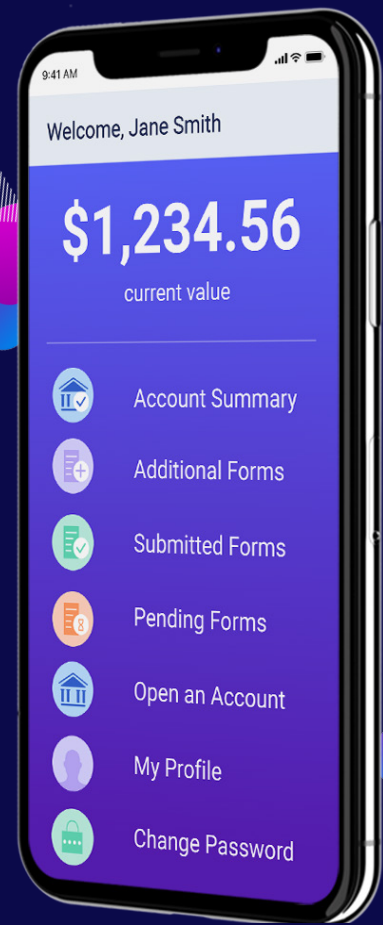
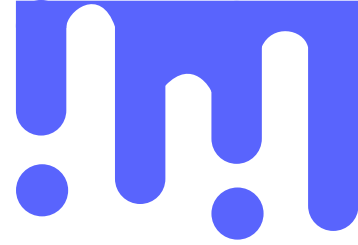




Coverdell Education Savings

invest and help
pay for education
expenses





In this info kit...

Coverdell Education Savings Account

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How We're Different



Experience

Our tax and ERISA experts have helped over **23,000 clients** invest \$4.6 billion in alternative assets.



Prestige

Our founder, Adam Bergman, is the author of **eight books** on self-directed retirement plans.



Dedicated Support

A specialist will work **one-on-one** with you to establish a Self-Directed IRA, Solo 401(k) or ROBS.

With a Self-Directed Coverdell ESA, you can make almost any type of investment and generate tax-free gains, such as **Real Estate**.

Invest your Coverdell Your Way

Get Started!

One Low Annual Fee with No Asset Management or Minimum Balance Fees

The IRA Financial Advantage



Our partnership with **Capital One** bank allows us to open your account for you with no wiring fees or minimum balance requirement. You won't have to sign paperwork or go to a bank.

IRA Financial has helped more than 23, clients invest over \$4.6 billion in alternative assets.

Simple Pricing

One low annual fee, no annual account fees, no minimum balance fees.

We Do Everything

Never step foot in a bank—we open your Self-Directed bank account.

Keep Your Account Compliant

We handle all IRS reporting and offer annual IRS compliance services.

Benefits for Institutions & Advisors

Generate fees from your clients' alternative asset investments and gain online access to client accounts .

We Have Experience

We have expertise in the custody of all domestic and international alternative asset categories.

Member of the Retirement Industry Trust Association (RITA).

Work with IRA Financial Trust to establish your Self-Directed Coverdell ESA or Checkbook ESA account today!



Why go

Self-Directed?

How you can benefit from Self-Directing - 4 Primary Advantages

1. Investment Diversification

Many Americans have savings connected to the stock market in some way. In fact, over 90% of retirement assets go toward the financial market. If the stock market takes a dive, investors can lose quite a bit of money.

When you invest in non-traditional assets, this offers diversity to your portfolio, which can help protect your assets when the market is down. It lowers the correlation between investments, which means your money is less likely to move in the same direction.

"Most of the individuals I speak to who are looking at the self-directed IRA want to make alternative asset investments, such as real estate, either as a way to diversify their retirement portfolios, to make a hedge against inflation, to seek higher returns, or to gain the ability to invest in something they know, understand, or can touch."

– Adam Bergman, President of IRA Financial

2. The Power of Tax Deferral

With tax-deferral, all income, gains and earnings accumulate in your retirement account tax-free. With tax-deferral, your retirement funds

will grow at a much faster pace than if you held the funds personally. Using an HSA means your retirement funds grow unhindered.

Additionally, the concept of tax-deferral means you don't pay taxes on the money you invest in. For example, if you put \$100,000 in a Self-Directed HSA in 2023, and the account earns \$10,000 in the same year, you won't owe tax on the \$10,000.

3. Inflation Protection

The increased price of food and energy, along with high federal debt levels and low interest rates can leave Americans worried about inflation. The threat of inflation may not be real, but many investors look for ways to protect their assets.

The value of the dollar today may decrease considerably tomorrow. When you buy hard assets, such as precious metals and real estate, you're creating a hedge against inflation and your hard-earned money. Real estate is a great asset class to invest in during inflation, because rent tends to increase when prices increase.

4. Security

You may realize that several non-traditional investments are also tangible assets. Investing in types of real estate can provide psychological security. During times of financial instability, inflation, or political upheaval, this type of security can be very important to HSA investors.

Our Products:

Self-Directed Coverdell ESA

Formerly known as an Education IRA, a Coverdell Education Savings Account (Coverdell), is a federally sponsored, tax-advantaged trust or custodial account **set up to pay for qualified education expenses**, such as tuition and fees; the cost of books, supplies and other equipment; and in some situations, the cost of room and board.

The main advantage of the Coverdell is that like a Roth IRA, amounts deposited in the accounts grow tax-free until withdrawn. The designated beneficiary of a Coverdell can receive tax-free distributions to pay qualified education expenses. The distributions are tax-free to the extent the amount of the distributions doesn't exceed the beneficiary's qualified education expenses. In general, amounts remaining in the account must be distributed when the

designated beneficiary reaches the age of thirty, and the earnings portion generally will be considered taxable income of the beneficiary. To prevent this, the funds in a Coverdell can be rolled over into a Coverdell for another eligible family member before the primary beneficiary reaches age 30.

The Coverdell is less common than the 529 plan because the annual contribution limits for a Coverdell are limited to \$2,000 per year, per beneficiary for 2023 and are not tax deductible. Any individual whose modified adjusted gross income is under the limit set for a given tax year can make contributions. The income limit for making a maximum contribution now stands at \$190,000 for married couples filing joint tax returns, and contributions phase out at \$220,000 in 2023. For those not filing a joint return, the income limit is \$110,000.

Coverdell accounts are similar to 529 college savings plans in that they offer tax-free investment growth when the funds are withdrawn for qualified education expenses and now can both be used to save for K-12 expenses.



However, one of the main differences between the Coverdell and 529 plan, is that Coverdell offers investors a much broader range of investment options and offers greater flexibility in terms of how the money is used compared to 529 plans. For example, Coverdell's can be invested in traditional as well as alternative asset investments, such as real estate, whereas 529 plan contributions may only be invested in traditional assets, such as mutual funds.

An investor can establish a Self-Directed Coverdell ESA. Much like IRAs, Coverdell investments can be invested in almost any asset, other than what is prohibited pursuant to Internal Revenue Code (IRC) Sections 408(m) and 4975. In general, the Internal Revenue Code does not describe what a Self-Directed IRA or Coverdell can invest in, only what it cannot invest in. IRC Sections 408 & 4975 prohibits "disqualified persons" (a lineal descendant or related entity) from engaging in certain type of transactions. For example, so long as one does not use Coverdell funds to buy life insurance, collectibles, or engage in any transaction that directly or indirectly involves or benefits a "disqualified person," the transaction will not violate the IRS prohibited transaction rules. Thus, an investor may use Coverdell funds to purchase real estate, notes, private business interests, tax liens, cryptocurrencies, and much more, so long as the investment does not violate the rules under IRC Sections 408 and 4975.

The following are some examples of types of investments that can be made with your **Self-Directed Coverdell ESA**

- Residential or commercial real estate
- Domestic or Foreign real estate
- Raw land
- Foreclosure property
- Mortgages
- Mortgage pools
- Deeds/Notes
- Hard money lending
- Private loans
- Tax liens
- Private businesses
- Limited Liability Companies
- Limited Liability Partnerships
- Private placements
- Precious metals and certain coins
- Stocks, bonds, mutual funds
- Foreign currencies
- Bitcoins
- Hedge funds
- Private equity funds



Tips for Using a Self-Directed Coverdell

Aside from navigating the IRS prohibited transaction rules, the following are a handful of helpful tips for making real estate investments using retirement funds:

- All investment should be made in the name of the Self-Directed Coverdell or in the name of the LLC owned by the Coverdell
- All expenses, repairs, taxes incurred in connection with the retirement account investment should be paid using retirement funds – no personal funds from any disqualified person should be used
- If additional funds are required for the Coverdell investment, all funds should come from the retirement account or from a non “disqualified person”
- Partnering with yourself or another disqualified person in connection with a

retirement account investment could trigger the IRS prohibited transaction rules.

- If financing is needed for a real estate transaction, only nonrecourse financing should be used. A nonrecourse loan is a loan that is not personally guaranteed by the retirement account holder or any disqualified person and whereby the lender’s only recourse is against the property and not against the borrower.
- If using a nonrecourse loan to purchase real estate with a self-directed Coverdell, the Unrelated Business Taxable Income (“UBTI”) rules could be triggered and a tax rate reaching as high as 40 percent could apply. Note – an exemption from this tax is available for 401(k) plans pursuant to IRC 514(c)(9). If the UBTI tax is triggered and tax is due, IRS Form 990-T must be timely filed.
- No services should be performed by the retirement account holder or any “disqualified person” in connection with the real estate investment.
- Keep good records of income and expenses generated by the retirement account owned investment.



- All income, gains or losses from the retirement account investment should be allocated to the retirement account owner of the investment
 - Make sure you perform adequate diligence on the Self-Directed Coverdell investment you will be purchasing especially if it is in a state you do not live in.
 - If using a Self-Directed Coverdell LLC to buy real estate, it is good practice to form the LLC in the state where the real estate will be located to avoid any additional filing fees. Also, be mindful of any annual state LLC filing or franchise fees.

Using a Self-Directed Coverdell can offer retirement account holders a number of positive financial and tax benefits, such as a way to invest in what one knows and understands, investment diversification, inflation protection, and the ability to generate tax-deferred income or gains. The list of helpful tips outlined above should provide retirement account investors looking to buy real estate with a guideline of how to keep their retirement account from running afoul of any of the IRS rules.

Fees



Coverdell Education Savings Account

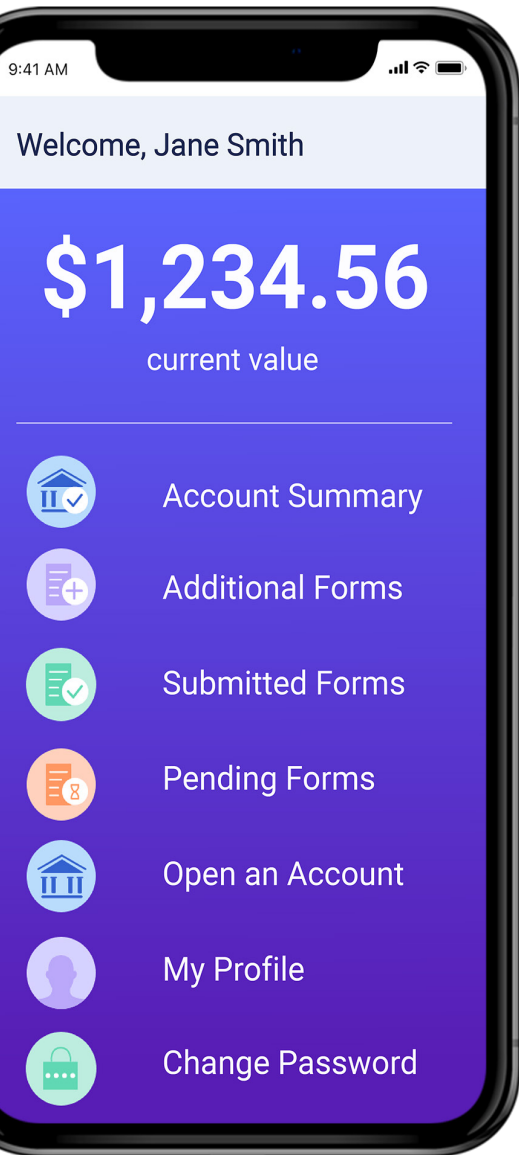
\$400 per year

*Flat fee paid annually, quarterly, or monthly after first year.

Work with IRA Financial Trust to establish your Self-Directed Coverdell ESA or Checkbook ESA account today!

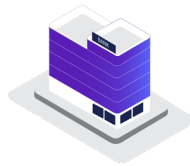
Learn more about the advantages of your Self-Directed HSA or Checkbook HSA!
Call IRA Financial at **1-800-472-1043** or email us at **info@irafinancial.com**.

Do Everything in our App



1. Open an account

Sign up in minutes with [our app](#) and establish a Self-Directed Coverdell account with IRA Financial Trust Company.



2. Establish your LLC

IRA Financial will [establish your special purpose LLC](#), acquire the LLC EIN, and prepare the LLC Operating Agreement. Alternatively, you can make the investment directly through IRA Financial Trust.



3. Roll over Funds

Roll your existing retirement funds to your [newly established account](#). IRA Financial Trust has partnered with Capital One Bank, to offer our Self-Directed HSA clients a safe and secure way to make Self-Directed HSA investments. [No need to ever step foot in a bank](#) – we can open the LLC account for you!

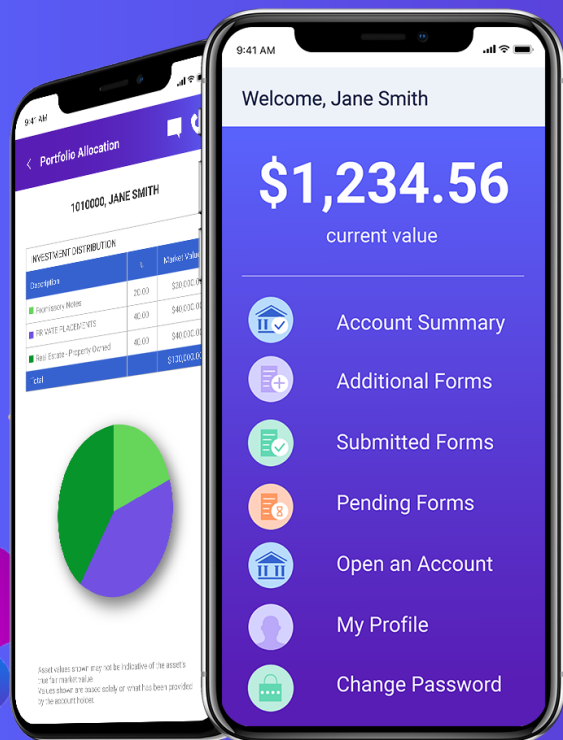


4. Identify your Investment

Identify your investment property and make it yourself. The property is purchased in the name of the LLC offering you Checkbook Control over your IRA assets. [As easy as writing a check.](#)

With IRA Financial's market leading app, purchasing real estate with a Self-Directed Coverdell is easier than ever!

Getting started is easy with IRA Financial



**Give your child a
head start!**

Call IRA Financial Trust at
1-800-472-1043 to learn more
about the Self-Directed ESA and
get started today!

Get Started

Contact Us

Hours of Operation:

9:00am—7:00pm EST
Monday—Friday

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