

Use your Retirement Funds to Buy a Business or Franchise Tax-Free and without Penalty!



IRA financialgroup
Unlocking a World of Investment Opportunities

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The Business Acquisition Compliance & Support Solution

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Yes - You can Use your retirement funds to purchase a new business or grow an existing business tax-free!

With "BACSS" - you now can:

- ▶ **Use your retirement funds to invest in a new business tax-free!**
- ▶ **Use your retirement funds to purchase a business or franchise tax-free!**
- ▶ **Use your retirement funds to finance a new or existing business**
- ▶ **Earn a reasonable salary from your new or existing business**
- ▶ **Help grow your business**
- ▶ **Re-capitalize and/or expand your business**
- ▶ **Maintain a qualified retirement plan and help save for the future**
- ▶ **Diversify your retirement investment portfolio by investing in your own business as well as stocks and mutual funds**
- ▶ **Attract and retain quality employees by offering a benefit not commonly found in small business**
- ▶ **Take advantage of high contribution limits under a 401(k) Plan**
- ▶ **Enjoy tax benefits generated by using a 401(k)**
- ▶ **Work directly with our tax and ERISA retirement professionals to establish an IRS and ERISA compliant structure that works best for you and your business**



Entrepreneurs, Small Business Buyers & Owners - Do you know you can win, but the banks have deserted you?

The tax professionals at IRA Financial Group have your back!

Our new Business Acquisition, Compliance and Support Solution (BACSS) is a 100% IRS Compliant Solution that allows you to use your retirement plan assets to invest in a business that you own and operate Tax-Free!

Note: IRA Financial Group is not a law firm and does not provide legal, tax or investment advice.

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Work Directly with our in-house Tax & ERISA Professionals!



The IRA Financial Group was founded by a group of top law firm tax and ERISA attorneys who have worked at some of the largest law firms in the country, including White & Case LLP and Dewey & LeBoeuf LLP.

WHITE & CASE

DEWEY & LEBOEUF

We have developed a process that ensures speed and compliance, by using standardized procedures that work via phone, e-mail, fax, and mail. Your funds will typically be ready for investment into your new or existing business within 14-21 days.

Take control of your future now!

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What is the “Rollover Business Start-Up” (“ROBS”) Solution

The Business Acquisition & Compliance Solution Structure (BACSS) also known as the “Rollover Business Start-Up” (“ROBS”) Solution is an IRS and ERISA approved structure that allows an individual to use retirement funds, such as an IRA or 401(k), to purchase a new or existing business or franchise tax-free and penalty-free.

The ROBS arrangements typically involve rolling over a prior IRA or 401(k) plan account into a newly established 401(k) plan which a start-up C Corporation business sponsored and then investing the rollover funds in the stock of the new C Corporation.

What is the Difference between using a Self-Directed Vs. ROBS structure to buy a business?

At first glance, using a Self-Directed IRA LLC to purchase stock in a corporation would seem to share many similarities with the ROBS structure.

With IRA Financial Group’s ROBS transactions, the structure typically involves the following sequential steps: (i) an entrepreneur or existing business owner establishes a new C Corporation; (ii) the C Corporation adopts a prototype 401(k) plan that specifically permits plan participants to direct the investment of their plan accounts into a selection of investment options, including employer stock, also known as “qualifying employer securities.”; (iii) the entrepreneur elects to participate in the new 401(k) plan and, as permitted by the plan, directs a rollover or trustee-to-trustee transfer of retirement funds from another qualified retirement plan into the newly adopted 401(k) plan; (iv) the entrepreneur then directs the investment of his or her 401(k) plan account to purchase the C Corporation’s newly issued stock at fair market value (i.e., the amount that the entrepreneur wishes to invest in the new business); and finally (v) the C Corporation utilizes the proceeds from the sale of stock to purchase an existing business or to begin a new venture.

With IRA Financial Group’s ROBS strategy, the newly formed business will also be able to borrow from third parties, pay salaries to employees (including shareholders/plan participants), and engage in other routine business transactions with disqualified persons. Commonly, a corporate officer or shareholder will make or guarantee loans to the business.

With a Self-Directed IRA LLC, an entrepreneur could use retirement funds to purchase business assets like with the ROBS strategy, however, that individual would not be able to be actively involved in the business, earn a salary, or even personally guarantee a business loan.

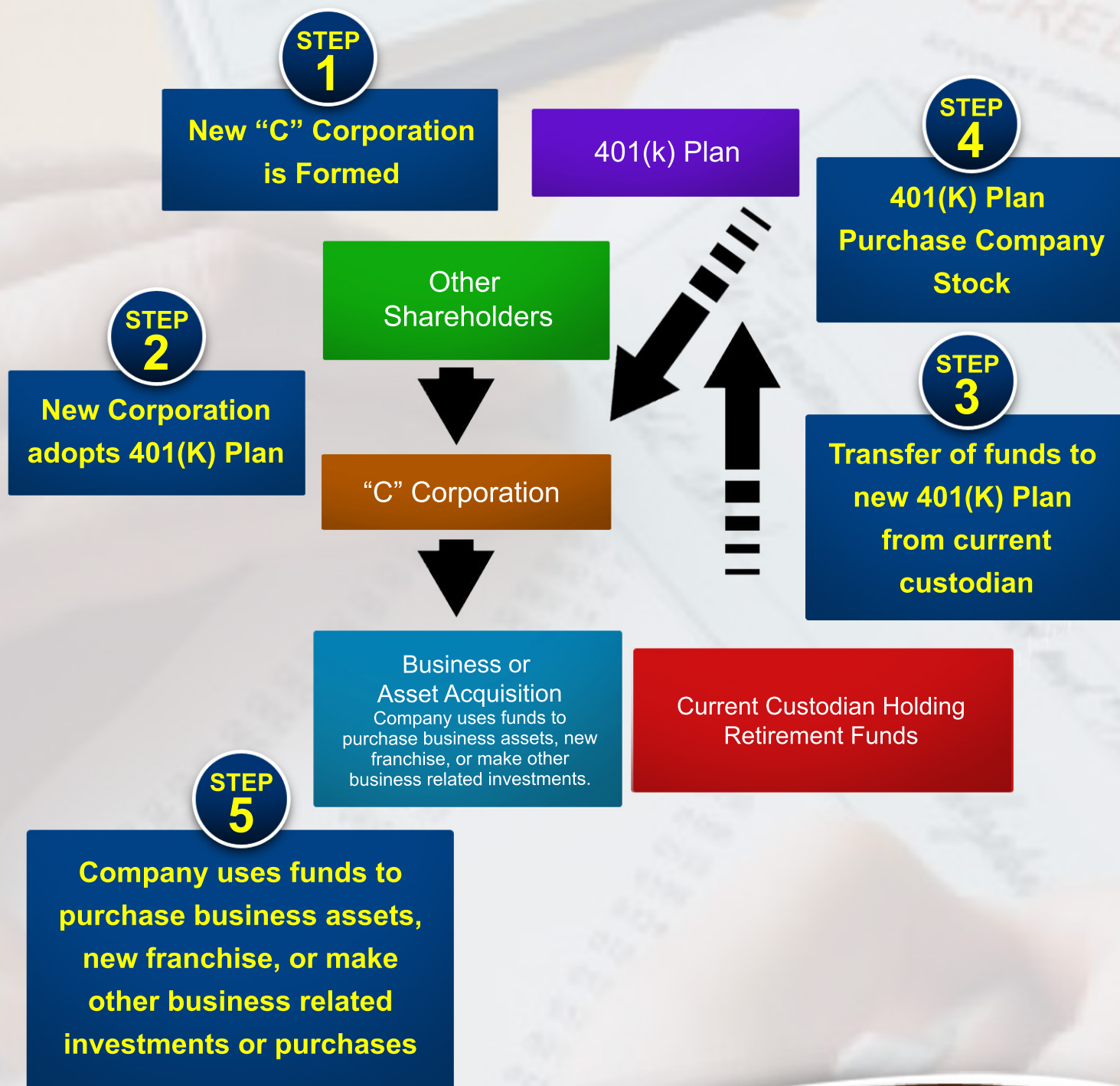
Legal Foundation for the ROBS solution

An individual retirement account investor is able to use retirement funds to invest in an active trade or business without tax or penalty because the ROBS solution qualifies for a special exemption set forth under IRC 4975(d) to certain prohibited transaction rules. The exemption to the prohibited transaction rules under IRC 4975(d) is centered around ERISA Section 408(e). It is IRC Section 4975(d) and ERISA Section 408(e) which shields employers from scrutiny of routine (non-abusive) corporate transactions by the plan sponsor and other “disqualified persons,” which might otherwise constitute technical violations of the prohibited transaction rules (due to the employer-sponsored retirement plan’s ownership of employer securities). If the plan sponsor and other fiduciaries’ routine corporate transactions did not fall within the purview of ERISA Section 408(e), the prohibited transaction rules would needlessly prohibit a myriad of legitimate business transactions and would ultimately nullify the exemption that Congress intended to provide. To accomplish its intended effect, ERISA Section 408(e) must be read to exempt the natural and necessary commercial consequences of owning corporate stock, rather than just the stock purchase or divestiture.

Important tax and economic policy considerations also compel a different result for 401(k) plans than IRAs. Congress specifically intended to encourage 401(k) plans to invest in employer securities, within certain limits. The opportunity to invest in employer securities through retirement plans benefits employers and employees alike by aligning their economic interests.

How Does BACSS Work?

BUSINESS ACQUISITION SOLUTION FLOW-CHART



STEP1: Form a New Corporation

The tax professionals at the IRA Financial Group will form your "C" Corporation and help you complete the by-laws and corporate minutes.



What is a "C" Corporation?

A "C" Corporation is a business term that is used to distinguish this type of entity from others, as its profits are taxed separately from its owners under sub chapter "C" of the Internal Revenue Code. A "C" corporation is owned by shareholders who must elect a board of directors to make business decisions and oversee policies. A "C" Corporation provides its shareholders with limited liability protection. Thus, the "C" Corporation's shareholders would not stand personally liable for debts incurred by the "C" Corporation. They cannot be sued individually for corporate wrongdoings.

Why do I need to use a "C" Corporation?

The Internal Revenue Code and ERISA law require the use of a "C" Corporation for using retirement funds to acquire stock in a business. The reason for this is that Section 407(d)(1) of ERISA defines the term "employer security," in part, to mean a security issued by an employer of employees by the plan, or by an affiliate of such employer. Under section 407(d)(5) of ERISA, the term "qualifying employer security" includes an employer security, which has been understood to mean stock.

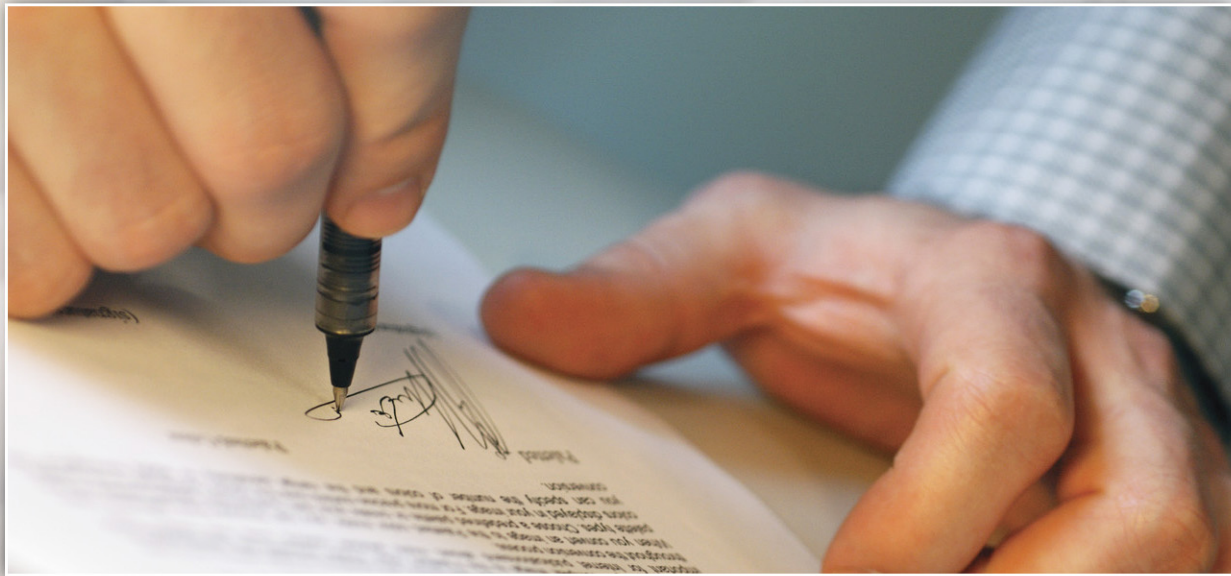
Use your retirement funds to buy a new business or franchise tax-free!

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STEP2: New "C" Corporation Adopts 401(k) Plan

Gain your financial freedom by starting a new business with no debt tax-free



The ERISA Professionals at the IRA Financial Group will establish a qualified 401(k) Plan for your new corporation. The 401(k) Plan participant can serve as the trustee of the 401(k) plan. The IRA Financial Group also offers third-party 401(k) plan administration services to ensure that your 401(k) Plan will remain in full IRA and ERISA compliance.

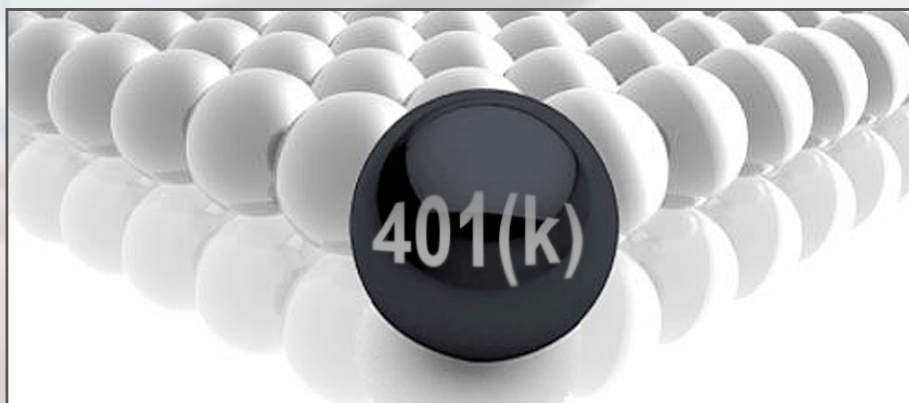
Invest in your future while gaining financial independence tax-free!

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STEP3: Rollover of Retirement Funds

The ERISA Tax Professionals at the IRA Financial Group will assist you in transferring your retirement funds to the new 401(k) Plan in a tax-free and efficient manner.



What type of Retirement Accounts can be transferred to the new 401(k) Plan tax-free?

- ▶ Traditional IRAs
- ▶ 401 (k) Plans
- ▶ 403 (b) Plans
- ▶ 457 Plans (for governmental agencies)
- ▶ SEPs
- ▶ SIMPLE Plans
- ▶ Annuity Plans
- ▶ Defined Benefit Plans
- ▶ Rollover Plans



Do I need to use a special financial institution to open the 401(k) Plan bank account?

No. You can use any bank (i.e. Chase, Wells Fargo, Citibank, Bank of America, etc.) or any local credit union to open your new 401(k) Plan bank account. The IRA Financial Group has a close working relationship with a number of the largest banks, such as Chase, to ensure that your new 401(k) Plan bank account is opened correctly and quickly. The tax professionals at the IRA Financial Group will guide you through this process to assist you in opening your new 401(k) Plan bank account.

STEP4: 401(k) Plan Purchases New Company Stock

The tax professionals at the IRA Financial Group will draft an IRS required stock purchase agreement allowing for the purchase of new company stock by the 401(k) Plan.



How is fair market value of the new company stock determined?

The IRS requires that an independent valuation of the new company's stock be performed. Pursuant to ERISA rules, a 401(k) Plan is permitted to acquire "qualified employer security" provided that the acquisition or sale is for adequate consideration. The IRA Financial Group will work with an independent third-party business appraisal or CPA to help value the stock of the new or existing company.

Can the 401(k) Plan Participant or family purchase stock in the new company along with the new 401(k) Plan?

Yes - you or any family member may purchase stock in the new company. The exemption to "prohibited transactions" found under Internal Revenue Code Section 4975(f)(6)(b)(2) permits ownership or investment in the new company by any family members, friends, or colleagues.

STEP5: Your New Business is Now Funded

The new company has the funds to purchase a business or franchise as well as fund an existing business.

- Earn a reasonable salary from the new company
- Gain the freedom to control your future

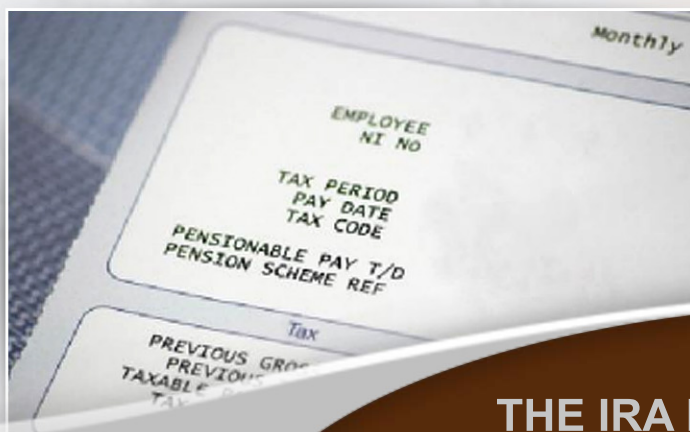
Earn a salary from your new business

You are permitted to receive a reasonable salary from your new business. In fact, as per IRS rules you will need to be an employee of your new business, providing a bona fide service. You may not earn compensation income before the company is actively engaged in a trade or business. In addition, your compensation must be derived from the revenues generated from your business and not from the sale of corporate stock to the adopted 401(k) Plan.



What is the maximum amount of salary I can earn from the new company?

As an employee of your new company you are entitled to draw a fair and equitable wage. The compensation you earn must be "reasonable" and you are encouraged to survey similar businesses to determine market salary for your position or visit one of the salary evaluation sites available online. Our in-house tax professionals will assist you in this regard to help you best determine "reasonable" compensation for the position you will be holding with the new company.



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What has the IRS Said about BACSS?

The Internal Revenue Code explicitly permits the purchase of company stock by a qualified retirement plan.

- ▶ **The Internal Revenue Code exempts the purchase of "qualifying employer securities" as a prohibited transaction pursuant to IRS Code Section 4975(d)(13).**

In October 2008, the IRS issued a memorandum ("Memorandum") on transactions using retirement funds to acquire stock in new businesses.

- ▶ **The IRS confirmed that these types of transactions are permitted by law and otherwise serve legitimate tax and business planning needs when set-up and administered correctly in compliance with IRS and ERISA rules and procedures.**

On August 27, 2010 on a phone forum open to the public, the IRS confirmed that a transaction using retirement funds to acquire stock in new business is permitted under law and will not be treated as a prohibited transaction so long as the structure is established and administered in accordance with IRS and ERISA rules.

- ▶ **The IRS acknowledged that the majority of these type of structures were failing on compliance issues caused largely by the lack of professional guidance.**



- ▶ **BACSS was developed to specifically address and solve each of the non-compliant areas addressed by the IRS, creating a business acquisition and funding solution that is in full compliance with IRS and ERISA rules and procedures.**



BACSS Complies with IRS Procedures

The legality of using retirement funds to purchase employer corporate stock is firmly established in the Internal Revenue Code and under ERISA law.

Although codified under law, the IRS has been concerned that a number of promoters marketing this type of structure have not had the expertise to develop a structure that is fully compliant with IRS and ERISA rules and regulations.



With this in mind, the IRA Financial Group's in-house tax professionals spent the last two years carefully studying IRS materials and guidance in order to design an IRS and ERISA compliant structure for using retirement funds to acquire or invest in a business tax-free!

Because the IRS has stressed the importance of compliance when using retirement funds to purchase a business, it is crucial to work with a company that was founded by a team of in-house tax and ERISA attorneys who have worked at some of the largest law firms in the United States, including White & Case LLP and Dewey & LeBeouf LLP.

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The IRA Financial Group Business Acquisition Solution



- ▶ While our competitors have been promoting business acquisition structures that the IRS has classified as failing from a non-compliance standpoint, the IRA Financial Group's tax and ERISA professionals have spent the last two years developing BACSS.
- ▶ BACSS has been carefully developed by the founding tax partners of the IRA Financial Group to include all the necessary elements so that the structure is fully compliant with IRS and ERISA rules and procedures.
- ▶ The IRA Financial Group's in-house tax and ERISA professionals will work closely with you to assure that all IRS and ERISA compliance rules and procedures are carefully followed to ensure the legality of the structure.
- ▶ Each client of the IRA Financial Group is assigned an individual tax professional who will help customize a structure that satisfies his or her financial and retirement needs while ensuring the structure is developed in full compliance with IRS and ERISA rules and requirements.



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Our Services

The IRA Financial Group's tax and ERISA professionals will work with you directly to develop an IRS and ERISA fully compliant business acquisition or funding solution customized to your individual business, financial, and retirement needs.

- ▶ **Establishment of "C" Corporation:**
 - ▶ **Articles of Incorporation**
 - ▶ **By-Laws**
 - ▶ **Organizational Meeting Minutes**
- ▶ **Stock Certificates**
- ▶ **Employment Agreement**
- ▶ **Federal Tax Identification Number**
- ▶ **Provide corporate record book and stock certificates, draft stock subscription agreement and stock purchase agreement**
- ▶ **Establishment of 401(k) Plan:**
 - ▶ **The Adoption Agreement Plan**
 - ▶ **Basic Plan Document Agreement**
 - ▶ **The Summary Plan Description**
 - ▶ **Notice to Employees**
 - ▶ **Resolution Adopting Plan**
- ▶ **Retain third-party administrator (when needed)**
- ▶ **Process ERISA Fidelity Bond (when needed)**
- ▶ **Retain independent Appraisal for corporate stock valuation**
- ▶ **Completion of IRS Form 5500**
- ▶ **Direct access to our on-site tax and ERISA professionals**
- ▶ **Annual IRS and ERISA 401(k) third-party administration service**



Are you an entrepreneur having trouble getting financing for a new business? The IRA Financial Group's Business Acquisition Structure is your solution! Use your retirement funds to purchase a new business.

We have developed a process that ensures speed and compliance, by using standardized procedures that work via phone, e-mail, fax, and mail. Your funds will be ready for investment into your new or existing business within 14-21 days.



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What Do I Need To Get Started?

- ▶ Simply select a corporation name and state of incorporation
- ▶ Indicate whether your business will have any employees
- ▶ Sign a number of pages to adopt your company's new 401(k) Plan
- ▶ Provide a financial summary of the assets the new or existing corporation will have for appraisal purposes
- ▶ Sign the stock purchase agreement on behalf of your corporation
- ▶ Invest your retirement funds in your business tax-free - it's that easy!

Are you an entrepreneur having trouble getting financing for a new business?

The IRA Financial Group's Business Acquisition Structure is your solution! Use your retirement funds to purchase a new business or franchise tax free and without penalty!



It's **100% IRS compliant**

Call us today to learn more!

Call or Contact Us Today!

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How Do I Get Started?

Use your retirement funds to start a new business and earn a salary.

Simply contact one of our Retirement Tax Professionals at 800-472-0646.

www.irafinancialgroup.com

to get started today!

Our tax and ERISA professionals will start working on customizing a business acquisition structure that meets your business and retirement needs immediately.

Your funds will be ready for investment in your new business within approximately 14-21 days to implement.



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For more information on the Business Acquisition Solution
please contact a Tax Professional at:



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