



# Sovereign International Pension Services Newsletter

March 2013

Dear Valued Clients and Friends,

I have a confession to make. When I am driving I like to listen to the oldies. Yesterday I heard a classic I hadn't heard in years that made me stop and think about the current crisis. "Dance Band on the Titanic" by Harry Chapin. Harry's song evoked a strong feeling about what I see going on around me and how it must have been on the Titanic.

As you may know the Titanic struck an iceberg just before midnight on its maiden voyage on April 14th 1912 and sank several hours later on the 15th of April. She was considered unsinkable at the time. Prior to the Titanic striking an iceberg she had received six warnings of sea ice, yet she was moving at almost full speed when the iceberg she finally struck was spotted. There were an estimated 2,224 people on board and of those more than 1,500 died. The Titanic was woefully short on lifeboats, which is understandable considering she was "unsinkable!" .....

## Run For The Lifeboats!

I first started writing about the coming danger to IRA's and retirement plans a number of years ago. My initial thought was the government was going to find a way to force all retirement plans into U.S. Treasuries. You can't imagine some of the comments I received from fellow financial advisors. They clearly thought I was completely delusional and many of them stated that it could simply never happen. IRA's and retirement plans are "untouchable". (Replace untouchable with unsinkable)

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As time has gone on other newsletter writers and advisors have begun to pick up on the same theme as I have because they have been able to spot "the sea ice" while on deck.

I have written a number of warnings about the "sea ice around us" over the last few years.

1. The Department of Labor and U.S. Treasury Department are looking into ways to promote the conversion of retirement plans into an "annuity payment."
2. Teresa Ghilarducci, director of the Schwartz Center for Economic Policy Analysis at the New School, New York, said: "I would roll back the cap to about \$5,000 and then redistribute the savings to workers without pensions in the form of a tax credit of \$600, and that would be revenue neutral. It would be a lot fairer and would expand pensions to more than 60 million people who currently don't have pensions."
3. The "Cyprus Seizure" I wrote about language hidden in the TARP bailout that could allow for an instant seizure of your IRA and or savings accounts just like they tried in Cyprus. ***NECESSARY ACTIONS.-The Secretary is authorized to take such actions as the Secretary deems necessary to carry out the authorities in this Act, including, without limitation, the following: Designating financial institutions as financial agents of the Federal Government, and such institutions shall perform all such reasonable duties related to this Act as financial agents of the Federal Government as may be required.*** At the stroke of a pen or an executive order banks could be ordered to seize assets.
4. A proposal by Retirement USA that among other things calls for Pooled Assets that should be professionally managed, Lifetime Payouts, mandatory contributions and sharing of the wealth. Retirement USA is a national initiative working for a new retirement system that, along with Social Security, will provide **universal, secure, and adequate** income for future retirees. Retirement USA is convened by five organizations - the AFL-CIO, the Economic Policy Institute, the National Committee to Preserve Social Security and Medicare, the Pension Rights Center, and the Service Employees International Union
5. The potential for the seizure of gold and other financial assets- A client sent me a 9 page report Global Forecaster - Global Watch written by Julian D. W. Phillips titled: "How to Protect One's Gold from Government Confiscation". In this article, Julian makes a very strong case for why Gold could be confiscated, he wrote: "**Tier I Asset Brings the Banking System to Gold** Gold's elevation from a Tier II asset (where only 50% of its value can be allotted to the bank held assets

in terms of capital ratio) to a Tier I asset (where 100% of its value can be allotted to bank held assets in terms of capital ratio) is expected to be implemented on January 1st, 2013.

6. The U.S. Consumer Financial Protection Bureau is weighing whether it should **take on a role in helping Americans manage** the \$19.4 trillion they have put into retirement savings, a move that would be the agency's first foray into consumer investments. "That's one of the things we've been exploring and are interested in in terms of **whether and what authority we have**," bureau director Richard Cordray said in an interview.

The government's premise is they can do a better job of managing your IRA or Retirement Plan than you can and they want to take over control for your own good. There is absolutely no doubt in my mind this is a precursor to forcing everyone's retirement plans into U.S. Treasuries. What better way to help finance the future growth of our deficit spending!

I wrote about the U.S. Consumer Financial Protection Bureau's plan to take over retirement plans on February 5<sup>th</sup> and frankly I was stunned by the lack of reaction. That's when I knew **not everyone is going to make it into a lifeboat** as they clearly think the ship is unsinkable.

**Warning Number 7- A seizure of retirement plans leading to the forced investment of all assets into treasuries appears highly probable.**

I really never thought a straight forward seizure of assets was even a remote possibility but I have now changed my mind. Clearly the seizure of personal savings accounts was never in the minds of anyone banking in Cyprus when out of the blue it almost happened. Cyprus is like the Cayman Islands in that it is an offshore banking center with a lot of assets from Russians and others seeking an offshore haven. That's why the European policymakers thought they could do a snatch and grab... Cyprus also has it's own version of FDIC Insurance, which the policymakers swiftly declared would not cover such an act.

I know what you are thinking, this could never happen here. Think Again!

**"California businesses fuming over retroactive \$120M tax grab"**

The courts in California have decided that a completely legal tax break that have been claimed over the last few years by over 2,500 small businesses and entrepreneurs is no longer valid. To add insult to injury they want the money back with interest.

"How would you feel if you made a decision, which was made four years ago, (and) you absolutely knew was legally correct and four years later a governing body came in and said, 'no, it's not correct, now you owe us a bunch more money. And we're going to charge you interest on money you didn't even know you owed'," Brian Overstreet told Fox News from his office north of San Francisco.

So here we are on the Titanic moving along at almost full speed, the markets are at all time highs, there are some of us out there yelling we see ice in the water, while others are telling us it doesn't matter the ship is unsinkable. It doesn't matter how high our national debt is or what our economic policies are. In the background I can hear the dance band playing.....

Harry Chapin - Dance Band on the Titanic

And now the foghorn's jammed and moanin'  
Hear it groanin' through the misty night  
I heard the lookout shout down "There's icebergs around"  
"But still everything's all right"

This is the U.S.A. and our ship is unsinkable!

And we were blowin' waltzes in the barroom  
When the universe went CRASH!

"There's no way that this could happen"  
I could hear the old captain curse  
He ordered lifeboats away, that's when I heard the  
chaplain say "Women and children and chaplains first"

Well, they soon used up all of the lifeboats  
But there were a lot of us left on board

There aren't many lifeboats left but if you run now you just might make it. Put your IRA or Retirement Plan in a lifeboat and send it now while you can still protect it. "Liberate Your IRA", while you still can.

What can you do with an offshore IRA?

- Foreign Bank Account
- Online Offshore Trading Platform
- Foreign Real Estate
- Precious Metals

and so much more. Contact our office if you have questions or need additional information.

## **The Department of Labor's Attack On Retirement Plans Continues!**

Last year I wrote a brief describing how the DOL's Attack On Retirement Plans had gone into high gear in 2010 with over \$1.4 Billion dollars in fines collected and more than 120 indictments!

The latest figures from 2012 indicate the Attack Continues! More than \$1.2 billion in fines were collected from retirement plans, which lead to over 117 individuals being indicted for criminal actions related to company retirement plans.

If you are the owner of a business that sponsors a company retirement plan it's clearly important your retirement plan is compliant. It's equally important you protect your assets in the event of an unintentional mistake that could have dire consequences.

I also wrote an article several years ago urging small businesses to consider suing their 401(k) providers for any number of reasons including undisclosed fees. In the last 2 years there have been a number of class action lawsuits as a number of these issues have finally come to light.

Fidelity Investments was recently sued by, (Hewlett Packard, Avande Inc. and Delta Air Lines) active participants in their 401(k) plans. Industry insiders feel this is the first waive in an onslaught of lawsuits.

Please let me know if you need someone to review your plan!

## **IRS Delays Foreign Financial Asset Reporting**

28 January 2013

The United States Internal Revenue Service (IRS) has disclosed that, in a Notice to be published on February 19, 2013, it will provide guidance to certain taxpayers concerning the first taxable year they must report specified foreign financial assets to comply with the provisions of the Foreign Account Tax Compliance Act (FATCA).

It was originally proposed that, starting in tax year 2011, a Statement of Specified Foreign Financial Assets would need to be filed by taxpayers with specific types and amounts of foreign financial assets or foreign accounts.

With the FATCA filing requirement being enacted in 2010 to

improve tax compliance by US taxpayers with offshore financial accounts, individuals who may have to file will be US citizens and residents, non-residents who elect to file a joint income tax return, and certain non-residents who live in a US territory.

The statement will be required when the total value of specified foreign accounts and/or assets exceeds certain thresholds. The FATCA requires any taxpayer holding more than USD50,000 in reportable foreign assets to report information, but other thresholds can be established for other situations, for example a married couple living in the US and filing a joint tax return.

However, the new IRS Notice has now informed taxpayers that the first taxable year they will be required to report their interest in foreign financial assets has been delayed.

The IRS and the Treasury Department intend that, when final regulations are issued, those final regulations will modify the effective/applicability date of the FATCA reporting provision so that it will not be required earlier than taxable years beginning after December 31, 2012.

**Recently I received an interesting email from a prospective client I thought I would share with you.**

Question:

Thanks for returning my phone call! I found your website, and thought I'd write so that you get my email address. The best time to reach me by phone is after 11 a.m (I'm retired.)

I currently have a very small gold account (87 eagles) in an IRA at Gold Start Trust in Texas. I really don't know if such a small account would warrant this trouble, or if you have minimums.

Also, I phoned a gold broker and told them I was thinking of transferring to an offshore IRA, and they were very negative. They said that people who are doing that are being charged by the USG with fraud and tax evasion, and paying huge fines. They rather scared me.

My Response:

It never ceases to amaze me how sleazy some of these so called advisors really are!!

Among other things I told her was this. Look at the FBAR form, (Foreign Bank Account Reporting). Page 6.

"IRA Owners and Beneficiaries. An owner or beneficiary of an IRA is not required to report a foreign financial account held in the IRA."

I guess that means its legal for an IRA to have an offshore account.....

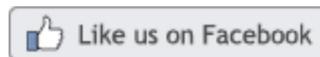
## Contributions

We are approaching the deadline for 2012 contributions for IRA's and many other retirement plans. If you haven't made your contribution for 2012 now is the time.

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

Thank you for your time and cooperation. We appreciate your business. Make sure to visit us on Facebook for the most up-to-date information. Please take a moment to "Like us in Facebook".

If you have any questions or comments, please send them to [lgrossman@offshoreira.com](mailto:lgrossman@offshoreira.com)



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