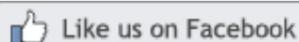




## Sovereign International Pension Services Newsletter



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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### The Fight Over Fiduciary Standards Continues

I wrote a number of articles, as far back as 2008, many of which were considered controversial. In one of them I urged 401(k) participants to sue their plan providers because of hidden fees and undisclosed conflicts of interest. I tried to warn readers about the inherent and dangerous differences between stockbrokers, who are not fiduciaries, and Registered Investment Advisors, who are held to a much higher standard and are fiduciaries.

Why is this important and does it really matter if my advisor is a fiduciary?. Fiduciaries are required to act in their clients' interest first and have much higher standards relating to transparency and disclosure of potential conflicts of interest, where brokers do not.

Let me give you a simple example. Let's say there are 2 nearly identical mutual funds that fit a client's stated need for "growth ". The only difference being in the "hidden" internal expense ratios and how much a broker gets paid. An advisor, treated as a fiduciary, would be required to invest his or her clients' assets in the mutual fund that has the lowest fees and least compensation to the advisor, where a broker could legally invest clients' assets in the mutual fund that has a higher internal expense and pays the advisor more money.

This conflict has existed for decades and in all likelihood will exist in some form or another for many more.

Recently though we've made headway in a couple of areas that may significantly impact your IRA, 401(k), or other retirement plan. After almost

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5 years of discussion, the Department of Labor has proposed a new rule that will alter fiduciary standards and more importantly who must act as a fiduciary. This proposal was approved by the Office of Management and Budget.

Under the current law, if you aren't a fiduciary you are under no obligation to steer your clients to the investment options that are truly best for them. Instead you can steer them to the investments that ultimately put the most in your pocket as the advisor.

The new ruling says financial planners, brokers, insurance agents, Registered Investment Advisors etc., must act in the best interest of their clients and not their own pockets!

Some in the retirement plan industry suspect brokers and many others in the investment management business may make the decision to no longer provide investment advice to clients regarding their IRA's and other retirement plans. Wall Street has fought hard for years to prevent their brokers from having to act as fiduciaries to their clients.

Seriously? Do we really need to have a discussion about doing the right thing for clients' needs first? Shouldn't transparency be part of the industry norm? Let's hope the new proposed rule is put into effect in the near future.

### **The IRS Announced 2015 Contribution Limits**

There was a slight increase in the amount of the elective deferral, (contribution), to a 401(k) and several other plans. Last year the limit was \$17,500 and this year it has been increased to \$18,000.

For more information on 2015 contribution limits please see the IRS.gov site.

### **Operation Chokepoint**

If you haven't heard about it you will. The Fed's started a new initiative on what they are claiming is an effort to combat money laundering and fraud. The FDIC sent letters to banks nationwide indicating 30 high-risk businesses.

- Ammunition Sales
- Cable Box De-scramblers
- Coin Dealers
- Credit Card Schemes
- Credit Repair Services
- Dating Services
- Debt Consolidation Scams
- Drug Paraphernalia
- Escort Services
- Firearms Sales
- Fireworks Sales
- Get Rich Products
- Government Grants
- Home-Based Charities
- Life-Time Guarantees

- Life-Time Memberships
- Lottery Sales
- Mailing Lists/Personal Info
- Money Transfer Networks
- On-line Gambling
- PayDay Loans
- Pharmaceutical Sales
- Ponzi Schemes
- Pornography
- Pyramid-Type Sales
- Racist Materials
- Surveillance Equipment
- Telemarketing
- Tobacco Sales
- Travel Clubs

After a lot of controversy the FDIC withdrew this list but has continued with "Operation Chokepoint". In Florida there has been a lot of news about gun shops and pawn shops having their accounts closed and being refused service by banks. (Try to run a business without an account at the bank.)

A local flooring and blinds company had their account closed by the BOA, cutting off access to the \$400,000 in working capital needed to meet payroll and keep the company afloat.

#### **Offshore Accounts- Continue To Become Harder To Open**

Over the last few months we've heard from a number of clients whom we've assisted in taking their IRA's offshore that they've had more and more difficulty opening offshore accounts for their IRA's and Retirement Plans. We know for a fact the number of offshore banks and trading platforms that will accept accounts from U.S. Citizens continues to shrink. Rest assured, there are still a number of well known, reputable banks, trading platforms, offshore brokerage firms and precious metal dealers you can work with using your offshore IRA or retirement plan. Our office can and will assist you in establishing an account with the firm of your choice.

#### **It's Still Not Too Late**

Despite the continued difficulty opening foreign accounts some are experiencing, it's still legal and accessible. If you have been considering moving your IRA or retirement plan offshore, or are thinking about investing in foreign real estate, I would urge you to do so sooner rather than later.

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

*"Liberate Your IRA"*

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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

Sincerely,



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