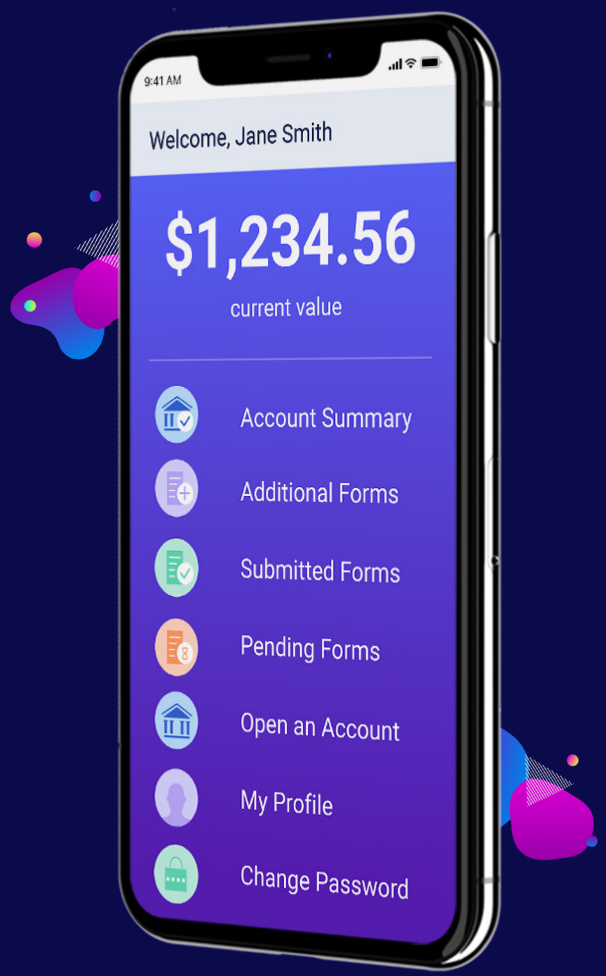
IRA FINANCIAL

Health Savings Account

invest and
lower your
medical bills



In this info kit...

Health Savings Account

Work with IRA Financial

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 HSA, you can make almost any type of investment and generate tax-free gains, such as **Real Estate.**

Invest your HSA 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 21,000 clients invest over $4.6 billion in alternative assets.

Simple Pricing

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

We Do Everything

Never step foot in a bank—we open your self-directed bank account for you.

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 HSA or Checkbook HSA 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 HSA

For many working Americans, health care costs are a nagging but necessary expense. In many cases, mounting health-care costs are taking away much of the wage gains won by American workers. The average worker is shelling out $5,714 for a family health-insurance plan in 2017, 30 percent of the total $18,764 cost, according to an annual study from the Kaiser Family Foundation and the Health Research & Education Trust. Five years ago, workers shouldered $4,316 of the $15,745 cost, or 27 percent.

The rising costs of health care plans are forcing a number of employees to embrace so called high deductible health plans. A High Deductible Health Plan (HDHP) is a category of health insurance plans available from most health insurance provider.

They have lower monthly premiums and a higher yearly deductible than regular health insurance plans. In general, HDHPs have some of the following characteristics:

- Can cost less than other health plans.
- Provides quality health insurance.
- One calendar-year deductible per family.
- Can pay 100% of covered expenses after deductible is met.

An HSA is a **tax advantaged savings account** for medical expenses. The IRS has come up with the HSA for qualifying taxpayers to receive a tax benefit for medical expenses paid whether you itemize or not.

IRA Financial Trust is one of the custodians in the country that have the expertise to offer alternative asset investments to HSA holders.

Eligibilty

One can open an HSA if you have a qualifying high deductible health plan. The HSA can be kept forever, whether you leave your job or change insurance plans. Contributions, earnings, and qualified withdrawals are all tax free.

A qualified HDHP must have a minimum deductible, which is set each year by the IRS. This means that the plan can't have a deductible that is less than the below figures. If the plan does, it is not a qualified plan for the HSA

Self-only coverage
$1500

Family coverage
$3000

2023 HSA Contribution Rules

The 2023 annual contribution limit that individuals with single medical coverage can contribute to a health saving account is $3,850. The annual HSA contribution limit is $7,750 for those covered under qualifying family medical plans. But if you're 55 or older in 2023, you can contribute an additional $1,000, for a total of $4,850 to an HSA for singles and $8,750 for families per year. You can contribute up to the tax filing deadline for the year. For most people, that is **April 15** of the next year.

Qualified Withdrawals

A qualified medical expense is generally one for medical care as defined by Internal Revenue Code Section 213(d). The expenses must be primarily to alleviate or prevent a physical or mental defect or illness, including dental and vision. Most expenses for medical care will fall under IRC Section 213(d). However, some popular exceptions are purely cosmetic surgery and health club dues. In general, any funds you withdraw for non-qualified medical expenses will be taxed at your income-tax rate, plus 20% if you're under 65.

HSA Combo Strategy

There are numerous benefits of using HSA plans in combination with a HDHP. The HSA savings account is highly tax advantaged as the funds grow tax-deferred and the contributions are tax deductible, irrespective of whether you itemize your income tax deductions. The principle of tax deferral is based on the notion that all income and gains generated by the HSA would generally flow back into the account without tax. In other words, instead of paying tax on the annual investment returns, tax is paid only at a later date. Therefore, by contributing funds to an HSA, those funds will grow without tax allowing the HSA account to increase in value quicker than a regular account. By using the "HSA Combo Strategy", one can save money each month on health care premiums because the premiums on an HDHP are generally lower, receive an income tax deduction for the amount of the HSA contribution, as well as gain the ability to build up the value of the HSA account quickly through the power of tax deferral to help pay for any health emergency. Simply put, the "HSA Combo Strategy" allows one to lower their annual health care premiums while gaining the ability to build up a tax advantageous health emergency fund to cover the amount of the deductible or other health emergency. Additionally, an HSA can be invested in traditional as well as alternative asset investments, such as real estate. Moreover, in the case of the death, the HSA account can be transferred to a spouse.

The **"HSA Combo Strategy"** is not widely known or employed. However, below are some important ways the strategy can be helpful from a cash flow and tax standpoint:

- HSA contributions are tax deductible.
- HSA funds grow tax-deferred helping the account grow.
- HSA funds can be sued to pay health plan deductible and most heath care expenses
- HSA funds accumulate year after year — no "use it or lose it".
- Portable, goes with you wherever you go.
- Can be used to pay health insurance premiums when you're between jobs.
- Can help free up cash flow through lower health care costs.

Invest your HSA **Your Way**

Most retirement account investors are not even aware that one can invest their retirement account funds in hard assets, such as real estate and gold. The IRS only imposes a few small restrictions on the types of investments that can be made using retirement funds, which are life insurance, collectibles, and certain self-dealing and conflict of interest transactions. Investing retirement funds in hard alternative assets, such as real estate, investment funds, loans, precious metals, even Bitcoin is seen as a way of diversifying against a falling stock market as well as a solid hedge against the threat of inflation.

The two main advantages of using a Self-Directed HSA to make investments is that one can invest in what they know and understand and that all the income and gains are tax-deferred.

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

- Residential or commercial real estate
- Domestic or Foreign real estate
- Raw land
- Foreclosure property
- Mortages
- Mortages pools
- Deeds/Notes
- Hard moeny 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

Types of **Self-Directed HSA**

A Self-Directed HSA is the **only legal structure** that will allow you to use your HSA funds to make investments not offered by a bank or traditional financial institution, such as real estate. There are two types of Self-Directed HSAs:

1. Custodian Controlled Self-Directed HSA

A custodian controlled Self-Directed HSA offers an HSA investor more investment options than a financial institution Self-Directed HSA which limits an HSA investor to just equities, such as stocks, mutual funds, and ETFs. With a custodian controlled Self-Directed HSA, a special HSA custodian, such as IRA Financial Trust Company, will serve as the custodian of the HSA. Unlike a typical financial institution, most HSA custodians generate fees simply by opening and maintaining HSA accounts and do not offer any financial investment products or provide investment advice. With a custodian controlled Self-Directed HSA, the HSA funds are generally held with the HSA custodian and at the HSA holder's sole direction, the HSA custodian will then invest the HSA funds into traditional as well as alternative asset investments, such as real estate.

A custodian controlled Self-Directed HSA is popular with retirement investors looking to **invest in alternative assets** which do not involve a high frequency of transactions, such as the purchase of raw land.

2. "Checkbook Control" Self-Directed HSA

With a Self-Directed HSA with checkbook control, making a real estate investment is as simple as writing a check or executing a wire from a local LLC bank account. With a Self-Directed HSA with checkbook control, a special purpose limited liability company ("LLC") is established that would be owned by the HSA and managed by the HSA holder (you). As manager of your Self-Directed HSA LLC, you have the authority to make IRS approved alternative asset investment decisions on behalf of your HSA on your own without needing the consent of an HSA custodian. With a Self-Directed HSA LLC with "Checkbook Control' you will be able to **make alternative asset investments,** such as real estate by simply writing a check. Since all your HSA funds will be held at a local bank in the name of the HSA LLC, all you would need to do to make the real estate transaction is write a check straight from the HSA LLC bank account or simply wire the funds from the HSA LLC bank account. No longer would you need to ask the HSA custodian for permission to make a real estate transaction and have to deal with long delay and transaction fees.

Checkbook control is very popular with real estate investors, especially house flippers and investors with rental properties.

Fees

Health Savings Account

$400 per year*

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

Tips for Using a **Self-Directed HSA**

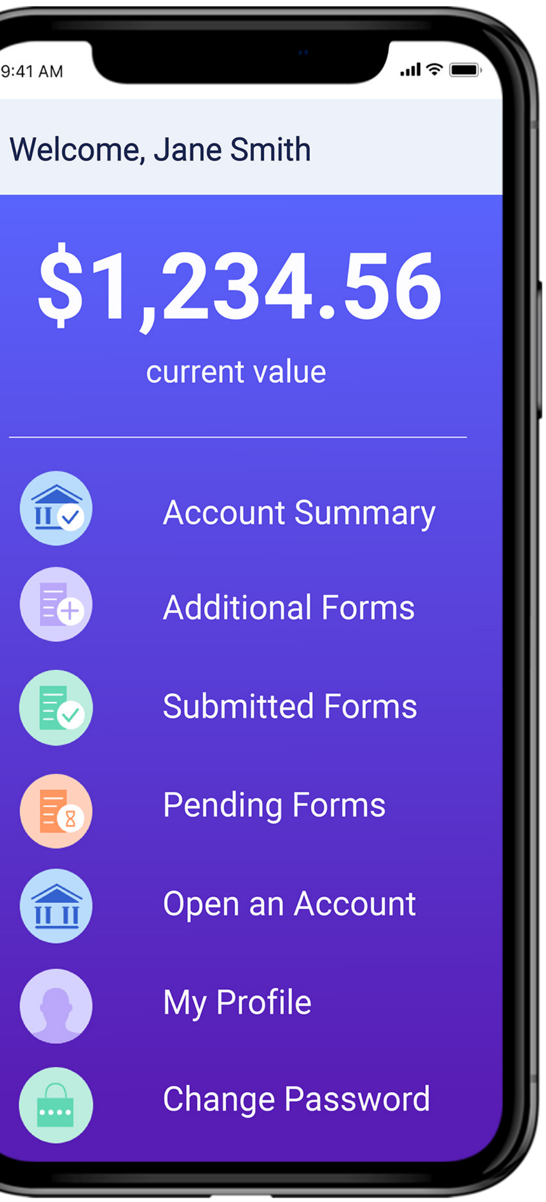
Aside from navigating the IRS prohibited transaction rules, the following are a handful of helpful tips for making real estate investment using retirement funds:

- All investment should be made in the name of the Self-Directed HSA or in the name of the LLC owned by the HSA
- 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 HSA 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 HSA, 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 HSA investment you will be purchasing especially if it is in a state you do not live in.
- If using a Self-Directed HSA 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.

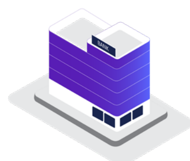
Using a Self-Directed HSA can offer retirement account holders a number of **positive financial and tax benefits,** such as a way to invest in what one knows and understands, investment diversification, inflation protection, and the ability to generate tax-deferred income or gains. The list of helpful 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.

Do Everything **in our App**



1. Open an account

Sign up in minutes with **our app** and establish a Self-Directed HSA 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 though IRA Financial Trust.

3. Roll over Funds

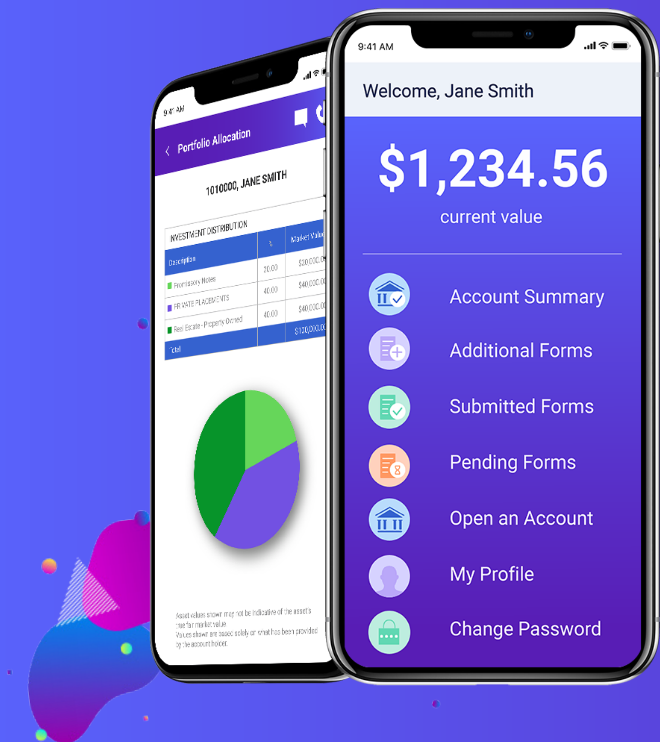
Roll your existing retirement funds to your **newly established account**. IRA Financial Trust has partnered with Capital One Bank, to offer our Self-Directed HSA clients a safe and secure way to make Self-Directed HSA investments. **No need to ever step foot in a bank** – we can open the LLC account 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 HSA assets. **As easy as writing a check.**

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

Getting started is
easy with IRA Financial



Invest your HSA your way!

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

Get Started

Contact Us

Hours of Operation:
9:00am—7:00pm EST
Monday—Friday

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