teach you how to legally create tax-free IRA (or HSA or CESA or 401k) deals that avoid IRS hot buttons and grow your wealth **tax-free** and **asset-protected**. How many tax advisors or "Check-Book LLC" promotors can say that? Very, very few. Here's your chance to learn much of what I know – and for considerably less than my regular rate of $350 per hour.

Reason #3: Very few lawyers have dealt with IRA issues in IRS audits or in Tax Court. I have such experience and will share it OFF the $350/hour clock.

The IRS Is Interested in SDIRA's. They are especially interested in IRA's that invest in real estate or via trusts or via "Checkbook LLC's". How do I know that? Two reasons. First, several IRS employees have very directly told me so. Second, the IRS has recently changed its reporting requirements in search of this very data. Specifically, every IRA is required to file Form 5498 once per year. That form tells them the value of your IRA. Starting in 2015, the IRS has required that new data be reported on Form 5498. Among other things, they want to know whether the IRA is investing in real estate, LLC's or trusts. In other words, what IRS employees are telling me in audits is being reflected in regulatory changes. It all points to the same conclusion: The IRS is very interested in SDIRA's. Which means your SDIRA needs to be up-to snuff and reflect the latest developments in the constantly changing law.

Learn How the IRS Makes HUGE Money Off of Certain Self-Directed IRA's.

The IRS correctly views SDIRA's as cash cows for the government. Specifically, **a one-dollar mistake can cost the IRA owner a million dollars in taxes and penalties**. You read correctly: If your IRA pays $1 to the wrong person, you could end up paying $1 Million to the government. Here's an example:

- Your IRA has assets & cash worth $1,666,667.
- Your IRA lends $1 to your mother.
- That loan is a very basic & blatant "Prohibited Transaction" under Internal Revenue Code Section 4975.
- Without going into details, a Prohibited Transaction often results in the IRA losing 50% to 60% of its assets to government – no matter how small the Prohibited Transaction.
- 60% of $1,666,667 is $1,000,000.
- A $1 mistake can cost $1,000,000

Can you blame the IRS for looking for small mistakes that get them millions of dollars? Like it or not, that IS what they are doing. But we are not helpless.

My example above was very simplistic to make a point. Unfortunately, the Prohibited Transaction rules themselves are not so simple. **There are many subtle ways to accidentally destroy your IRA**. The rules are often grey, subtle and very easy to accidentally trigger. In such cases, the IRS and the Tax Court generally show no mercy. Here's what the Tax Court had to say with regard to "mercy" and Prohibited Transactions:

"…we conclude that the prohibited transactions contained in section 4975(c)(1) are just that. The fact that the transaction would qualify as a prudent investment when judged under the highest fiduciary standards is of no consequence. Furthermore, the fact that the plan benefits from the transaction is irrelevant. **Good intentions and a pure heart are no defense**."[1]

In short, if you err, the IRS can destroy your IRA, no matter how innocent or small the error. That's why Prohibited Transactions are the government's #1 weapon for busting IRA's.

That's also why we shall spend a great deal of time on the prohibited transaction rules. I will boil the rules down into plain English. I will discuss what I have seen in audits and in Tax Court, which is something very few attorneys can do. I will address your Prohibited Transaction questions. I will listen to what you are doing in your IRA's today, discuss whether it works, and whether it should be changed.

Reason #4: Prohibited Transactions DESTROY IRA's. Learn how to legally avoid that result.

Importantly, I will tell you what I would do if I were the IRS. You see, for all of their recent success in busting SDIRA's, they still have quite a lot to learn. But at some point, they are going to figure it out. Unlike most IRS employees, I understand the Prohibited Transaction rules. More importantly, I understand how entrepreneurs run their businesses, investments and IRA's. ***I know where to look for SDIRA mistakes***. The IRS does not understand that – at least not yet. If they did understand such things, their attacks would be even more effective. **That present lack of information on the part of the IRS provides us with a window of opportunity.** The IRS is in the process of adapting. They shall improve their attacks. But thankfully, they are moving "at the speed of government". That gives us some time. We can anticipate what an intelligent & capable (but slow) enemy will do. We can plan. We can adapt.

Reason #5: We will look into the Crystal Ball, anticipate the IRS' best IRA-busting arguments based on real experience in audits & Tax Court, and plan around those arguments ahead of time.

Reason #6: One type of account pays a much, much, much smaller penalty on Prohibited Transactions than IRA's. In our $1 mistake example, the penalty with the right account type would have been as low as 15 cents, instead of $600,000. I will reveal the account type and describe other benefits of that account type. I will also address whether you qualify for one, and what needs to be done to qualify tomorrow if you do not qualify today.

Grow Your IRA or 401(k) MUCH Faster Than Normal

How do you grow your IRA faster than the 2% a year (or less) that the banks are offering? How do you avoid the volatile stock market and less than competent/honest advisors? How do you get Romney-like results? Do what you are good at, *if* it is allowed. For example, if you know how to do it right, your IRA can:

- Own rental properties;
- Own Lease-Option Properties;
- Buy, Rehab & Sell Properties;
- Buy Discounted Notes;
- Buy Gold & Silver;
- Buy Tax Liens; and
- Much, Much More.

You will learn how to run such investments through your IRA's while minimizing the odds of tripping the Prohibited Transaction rules. Our case studies will include examples of the above deals. Are you curious about a technique that is not on that list? **I invite you to send me your hypothetical deals for analysis and discussion during the workshop**. We examine whether such deals can be done, and if so, how to structure them for best results in an audit. I will also address which deals are simply best avoided altogether.

Reason #7: Learn which types of deals will fly and which shall not.

Reason #8: Learn how to structure deals to reduce IRS risk while rapidly ballooning the value of your account.

Reason #9: Case Studies, Case Studies, Case Studies – Including Some Brought by You & Your Classmates.

Reason #10: Lots of Q&A off the clock. Those who have attended past seminars know that I work in *LOTS* of Q&A time.

Reason #11: Your classmates will ask questions that you would not have asked – and you'll be glad that they did.

Reason #12: Quality audience for networking. The price point of this workshop is designed to provide value (much cheaper than learning the same information on the clock at $350/hour). It is also designed to weed out the freeloaders and attract a certain quality of serious participant.

One Potentially Fatal Flaw Found in Most "Check Book Control" LLC's

I mentioned that the IRS is very interested in "Checkbook" or "Checkbook Control" LLC's. Indeed, they are so interested in them that they have changed Form 5498 to require taxpayers to report which IRA's invest through LLC's. Their interest is well-founded. In my experience, most Checkbook LLC's are deeply flawed. I've reviewed a lot of them, and the vast majority were flawed in very basic ways. Let me provide one *very* common example:

If you self-manage your Checkbook LLC ("CBLLC"), you may have entered into a Prohibited Transaction.

Why? The Internal Revenue Code says that an IRA owner cannot provide "services" to the IRA.[2]
To do so would create a Prohibited Transaction. And we know that a Prohibited Transaction would destroy an IRA. So the question is: Is managing an LLC for your IRA a "service"? If it is, the IRA dies.

So what's the definition of a "service"?

The Internal Revenue Code does not define the term.

I submit to you that the IRS shall one day define the term. Given that they are under severe political pressure to "raise revenue", I further submit that they are likely to come up with a broad definition that will bust as many IRA's as possible. Best to understand the issue now, and to make adjustments now, while the law is still grey. Don't expect whoever "advised" you on the Checkbook LLC to help, they have strong financial reasons to "hear no evil, see no evil, speak no evil".[3] Furthermore, my experience has been that most attorneys who sell CBLLC's are not very well versed in IRA law. They are usually selling CBLLC templates for more than they'd charge for a normal LLC…without really understanding the relevant law, much less having had some relevant experience in audits or in Tax Court.

We will explore the "services" issue, discuss some work-arounds and **look for other subtle and rarely-discussed traps**. We will also discuss whether you need an IRA-owned LLC. Sometimes they make sense and are worth the hassle. And sometimes they cost money, time & aggravation for no good reason. We will also lay out some drafting tips for IRA-Owned LLC operating agreements.

Reason #13: Learn the truth about "Checkbook" LLC's, whether yours might be fatally flawed, whether you really need one, what the IRS thinks about them and whether yours is salvageable.

Three Weaknesses of IRA Trusts I learned from the IRS

[2] The Code contains no exception for free services. In other words, the fact that one did not charge for services provided to the IRA does not mean that a fatal service was not provided. Tax Court judges tend to read the Code literally, particularly if it helps the IRS.

[3] In other words, the CBLLC promotors are either not aware of the "services" issue, or they do not care about it. Very few of them ever inform their "clients" as to the issue. Many of them tend to focus on printing and selling as many LLC templates as possible (with little or no customization, drafting, advice or education) in order to maximize their profits and minimize their effort…at the expense of increasing your risk.

Some “gurus” advocate the use of trusts as a substitute for CBLLC’s. I know, because I’ve reviewed such trusts for “students” of such “gurus”.[4] Trusts can make sense for IRA’s, and certainly for other purposes. But they also have unique weaknesses not shared with LLC’s.

I will discuss three unique weaknesses of trusts (as compared to, say, LLC’s) in the context of IRA’s. These weaknesses came directly to the fore in an audit and in a Tax Court case in which I was recently involved (and thankfully won). This sort of information can only come from direct, hands-on experience. To my knowledge, such experience has not been reduced to writing by anyone, anywhere. I will share what I have learned.

Reason #14: I will tell you the three weaknesses of IRA-owned trust in an IRS audit.

IRA’s Kissing Cousin Allows Tax Free K-12 + University Education

IRA’s – they’re not just for retirement anymore. Specifically, there are accounts that are nearly identical to Roth IRA’s that allow you to pay for education tax free. And by “education”, I do not mean just university education. I mean almost *any* formal schooling, K-12 and onward. If you are sending your child to a private school,[9] you can do so tax-free – if you are willing to do what it takes.

Yes, I’m talking about Coverdell Educational Savings Accounts (“CESA’s”). And yes, I’ve heard the number one gripe about Coverdell’s: “I can only put $2,000 per year into one. So why bother?”

Because there are ways to grow that $2,000 per year into much larger sums. Think about it. Romney grew $25,000 annual contributions to a SEP to a balance of $100 million. Let’s say you are only 10% as sharp as he is. That’d imply a CESA balance of $80,000 based on $2,000 of contributions. That’s enough to put a nice, tax-free dent into any educational budget.

There *are* ways to grow small balances into big balances. We are going to discuss some of them. Given the quality of the audience I normally attract, I suspect they will suggest some innovative ways to balloon such accounts as well. I mean to analyze those suggestions. Networking and brainstorming aplenty should add serious value to an information packed event.

If you are in a 40% combined state & federal income tax bracket (not the highest bracket), paying for one child’s annual $10,000 private tuition would be worth $4,000 in savings per year. Over K-12 + four years of undergraduate education the savings would equal $68,000 per child. It’s well worth investigating.

My kids go to private schools. The public system, even in “good” suburban school systems, is inferior. It is often academically inferior and almost invariably morally inferior. The good news is that the same strategies that apply to increasing low-balance IRA's would also serve to balloon CESA's. As such, our IRA discussions will directly apply to CESA's. One simply **cannot afford** to miss out on these sorts of planning techniques.

Reason #15: Learn how to pay for education, including K-12, with tax-free dollars.

IRA's Other Kissing Cousin Allows Tax Free Healthcare

For healthcare, I personally like to get some procedures done overseas (and pay for it with my HSA). Why? Better service and much lower prices. I suspect that with the continued advance of medical socialism in the US via legislation, presidential dictate, regulatory mandate, crony insurance companies and litigating lawyers, US healthcare shall continue to deteriorate in quality and increase in price. Fortunately, we are not trees, rooted in place. We can actually move about and often avoid inferior and overpriced "service".

I have a crazy relationship with my doctors in South America: I give them HSA money, they give me excellent service, including house calls. They talk to me for more than ten minutes, and ask about life in general. Sometimes we dine together. Oddly, we do not have any prickly lawyers, insurance bureaucrats or their government cousins involved in our relationship at all. Crazy!

For example, one year I went to Chile and had sinus surgery. It cost about 20% - 25% of the same service in the US. I knew how much it would cost up-front. The doctors, far from being inferior, were quite good. They were trained in Belgium, regularly updated their skills in the US, and seemed to have more latitude and ability to practice their profession than is the case in the US – no lawyers and government know-it-all's second guessing my judgment, or my doctor's judgment. They took the time to listen & advise. And as a modest bonus, they generally were more aesthetically pleasing. Did I mention that my HSA paid for it? And that my HSA, like my IRA, can invest in houses, discounted notes, gold and other unconventional assets?

Let me add a point: I could have structured the visit such that entire trip itself, and not just the actual healthcare, was payable via my HSA. For that particular trip we visited extensively with family, so the trip was not primarily related to healthcare and I could not pay for it via the HSA. But other trips, properly structured, could be paid in that manner.

Bottom line: Almost everything you will learn from me about IRA's, both opportunities and traps, will apply to HSA's. **Whether you are paying for your healthcare in the US or elsewhere, you should be using an HSA if you qualify**.

Reason #16: Learn how to pay for healthcare tax-free, including trips overseas.

My Favorite Example of Ballooning Your IRA

I attend seminars of all sorts. I listen to what the audience has to say. I learn what the problems are and I look for solutions. While attending a seminar presented by attorney Jeff Watson,[5] one member of the audience explained how he managed to get 50+ free and clear rentals into his Roth IRA with only $5,000 in annual contributions. His technique was brilliant in both its simplicity and its psychology. It still strikes me as the best way to balloon an IRA – or a CESA or an HSA. I will cover it in detail.

Reason #17: How to get 50+ free & clear rentals into your IRA (or CESA or HSA).

The New IRS (That "Free" Healthcare Wasn't Free, Socialism is Very Expensive)

The IRS has come under immense political pressure to squeeze more money out of citizens. In a quest to "raise revenue", they are enforcing laws that had been long ignored. Laws that are ignored by the IRS tend to be ignored by taxpayers. Taxpayers drop their guard….and then the IRS says "gotcha". One previously ignored section of the tax code was Section 4975...which pertains to the **DESTRUCTION** of IRA's, HSA's and CESA's. You need to know how the IRS is using that once-ignored law to seize 60%+ of your IRA balance. We will cover this issue in great detail, including what I have seen first-hand in audits and Tax Court.

Based on my first-hand experience in IRA audits, discussions with high-level IRS employees, and negotiations with IRS lawyers, I know how to not structure deals!

Reason #18: Hear the latest about recent audits and where the law is headed.

I have also spent 15+ years working with real estate entrepreneurs and small businesses, after an additional 5+ years of acting as tax counsel to large corporate clients. As such, I understand the types of deals that are of interest to SDIRA investors. We will analyze, for example:

- Rentals
- Leveraged Rentals
- Self-Storage
- Mobile Home Parks
- Assignments
- Options
- Subject-To's
- Discounted Notes
- Rehab & Retail
- Private Lending
- And More

Reason #19: Learn the upsides & downsides of different deal types, including those you ask about ahead of time.

SEND YOUR QUESTIONS! I want you to get as much as possible out of our two days together. If there are deal types I did not mention above, please do mention them. If possible, I will cover them. Likewise, if you have other questions, send them. The further ahead of time that you ask, the more likely I am to cover them during the workshop.

If you plan to:

1. Use Your IRA money to invest in real estate
2. Use other peoples IRAs to invest with
3. Or if you're already a seasoned pro at doing deals inside your IRA,
Then you would be advised to come to this event!

Register Online Now

My Qualifications

John Hyre is an attorney, accountant & investor. For the first seven years of his career, he worked at two large accounting firms and as Tax Counsel for a Fortune 500 Company. He gets corporate level taxes. For the last 13 years John has run both an accounting practice and tax law practice. He has worked extensively with small businesses, real estate investors of all sizes, note investors and self-directed retirement accounts. He has prepared thousands of tax returns, helped thousands of clients with tax planning & tax reduction, fought the IRS in audits and in court and assisted clients in fighting IRS collection of taxes owed. John has also invested in mobile home parks, low-income rentals and a few flips. John has written three home study courses and numerous articles and is a frequent speaker on the taxation of real estate and IRA's. John has successfully defended clients, including those with IRA issues, in audits and in Tax Court.

Workshop Schedule

May 20 th

This schedule assumes a great deal of time for Q&A.

9:00 am	Choice of Retirement Account (Roth vs Traditional, IRA, SEP Simple, 401(k), which is best for you?)
10:00 am	15-minute break
10:15 am	Health Savings Accounts & Coverdell Educational Savings Accounts
11:15 am	Prohibited Transaction Rules, we'll walk through the relevant parts of Code Section 4975 – Very important, most discussions of PT Rules only cover a very small part of this key Code section.
12:30 pm	Lunch on your own.
1:30 pm	Prohibited Transactions – Review Court Cases & Dept. of Labor Rulings – how the government views PT's, what the courts have allowed and where they are headed

2:30 pm	Prohibited Transactions – Free-Flow Q&A, examples – This topic is that one that gives rise to the vast majority of IRA questions in my practice.
3:15 pm	15-minute break
3:30 pm	"Checkbook LLC's" – When are they worth the hassle, IRS traps, drafting tips, how most CBLLC's could kill your IRA, errors most CBLLC promotors make.
4:00 pm	What I have seen in audits and in Tax Court, how to deal when the IRS comes knocking, where the IRS is headed and why I won both cases. Very, very few lawyers, gurus or CBLLC promotors have this kind of experience. No recording of this particular session shall be permitted.
5:00 pm	End of Saturday Class

May 21

9:00 am	Unrelated Business Income Tax (UBIT) – What is it? How to avoid it, when to be thankful for it.
10:00 am	Over-Contributions – an interesting way to get more money into the account
10:30 am	My favorite technique to make a $5,000 IRA into a $100,000 IRA
11:00 am	15-minute break
11:15 am	Rental case study (Includes leverage, lease options, self-storage and mobile home parks)
12:30 pm	Lunch on your own
1:30 pm	Flip Case Study (Assignments, options, A-B-C Transactions, rehab & retail)
2:00 pm	Discounted notes case study
2:30 pm	Gold, silver & guns
3:00 pm	15-minute break
3:15 pm	Address some or all of the case studies you sent in ahead of time. A free-for all Q&A, basically an IRA brawl. According to attendees at past events, this is the best part.
5:00 pm	Class adjourns

Fee

$797 per person. Spouses or children may come for an additional small additional charge.

Note: I charge $350 per hour. $797 would normally equal about 2 hours and 15 minutes of my time. The seminar should involve about 14 hours of speaking time. And I do invite you to bring deals/potential deals for analysis.

Register Online Now