



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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URGENT WARNING! SOUND THE ALARM!

This very well may be the most important newsletter I've ever written. I don't say this lightly or with little forethought. I've been thinking about what I should say for several weeks. Sadly, no matter what I've seen or how I say it, there will be those who doubt my message or perhaps worse, those who still choose to take no action.

For years I've been talking about something I've carefully researched and feel very passionate about. I've shared a concern that I believe is becoming more and more likely and that is that the government is seeking more control over your IRA and pension plan. I think ultimately they want to finance their reckless spending habits by forcing us to invest our retirement plans into U.S. Treasuries. Whether they will require you to invest all, or a portion of your retirement assets into these instruments is hard to say.

I'd like to tell you about their most recent actions that have me gravely concerned.

IRA custodians are required to report your identity, the Fair Market Value (FMV) of your account, contributions and distributions on an annual basis using IRS Form 5498. The following has been recently added:

Box 15b. The following codes show the type(s) of investments held in your account for which the FMV is required to be reported in box 15a.

A - Stock or other ownership interest in a corporation that is not readily tradable on an established securities market.

B - Short- or long-term debt obligation that is not traded on an established securities market.

C - Ownership interest in a limited liability company or similar entity (unless the interest is traded on an established securities market).

D - Real estate.

E - Ownership interest in a partnership, trust, or similar entity (unless the interest is traded on an established securities market).

F - Option contract or similar product that is not offered for trade on an established option exchange.

G - Other asset that does not have a readily available FMV.

H - More than two types of assets (listed in A through G) are held in this IRA.

All of these can be described as alternative assets, non-publicly traded assets, or illiquid assets.

The first step in making a major change to the existing system and in gaining more control over your assets is to identify who owns these types of assets, what do they say they are worth and what type of assets are they.

This might not sound like much to you, but from my perspective this is HUGE. If this was the only step they'd taken I'd be concerned but there is a lot more to this story.

The second piece of the puzzle came by way of an email out of the blue, part of which I'll share with you.

Dear SIPS,

The U.S. Government Accountability Office (GAO)-an independent and nonpartisan agency that works for Congress-is conducting a study of certain kinds of retirement savings arrangements that enable individuals to invest in assets other than publicly traded stocks, bonds, and mutual funds (e.g., real estate, precious metals, or private equity). We have been asked by Congress to provide a lay-of-the-land perspective of this industry, learn about the services that providers offer, and describe the unique benefits and challenges that these arrangements may present to providers and account holders.

As this is a new area of study for GAO, we are reaching out to a range of industry stakeholders to ask for assistance collecting descriptive information about the market for these types of retirement savings arrangements. To this end, we would greatly appreciate brief written responses to the attached questions. Our hope is that you will take this opportunity to share your expertise and perspective on this topic and ultimately contribute to a GAO report for Congress.

Congress is doing a survey of "industry stakeholders", to learn more about these kinds of investments and the "unique benefits and challenges" they

may present to you.

That should make you feel better! Congress really only wants to know about the benefits and challenges you are facing! Forgive my cynical nature for not buying that line of bull.

The survey starts with a number of seemingly innocuous questions about what kind of services are provided for clients and then moves on to **"Investor Characteristics"**.

Couple of interesting questions you might want to ponder...

In your experience, what leads investors to establish a self-directed account.....?

Do you have a sense of what portion of their overall retirement portfolios your clients seek to invest in self-directed accounts? If so, on average, how much of their retirement investments are in self-directed accounts?

Congress wants to know why you aren't purchasing traditional stocks, bonds, mutual funds etc. Why would they care about that?

Do you really think the government has to pay the GAO to do a big expensive survey so someone can explain to members of Congress why you might want to invest in real estate or precious metals?

The law clearly allows you to make these types of investments and people just like you and me have been making them in their IRA's and Retirement Plans for decades, why the sudden concern?

I've been called an alarmist, reactionary, paranoid and a lot of other things I can't repeat and that's fine. Feel free to visit our website and read past newsletters and articles I've written over the years to see just how accurate I've been.

I think the day is approaching when you simply will not be able to make these kinds of investments any longer. I also believe the government will have to grandfather in anyone who already owns these types of investments. They aren't publicly traded and you could make the argument they are difficult to liquidate. For example, if your IRA is invested in a non-U.S. LLC for which there is no market, it would be difficult if not impossible to force you to liquidate it. (This is an example of a non-liquid alternative asset and in no way should be taken as an investment recommendation.)

If you've been sitting on the fence thinking about taking your IRA or Retirement Plan offshore, or investing in non-traditional assets do it while you still can.

I've had prospective clients approach me over the years that have told me they totally believe what I am saying but just are not ready to make a move yet. And some of them have asked me to contact them or ring the alarm when I thought we were getting close the window of opportunity closing for these types of actions.

HEAR THAT? IT'S THE BELL RINGING!!!

Will it happen this year or next? That is unpredictable.

I spent 6 years in the Navy as a much younger man, serving in the Naval Nuclear Propulsion program. Four years of this I served aboard the USS Nimitz, the first of the Navy's nuclear powered super carriers. A Nimitz Class carrier is 1,092 ft long and displaces over 100,000 long tons. That's huge!

The first job I held at sea, while learning all of my other responsibilities, was as a throttleman. Basically I controlled one of the enormous props that drive the ship. I learned some important lessons during this time. A carrier can go a lot faster than you think, and once it's up to speed it can take a really long time to make it stop and change directions.

My point is this, the government can move a lot faster than you think in this area but in many ways they are a big behemoth and it might take them a while to enact the changes I predict are coming.

Act now while you still have the time. These types of investments are legal. My point is: they are probably going to change the rules and make it harder if not impossible to own them at some point in the future. And only those who were smart enough to invest while they could will be allowed to continue owning them.

I've written a lot about the other warning signs I've seen. Check out our website if you want to know more or contact the office if you have questions.

Oh, one last thing, I have no intention of responding to this survey. I'd be happy to send you a copy if you request one by email.

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

"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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