



Unlocking a World of Investment Opportunities

IRA Financial Group's Private Key Control Crypto IRA Solution

Invest in cryptocurrency, such as Bitcoins, tax-free and with no transaction fees. Buy, sell, or hold cryptocurrencies in your IRA and gain total control over your retirement assets.



THE IRA FINANCIAL GROUP

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244 Fifth Avenue Suite # 1798 New York, NY 10001

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1-800-IRA-0646



www.irafinancialgroup.com

What is Cryptocurrency?

Cryptocurrency is a form of digital money that is designed to be secure and, in many cases, anonymous. It is a currency associated with the Internet that uses cryptography, the process of converting legible information into an almost uncrackable code, to track purchases and transfers.

Cryptography was born out of the need for secure communication in the Second World War. It has evolved in the digital era, with elements of mathematical theory and computer science, to become a way to secure communications, information and money online.

The first cryptocurrency was Bitcoin, which was created in 2009 and is still the best known. There has been a proliferation of cryptocurrencies in the past decade and there are now more than 1,000 available on the Internet. Bitcoin is now worth more than \$11,000 as of December 2017.

Types of Cryptocurrencies

Bitcoin has become the leader in shepherding in a wave of cryptocurrencies built on a decentralized peer-to-peer network. It has become the primary standard for cryptocurrencies. The currencies inspired by Bitcoin are collectively called Altcoins and have tried to present themselves as modified or improved versions of Bitcoin. While some of these currencies are easier to mine than Bitcoin is, there are tradeoffs, including greater risk brought on by a degree of lesser liquidity, acceptance and value retention. Below is a list of the five most popular cryptocurrencies that our clients have been investing in with their retirement funds:

1. Bitcoins: Bitcoin is a new currency that was created in 2009 by an unknown person using the alias Satoshi Nakamoto. Transactions are made with no middle men – meaning, no banks! There are no transaction fees and no need to give your real name. Because Bitcoin was the first cryptocurrency to exist, all digital currencies created since then are called Altcoins, or alternative coins. One of the advantages of Bitcoin is that it can be stored offline on a person's local hardware. That process is called cold storage and it protects the currency from being taken by others. When the currency is stored on the Internet somewhere (hot storage), there is high risk of it being stolen. On the other side, if a person loses access to the hardware that contains the Bitcoins, the currency is simply gone forever. It's estimated that as much as \$30 billion in Bitcoins have been lost or misplaced by miners and investors. In any event, Bitcoins remain incredibly popular as the most famous cryptocurrency over time.



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2. Ethereum (ETH) & Ethereum Classic: Ethereum, launched in 2015, is a decentralized software platform that enables Smart Contracts and Distributed Applications (D-Apps) to be built and run without any downtime, fraud, control or interference from a third party. The applications on Ethereum are run on its platform-specific cryptographic token, Ether. Ether is like a vehicle for moving around on the Ethereum platform and is sought by mostly developers looking to develop and run applications inside Ethereum. According to Ethereum, it can be used to codify, decentralize, secure and trade just about anything.

Ethereum Classic is one of two separate versions of Ethereum's block chain, along with Ethereum itself. The split occurred after The DAO, a decentralized autonomous organization based on Ethereum, got hacked in June 2016 and \$50 million worth of its funds were stolen. Because the DAO was crowdfunded, this event has resulted in a large number of people losing their stakes. After several weeks of heated debate, the community has decided to conduct a "hard fork" of Ethereum's block chain in order to "code" the stolen money back to its owners. In order to perform the hard fork, the majority of the users had to simultaneously take all the transaction records prior to the point of the hacking and start anew from there, while discarding all transactions which have happened after that, including the hackers. Ethereum is the new one and the old one was renamed Ethereum Classic.

3. Litecoin (LTC): Litecoin, launched in the year 2011, was among the initial cryptocurrencies following Bitcoin. Litecoin was created by Charlie Lee, an MIT graduate and former Google engineer. Litecoin is based on an open source global payment network that is not controlled by any central authority and uses "scrypt" as a proof of work, which can be decoded with the help of CPUs of consumer grade. Although Litecoin is like Bitcoin in many ways, it is believed to have a faster block generation rate and hence offers a faster transaction confirmation.

4. Zcash (ZEC): Zcash, a decentralized and open-source cryptocurrency launched in the latter part of 2016, offers privacy and selective transparency of transactions. Zcash claims to provide extra security or privacy where all transactions are recorded and published on a block chain, but details such as the sender, recipient, and amount remain private. Zcash offers its users the choice of "shielded" transactions, which allow for content to be encrypted using advanced cryptographic technique or zero-knowledge proof construction called a zk-SNARK, developed by its team.

5. Dash: Dash (originally known as Darkcoin) is a more secretive version of Bitcoin. Dash offers more anonymity as it works on a decentralized master code network that makes transactions almost untraceable. Launched in January 2014, this cryptocurrency was created and developed by Evan Duffield and can be mined using a CPU or GPU.

What is Bitcoin Mining?

Bitcoin mining is the process by which transactions are verified and added to the public ledger, known as the block chain, and also the means through which new Bitcoin are released. Anyone with access to the internet and suitable hardware can participate in mining. The mining process involves compiling recent transactions into blocks and trying to solve a computationally difficult puzzle. The participant who first solves the puzzle gets to place the next block on the block chain and claim the rewards. The rewards, which incentivize mining, are both the transaction fees associated with the transactions compiled in the block as well as newly released Bitcoin.

The amount of new Bitcoin released with each mined block is called the block reward. The block reward is halved every 210,000 blocks, or roughly every 4 years. The block reward started at 50 in 2009, was 25 in 2014, and will continue to decrease. This diminishing block reward will result in a total release of Bitcoin that approaches 21 million.

How Are Bitcoins Tracked?

A Bitcoin holds a very simple data ledger file called a block chain. Each block chain is unique to each individual user and his/her personal Bitcoin wallet.

All Bitcoin transactions are logged and made available in a public ledger, helping ensure their authenticity and preventing fraud. This process helps to prevent transactions from being duplicated and people from copying Bitcoins.

While every Bitcoin records the digital address of every wallet it touches, the Bitcoin system does NOT record the names of the individuals who own wallets. In practical terms, this means that every Bitcoin transaction is digitally confirmed but is completely anonymous at the same time. Hence, people cannot easily see your personal identity, however, they will be able to see the history of your Bitcoin wallet.



How to Hold Cryptocurrencies Owned by a Retirement Account?

Cryptocurrencies are generally as secure as possessing physical precious metal. Just like holding a gold bar, a person who takes reasonable precautions will be safe from having their personal cache stolen by hackers.

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A Bitcoin wallet can be stored online (i.e. a cloud service) or offline (a hard drive or USB stick). The offline method is more hacker-resistant and absolutely recommended for anyone who owns more than 1 or 2 Bitcoins, but it is not without risk. Your Self-Directed IRA LLC should have a separate wallet, either online or offline, for the cryptocurrencies owned by the Self-Directed IRA LLC. The IRA LLC owned wallet should not hold any cryptos purchased with non-retirement funds. In other words, a Bitcoin wallet should not hold retirement account owned and personally owned cryptos.

More than hacker intrusion, the real loss risk with Bitcoins revolves around not backing up your wallet with a failsafe copy. There is an important .dat file that is updated every time you receive or send Bitcoins, so this .dat file should be copied and stored as a duplicate backup every day you do bitcoin transactions.

How are Cryptocurrencies Treated by the IRS?



Even though Bitcoin is labeled as a “cryptocurrency”, from a federal income tax standpoint, Bitcoins and other cryptocurrency are not considered a “currency.” On March 25, 2014, the IRS issued Notice 2014-21, which for the first time set forth the IRS position on the taxation of virtual currencies, such as Bitcoins. According to the IRS Notice, “virtual currency is treated as property for U.S. federal tax purposes.” The Notice further stated, “general tax principles that apply to property transactions apply to transactions using virtual currency.” In other words, the IRS is treating the income or gains from the sale of a virtual currency, such as Bitcoins, as a capital asset, subject to either short-term (ordinary income tax rates) or long-term capital gains tax rates, if the asset is held greater than twelve months (15% or 20% tax rates based on income). By treating Bitcoins and other virtual currencies as property and not currency, the IRS is imposing extensive record-keeping rules - and potentially significant taxes - on its use.

Does the IRS Allow Retirement Accounts to Purchase Cryptocurrencies?

The Internal Revenue Code does not describe what a Self-Directed IRA or Solo 401(k) Plan can invest in, only what it *cannot* invest in. Internal Revenue Code Sections 408 & 4975 prohibit Disqualified Persons from engaging in certain types of transactions. The foundation of the prohibited transaction rules is based on the premise that investments involving an IRA and related parties are handled in a way that benefits the retirement account and not the IRA owner. The rules prohibit transactions between the IRA and certain individuals known as “disqualified persons”. The definition of a “disqualified person” (Internal Revenue Code Section 4975(e)(2)) extends into a variety of related party scenarios, but generally includes the IRA holder, any ancestors or lineal descendants of the IRA holder, and entities in which the IRA holder holds a controlling equity or management interest.

Because the IRS treats cryptocurrencies, such as Bitcoins, as a capital asset, such as stocks or real estate, a retirement account is permitted to buy, sell, or hold cryptocurrencies, subject to the prohibited transaction rules found under Internal Revenue Code Section 4975(c).

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Tax Advantages of Using a Self-Directed IRA LLC to Invest in Cryptocurrency

The IRS tax treatment of virtual currency has created a favorable tax environment for retirement account investors. In general, when a retirement account generates income or gains from the purchase and sale of a capital asset, such as stocks, mutual funds, real estate, etc., irrespective of whether the gain was short-term (held less than twelve months) or long-term (held greater than twelve months), the retirement account does not pay any tax on the transaction and any tax would be deferred to the future when the retirement account holder taxes a distribution (in the case of a Roth IRA or Roth 401(k) Plan no tax would be due if the distribution is qualified). Hence, using retirement funds to invest in cryptocurrencies, such as Bitcoins, could allow the investor to defer or even eliminate, in the case of a Roth, any tax due from the investment. **Note:** retirement account investors interested in mining Bitcoins versus trading could become subject to the Unrelated Business Taxable Income tax rules if the “mining” constituted a trade or business.

So, Why Use a Self-Directed IRA LLC to Buy Cryptocurrencies?

- Gains are tax-free.
- No time limit for holding property - no need to worry about 12 month holding period for long term capital gain treatment.
- Potential to earn a larger rate of return on invested capital.
- Invest in what you know and understand.
- Diversify your retirement portfolio from over-exposure to Wall Street.
- Protect your retirement funds from inflation or a falling U.S. dollar.
- Invest with privacy.

IRA Financial Group's Private Key Control Self-Directed IRA LLC

IRA financial Group has helped over a thousand clients invest in cryptocurrencies in just the last year. We have authored numerous articles on [Forbes](#) on the taxation of cryptocurrencies.

Our Private Key Self-Directed IRA LLC solution will allow you to have total control over your cryptos, either via an exchange, such as Coinbase, or through a digital or hard wallet that you hold and control. You, as manager of the LLC, will have total control over your crypto wallet and be the sole person in control of the wallet's private key. Some IRA custodians require that you use their brokers to buy and sell your cryptos and they arrange for the safekeeping of the cryptocurrencies, including holding the private key and the cryptocurrencies themselves. The first thing you hear about when investing in cryptocurrencies is to never give away your private key as it is like giving away your ATM pin code or keys to your home. Nevertheless, some IRA custodians are requiring IRA investors to do so. IRA Financial Group believes there is a better and safer way to allow its clients to invest in cryptocurrencies – the Private Key Control Self-Directed IRA LLC.

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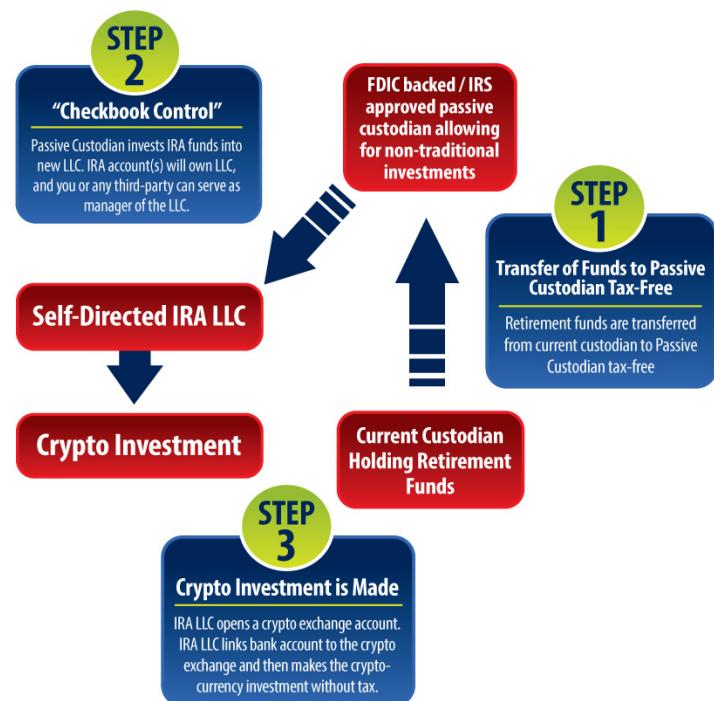
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How to Use a Private Key Control Self-Directed IRA LLC to Invest in Cryptocurrency

Working with IRA Financial Group to purchase cryptocurrencies, such as Bitcoins, Ethereum, Ethereum Classic, or Litecoins, with a Self-Directed IRA is quick and easy.

1. Establish a Self-Directed IRA account with IRA Financial Group.
2. Rollover retirement funds, cash or in-kind, tax-free to new Self-Directed IRA account.
3. The IRA assets will then be transferred to the LLC tax-free in exchange for 100% interest in the newly established IRA LLC.
4. You, as manager of the LLC, will open a bank account for the LLC at any local bank. IRA Financial Group will draft an LLC Operating Agreement identifying you as manager of the LLC and the IRA as the sole member.
5. You, as manager of the LLC, will then have "Checkbook Control" over all the assets/funds in the IRA LLC to make the cryptocurrency investment.
6. A cryptocurrency account would be opened in the name of the IRA LLC. We have helped hundreds of clients establish cryptocurrency accounts for their Self-Directed IRA LLC at most of the popular cryptocurrency exchanges.
7. You, as manager of the LLC, will then wire the IRA LLC funds to the new cryptocurrency account opened at the exchange. The account will be opened in the name of the IRA LLC. As manager of the LLC you will have the option of keeping the cryptos on an exchange, such as Coinbase, or move them to a digital or hard wallet you control and where you hold the private key.
8. Since the LLC is owned 100% by an IRA, it will be treated as a disregarded entity for tax purposes. No Federal income tax return is required to be filed and all income and gains from the cryptocurrency investment will flow back to the IRA without tax. 

SELF-DIRECTED IRA LLC FLOW CHART



Cryptocurrency investments, such as Bitcoins, are risky and highly volatile. Any investor interested in learning more about Bitcoins should do their diligence and proceed with caution.

The IRA Financial Group will take care of the entire setup of your Self-Directed IRA LLC "Checkbook Control" structure. The whole process can be handled by phone, email, fax, or mail, and typically takes between 7-14 days to complete, the timing of which largely depends on the state of formation and the custodian currently



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holding your retirement funds. Our IRA experts and tax professionals are on-site, greatly reducing the setup time and cost. Most importantly, each client of the IRA Financial Group is assigned a tax professional and CPA to help with the establishment of the Self-Directed IRA LLC "Checkbook Control" structure.

The Best Way to Purchase Cryptocurrencies Tax-Free

When purchasing cryptocurrencies, such as Bitcoins, with a Self-Directed IRA LLC, all income and gains generated by your pre-tax retirement account investment would generally flow back into the retirement account tax-free. Instead of paying tax on the returns of the crypto investment, tax is paid only at a later date, leaving the investment to grow unhindered.

For example, Ben who is 35 established a Self-Directed IRA LLC with \$10,000 to purchase cryptocurrencies and make other investments. Assume Ben kept his Self-Directed IRA LLC open for 30 years. Further assume that Ben was able to generate an average annual pre-tax rate of return of 15% and the average tax rate was 25%. By using a tax-deferred Self-Directed IRA LLC strategy, after 30 years Ben's \$10,000 investment would be worth \$662,117.72 - a whopping \$417,211 after taxes on the earnings. Whereas, if Ben made the investments with taxable funds (non-retirement funds), Ben would have only accumulated \$244,906.66 after 30 years.

What Kind of Cryptocurrencies Can I Purchase with Retirement Funds?

The Internal Revenue Code does not describe what a Self-Directed IRA LLC can invest in, only what it cannot invest in. Internal Revenue Code Sections 408 & 4975 prohibit the IRA holder and his or her lineal descendants ("disqualified persons") from engaging in certain types of transactions that would directly or indirectly personally benefit a "disqualified person". Therefore, one can use retirement funds to purchase any type of cryptocurrencies, such as Bitcoins, Litecoin, Ethereum, Ethereum Classic, Zcash, Dash, Ripple, Monero.

Tips When Purchasing Cryptocurrencies with Retirement Funds

- Make sure you only use retirement funds to purchase the cryptocurrencies.
- Make sure the cryptocurrency exchange account is opened in the name of the IRA LLC.
- Do not purchase or sell the cryptocurrencies to yourself or any other disqualified person.
- Do not hold the cryptocurrencies in a wallet that also holds cryptocurrencies owned by the IRA holder personally or any disqualified person.
- All income/gains or losses should flow from the cryptocurrency investment directly to the Self-Directed IRA LLC.
- Work directly with a tax professional who has expertise in the IRS prohibited transaction rules.
- Understand and weigh the risks and rewards involved in using a retirement account to invest in cryptocurrencies.

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The Private Key Control Self-Directed IRA LLC Cryptocurrency Advantage

- **"Checkbook Control":** You no longer have to wait for a cryptocurrency company to execute your crypto transaction and pay high commissions. Instead, as manager of the IRA LLC, all decisions are truly yours. Buying cryptocurrency is as easy as doing a wire!
- **Control Your Own Wallet & Private Key:** With IRA Financial Group's Cryptocurrency Self-Directed IRA structure, you will have total control over your crypto wallet so you will have control over the cryptos and the private as well as public address associated with the wallet. You will not have to rely on an IRA custodian or broker to control your cryptos and you will be free to buy, sell, exchange, or transfer the cryptos anytime you wish either via an exchange or a wallet. Buy and sell cryptocurrencies on your own with total control and security with IRA Financial Group's Self-Directed IRA cryptocurrency solution.
- **Tax Advantages:** You have all the tax advantages of a traditional IRA, as well as tax deferral and tax-free gains if you use a Roth IRA. All income and gains from the sale of the cryptocurrency investment go back to the Self-Directed IRA LLC tax-free!
- **Investment Options:** You can invest in any type of cryptocurrency, such as Bitcoins or Ethereum.
- **Speed:** When you decide to buy cryptocurrencies with your retirement funds, simply write a check or wire the funds straight from your Self-Directed IRA LLC account to make the investment.
- **Retirement & Investment Vehicle All in One:** Save for your retirement, while gaining the ability to make cryptocurrency and other investments without paying tax.

Getting Started

IRA Financial Group will take care of setting up your entire IRS compliant "Checkbook Control" Self-Directed IRA Cryptocurrency solution. The whole process can be handled by phone, e-mail, fax, or mail and typically takes between 7-21 days to complete, the timing largely depending on the state of formation and the custodian holding your retirement funds. Our tax and ERISA professionals are on-site greatly reducing the setup time and cost. Most importantly, each client of the IRA Financial Group is assigned a retirement tax professional to help with the establishment of the Self-Directed IRA LLC structure and provide one-on-one consultation.

If you would like to get started on establishing your "Checkbook Control" Self-Directed IRA LLC Cryptocurrency solution, please contact a retirement tax specialist at:


Questions?

Consult with a Retirement Tax Expert Today!

800-IRA-0646

**Monday-Friday:
9am - 7pm EST**

[Find out what our over 12,000 clients are saying about us!](#)

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Why IRA Financial Group?

- **Expertise:** The IRA Financial Group was founded by a group of top law firm tax and ERISA lawyers who have worked at some of the largest law firms in the United States, such as White & Case LLP, Dewey & LeBoeuf LLP, and Thelen LLP. With our work experience at some of the largest law firms in the country, our tax partners' retirement plan and tax knowledge in this area is unmatched. Unlike other facilitator companies, we don't need to hire outside counsel for legal and tax advice regarding the taxation of retirement funds. The tax attorneys who founded the IRA Financial Group have advised thousands of clients, including hundreds of attorneys, on the tax laws concerning the Self-Directed IRA LLC solution.
- **Leadership:** IRA Financial Group is the market's leading Self-Directed IRA and Solo 401(k) Plan provider. We have helped over 12,000 clients establish IRS compliant Self-Directed retirement solutions and invest over \$3 billion in alternative investments.
- **Prestige:** IRA Financial Group and its founders have been featured on CBS News, PBS Nightly Business Report, and in over 100 major print publications, including **Forbes**, Fox Business, The Wall Street Journal, CNN Money, USA Today, The San Francisco Chronicle, The Dallas Morning News, Law.com, American Lawyer, The Houston Chronicle, The Chicago Tribune, and many more.
- **Compliance Focused:** When choosing the IRA Financial Group, you will have direct and unlimited access to our in-house tax partners and CPAs. Each client of the IRA Financial Group is assigned a retirement tax partner and CPA to assist in establishing an IRS compliant Self-Directed IRA LLC structure.



**WORK WITH EXPERTS
WHO HAVE HELPED
15,500+ CLIENTS
IN ALL 50 STATES**

TO SELF-DIRECT OVER \$4.9 BILLION
IN RETIREMENT ASSETS SINCE 2010

**books by
ADAM BERGMAN, ESQ**

The banner displays five book titles by Adam Bergman, Esq.:

- THE CHECKBOOK IRA IN A NUTSHELL**
- Solo 401(k)**
- GOING SOLO**
- TURNING PENSION FUNDS INTO START-UP DREAMS**
- IN GOD WE TRUST - IN ROTH WE PROSPER**

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