

SELF DIRECTED

STEP

BY

STEP

YOUR GUIDE TO SETTING UP A SELF-DIRECTED 401(K)

UNLOCKING RETIREMENT GROWTH THROUGH FLEXIBLE INVESTMENTS

SELF DIRECTED

INVEST IN WHAT YOU WANT, WHEN YOU WANT

Thank you for your interest in exploring a self-directed 401(k) to grow your retirement savings. This guide provides a step-by-step overview of how to set up and manage a self-directed 401(k), tailored to align with your goals and ensure compliance with IRS regulations.

DISCLAIMER: THIS GUIDE IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE LEGAL, TAX, OR FINANCIAL ADVICE. PLEASE CONSULT WITH A QUALIFIED PROFESSIONAL TO ADDRESS YOUR SPECIFIC NEEDS.



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IRA or
401k

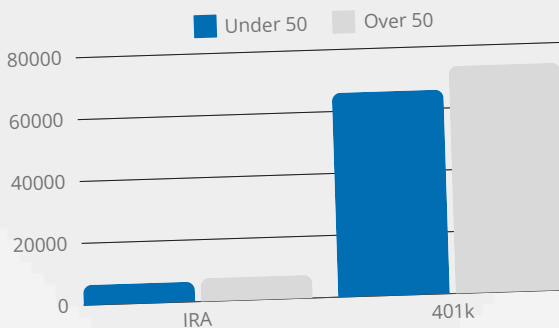
WHICH IS BEST?

If You Are Unsure Of Which Account Type Is Best For You, Please Watch The Video Below And Schedule A Free Consult

[Watch Video](#)

[Book Consult](#)

Contribution Limits



- ✓ DO YOU WANT THE ABILITY TO TAKE A PERSONAL LOAN?
- ✓ ARE YOU SELF-EMPLOYED OR A SMALL BUSINESS OWNER W/ NO FULL TIME EMPLOYEES?
- ✓ DO YOU WANT TO DIVERSIFY YOUR RETIREMENT INVESTMENTS BEYOND STOCKS AND BONDS?
- ✓ ARE YOU LOOKING FOR TAX-ADVANTAGED WAYS TO GROW YOUR WEALTH?
- ✓ DO YOU WANT GREATER CONTROL OVER YOUR FINANCIAL FUTURE?
- ✓ WOULD YOU LIKE THE FLEXIBILITY TO INVEST IN REAL ESTATE, PRIVATE BUSINESSES, OR OTHER ALTERNATIVE ASSETS?

STEP 1:

ESTABLISH A BUSINESS ENTITY



**THIS PLAN REQUIRES A SPONSOR.
THIS CAN BE ANY LLC, S-CORP, ETC.**

- THIS BUSINESS CAN:**
- Be an existing business or 1099 Income.
 - Be brand new and have the potential to make income.

- THIS BUSINESS CANNOT:**
- Have full time employees

NOTE:

Please reach out to her for pricing as this is a separate service she offers.

If you do not currently have an entity set up, or would like to create a new one, **Brandee** can assist you with that.

Brandee Berry
Phone: 480-466-0401
Fax: 602-900-1855

brandee.401kplan@gmail.com

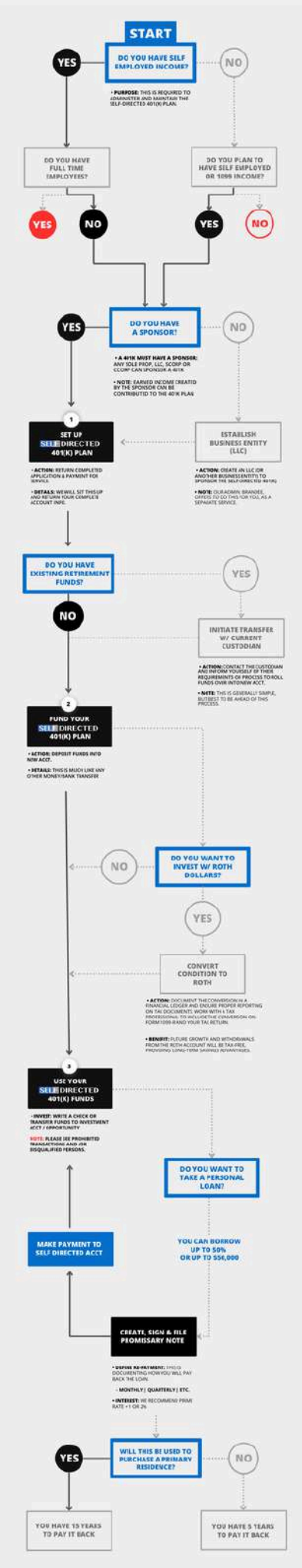
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401(k) EVENT SCHEDULE

The following is a brief description of activities & general timeframes for the creation of a Self-Directed 401(k).

	Activity	Timeframe	Responsibility
1	401(k) Order Form is completed	WK 1	YOU
2	Email welcome letter, schedule of events and DocuSign with SS4.	WK 1	US
3	Client signs SS4 form in order to obtain EIN.	WK 1	YOU
4	Obtain new 401(k) EIN from the IRS.	WK 1	US
5	Upload EIN to Dropbox. Invite client to Dropbox.	WK 1	US
6	Send DocuSign with plan documents - Adoption Agreement, Successor Trustee Appointment, & Trust Document.	WK 1-2	US
7	Client signs plan documents.	WK 2-3	YOU
8	Send client directions on opening new 401k checking account on the Bank's website. Client will need signed Adoption Agreement, EIN & two photo ID's.	WK 2-3	US
9	Client contacts current custodian to obtain any forms they have to enable the rollover to the new account at the chosen Bank.	WK 2-3	YOU
10	Upload custodial transfer request/letter of acceptance to Dropbox. If current custodian does not have a rollover request form, client can use this form.	WK 2-3	US
11	Client coordinates the transfer of funds from current custodian to new 401k account at new custodian.	WK 2-3	YOU
12	Upload signed plan documents and remaining documents to Dropbox.	WK 1-3	US
13	Maintain qualified status of the 401(k) plan. You will receive an invoice from The Tax Academy, LLC for \$195.00 each year.	YEAR 2+	BOTH
14	Client/tax advisor files 5500 EZ or regular 5500.	ANNUAL	YOU

* ACTUAL TIMES FOR COMPLETING ACTIVITIES VARY BASED UPON RESPONSIVENESS AND PROMPTNESS OF PARTIES ASSIGNED OR INVOLVED IN THE PARTICULAR ACTIVITY. (EX: FUNDING THE NEW 401(K) ACCOUNT DEPENDS UPON THE POLICIES AND PROCEDURES OF THE EXISTING CUSTODIAN AND THE CLIENT'S ASSISTANCE.



Prefer A FLOWCHART?

[CLICK TO DOWNLOAD](#)

STEP 2:

COMPLETE, SIGN & RETURN THE APPLICATION TO US

SELF DIRECTED 401(K) ORDER FORM

829 N. Val Vista Drive
Suite 109 #104
Gilbert, Arizona 85234
www.selfdirected401k.com
Call / Text: (602) 568-7311

CLIENT PERSONAL INFORMATION

NAME: _____ DATE OF BIRTH: ____/____/____ SS NUMBER: _____
ADDRESS: _____ COUNTY: _____ CITY: _____ STATE: _____ ZIP: _____
PRIMARY PHONE: _____ ALTERNATE PHONE: _____ EMAIL: _____

INCLUDES:

- Documents - Prototype 401(k) documents with the Roth Option.
- File 55-4 - File for Employer Identification Number from the IRS
- Set up the new plan with you as the trustee, no custodian or custodial fees.
- Coordinate with current custodian (if needed) - Prepare all necessary forms for the current custodian to transfer your funds, these include, Adoption Agreement, Letter of Transfer and Acceptance and EIN.
- Annual administration fees to be \$195.00 a year for maintaining the qualified status of the documents. After you have \$250,000 in your 401(k) you must file a 5500 EZ (fee for filing 5500 EZ is approx. \$250.00).

I have read and agree the aforementioned terms and conditions. I may cancel this transaction any time within seven days after the date of this transaction. I have read the notice of cancellation contained in this agreement for an explanation of this right.

Furthermore, I understand that I am creating a full-fledged pension plan that must be operated according to the plan.

In the event I consider, or hire, an employee I understand I should seek professional guidance on the ramifications of the employee being a participant in the plan.

CLIENT SIGNATURE: _____ YOUR SIGNATURE (if required): _____ DATE: _____

Page 1 of 4

The application process is simple and involves providing details about yourself and your business.

HOWEVER THERE ARE A COUPLE AREAS TO PAY ATTENTION TO:

ANNUAL ADMINISTRATION FEE

After the 1st year, there will be an annual administration fee of \$195.00 for maintaining the qualified status of the documents. This goes directly to our Tax Attorney.

5500 EZ

After you have \$250,000 in your 401(K) you must file a **5500 EZ** (fee for filing 5500 EZ is approx. \$250.00). If You have any questions, please don't hesitate to ask.

PERSONAL INFORMATION						
CLIENT	NAME			DATE OF BIRTH	SS NUMBER	
	ADDRESS		COUNTY	CITY	STATE	ZIP
	PRIMARY PHONE	ALTERNATE PHONE	FAX	EMAIL		
SPOUSE	Complete the information below only if he/she will be co-trustee of the plan.					
	NAME			DATE OF BIRTH	SS NUMBER	
	PRIMARY PHONE	ALTERNATE PHONE	FAX	EMAIL		
ADOPTING EMPLOYER	Will your co-trustee also be a participant of the plan? Yes No (To be a participant, you must be involved in the plan sponsor business.)					
	COMPANY / SPONSOR NAME			EIN		
	ADDRESS		COUNTY	CITY	STATE	ZIP
	TYPE OF ENTITY Corporation S Corporation LLC Sole Proprietorship					
	Do you own more than 80% of any other business? Yes No					
Checking account (we will assist you to choose the right bank).						



**FIND THIS ON
(PG 2 OF 4)**

ADOPTING EMPLOYER

COMPANY / SPONSOR

Per step 1, This plan requires a sponsor. This can be any LLC, S-Corp, Etc. You will not qualify if you have full time employees.

IF YOU ARE IN THE PROCESS OF ESTABLISHING YOUR LLC (VIA SELF DIRECTED SUPPORT):

- Please provide the intended name (and an alternative just in case that name is not available).
- EIN: Use "To Be Provided by Brandee" as a placeholder.

CHECKING ACCT

While we can work with any bank, we prefer **these three** due to the quality of service and freedom they offer our clients:

- ✓ 100% CHECKBOOK CONTROL
- ✓ NO CUSTODIAL INTERFERENCE
- ✓ NO WAITING TO MAKE A DECISION
- ✓ ZERO CUSTODIAL MAINT. FEES



STEP 3: FUND YOUR ACCT

NO

DO YOU HAVE
EXISTING RETIREMENT
FUNDS?

YES

FUND YOUR
SELF DIRECTED
401(K) PLAN

• **ACTION:** DEPOSIT FUNDS INTO
NEW ACCT.

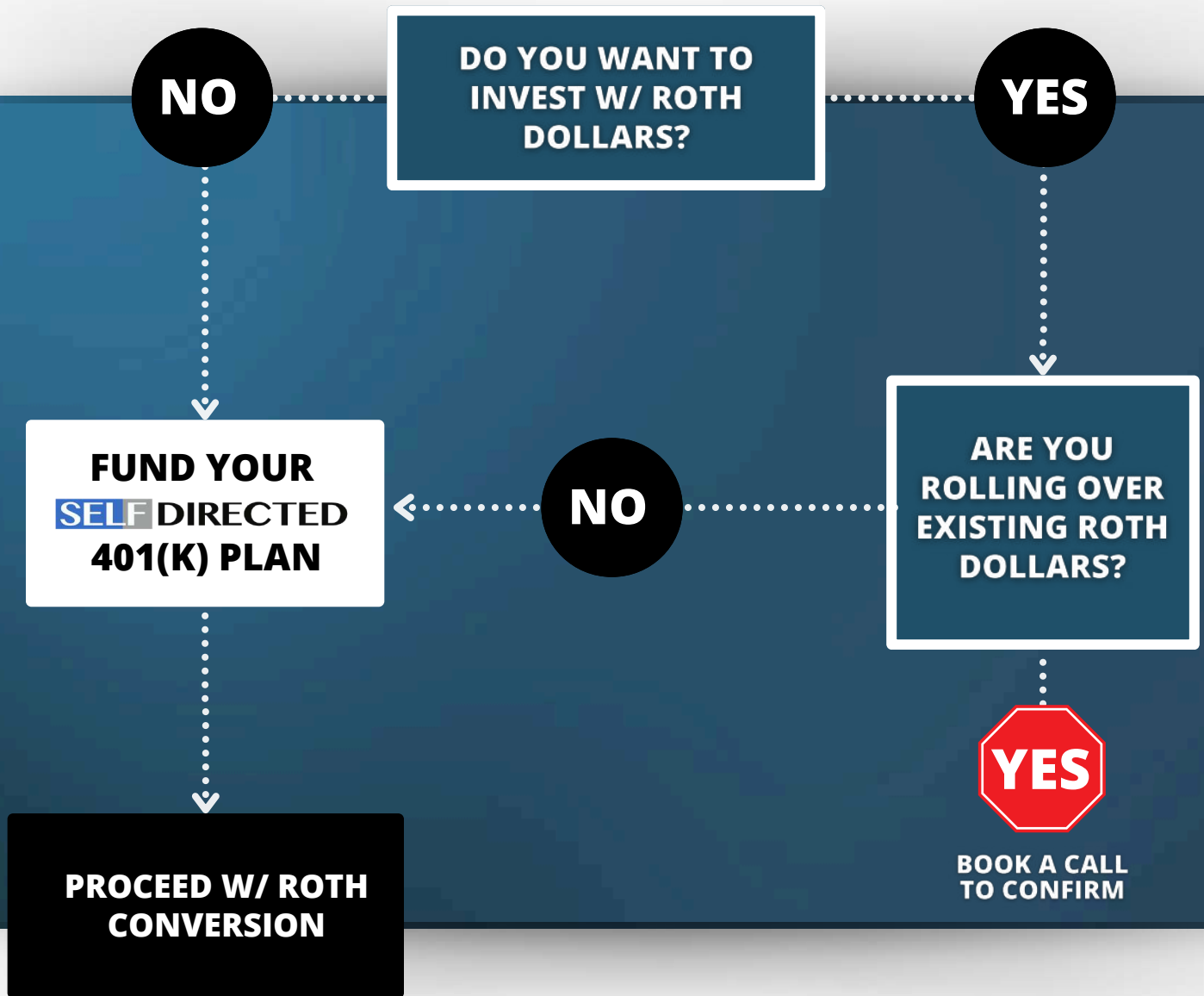
• **DETAILS:** THIS IS MUCH LIKE ANY
OTHER CUSTODIAN TO CUSTODIAN
MONEY/BANK TRANSFER



INITIATE TRANSFER
W/ CURRENT
CUSTODIAN

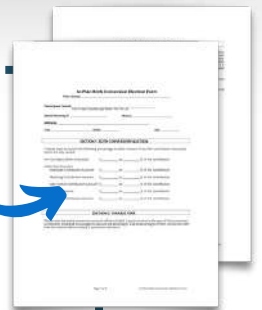
• **ACTION:** CONTACT THE
CUSTODIAN TO UNDERSTAND THEIR
REQUIREMENTS OR PROCESS TO
ROLL FUNDS OVER INTO NEW ACCT.

• **NOTE:** THIS IS GENERALLY SIMPLE,
BUT BEST TO GET AHEAD OF THIS
PROCESS.

WHAT ABOUT ROTH?



- **ACTIONS:**  DOCUMENT THE CONVERSION IN A FINANCIAL LEDGER AND/OR COMPLETE **THE ROTH CONVERSION FORM.** (INCLUDED IN YOUR PLAN DOCUMENTS)
-  ENSURE PROPER REPORTING ON TAX DOCUMENTS. CONSULT YOUR TAX PROFESSIONAL ON WHAT ADDITIONAL FORMS YOU'LL NEED TO INCLUDE WITH YOUR TAX RETURN.





ONCE YOUR SELF-DIRECTED 401(K) IS SET UP, YOU CAN:

1. CONTRIBUTE BUSINESS EARNED INCOME: REDUCE TAXABLE INCOME BY CONTRIBUTING EARNINGS FROM YOUR BUSINESS.

2. INVEST: EXPLORE DIVERSE INVESTMENT OPPORTUNITIES SUCH AS:

- LIMITED LIABILITY PARTNERSHIPS
- PRIVATE PLACEMENTS
- PRECIOUS METALS AND CERTAIN COINS
- FACTORING YOUR OWN RECEIVABLES
- LIMITED LIABILITY COMPANIES (LLC'S)
- CRYPTO / BITCOIN
- DEEDS / NOTES
- WATER RIGHTS
- HARD MONEY LENDING
- TAX LIENS
- PRIVATE BUSINESSES
- RES. OR COM. REAL ESTATE
- SELF STORAGE
- RAW LAND
- FORECLOSURE PROPERTY
- MORTGAGE
- MORTGAGE POOLS

IMPORTANT COMPLIANCE NOTE:

IF YOU ARE ACTIVELY MANAGING THE BUSINESS, YOU CANNOT DIRECTLY INVEST YOUR 401(K) FUNDS INTO IT. INSTEAD:

- **OPTION 1:** USE PERSONAL FUNDS OR SAVINGS FOR ACTIVE BUSINESS INVESTMENTS.
- **OPTION 2:** BORROW UP TO \$50,000 FROM YOUR 401(K) TAX-FREE.

EXAMPLE: YOU COULD BORROW FUNDS TO INVEST IN YOUR HONEY PRODUCTION COMPANY WITHOUT VIOLATING IRS RULES.

DO YOU WANT TO TAKE A PERSONAL LOAN?

**YOU CAN BORROW 50%
OR UP TO \$50,000**

NO

**WILL THIS BE USED TO
PURCHASE A PRIMARY
RESIDENCE?**

YES

**YOU HAVE 5 YEARS
TO PAY IT BACK**

**CREATE, SIGN & FILE
PROMISSARY NOTE**

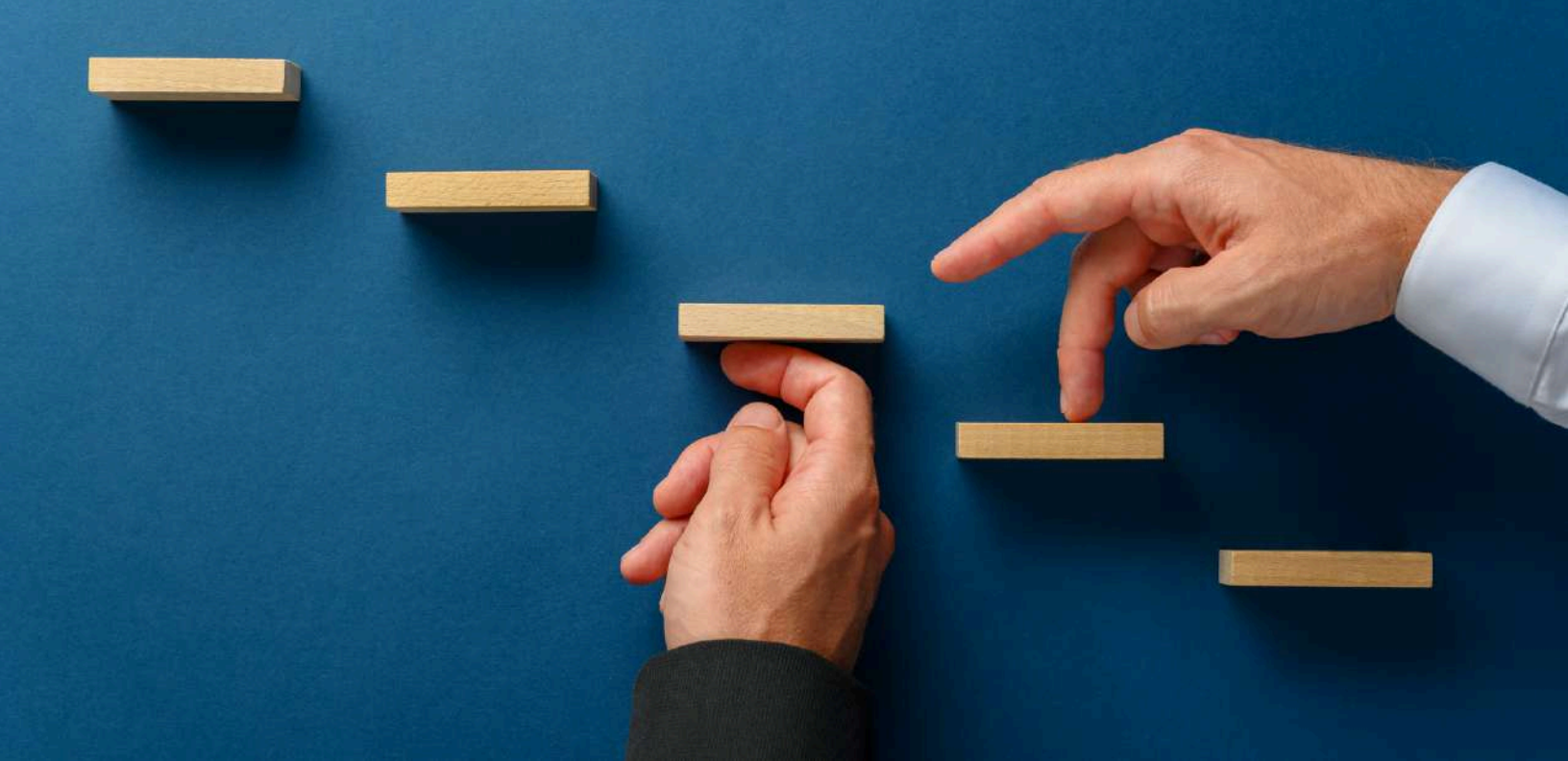
**YOU HAVE 15 YEARS
TO PAY IT BACK**

• **DEFINE RE-PAYMENT:**
DOCUMENTING HOW YOU WILL PAY
BACK THE LOAN. EQUAL PAYMENTS

(MONTHLY | QUARTERLY | ETC.)

• **INTEREST:** THE IRS RECOMMENDS
PRIME RATE + 2%





WHAT'S THE DIFFERENCE?

DISTRIBUTION

- TAKING MONEY OUT, WITHDRAWAL.
- APPLIES TO ALL TYPES OF RETIREMENT ACCOUNTS.
- WITHDRAWAL MAY IMPACT VALUE OF THE ACCOUNT.
- LEVERAGE IS LOST.
- MAY OR MAY NOT REQUIRE INTEREST, BE TAXED OR PENALIZED.

401 (K) LOAN

- A TYPE OF DISTRIBUTION. BORROWED, PORTION OF PRINCIPAL USED AS COLLATERAL
- ONLY APPLIES TO A 401K.
- THE VALUE OF THE 401K IS NOT IMPACTED.
- THIS IS A PENALTY AND TAX FREE LOAN.
- INTEREST PAID ON PRINCIPAL TO YOURSELF.
- REPAYED WITHIN 5 YEARS.

THE IRS ALLOWS YOU TO TAKE A PERSONAL LOAN FROM THE 401K PLAN

IRC 72 (p)

THE LOAN CANNOT EXCEED 50% OF THE ACCOUNT VALUE OR \$50K MAXIMUM.

YOU WILL NEED TO DO THE FOLLOWING IN ORDER TO COMPLY WITH IRS RULES:

- 1** FILL OUT YOUR LOAN DOCUMENTS LOCATED IN YOUR DROPBOX UNDER "401K DOCUMENTS". ATTACHED ARE THE SAMPLE LOAN DOCUMENTS THAT WILL HELP YOU COMPLETE YOUR LOAN DOCUMENTS
- 2** WRITE A CHECK FROM YOUR 401K ACCOUNT TO YOUR PERSONAL ACCOUNT FOR THE LOAN AMOUNT. (YOU CAN ALSO WIRE BUT IT MUST GO TO YOUR PERSONAL ACCOUNT, NOT A THIRD PARTY)
- 3** MAKE PAYMENTS, INCLUDING INTEREST BACK TO THE 401K. THE LOAN MUST BE PAID BACK WITHIN 5 YEARS. INTEREST RATE IS PRIME PLUS 2%. IF YOU MISS A PAYMENT OVER 90 DAYS, THE IRS CONSIDERS THE LOAN A DISTRIBUTION, WHICH IS A TAXABLE EVENT.

* IF YOU WILL SEND **BRANDEE** THE AMOUNT THAT YOU WOULD LIKE TO BORROW, SHE WILL CREATE A LOAN TERM SHEET FOR YOU WHICH WILL INCLUDE INTEREST AND THE PAYMENT AMOUNT.

ALSO IF YOUR PLAN SPONSOR IS A CORPORATION, THE PAYMENTS BACK TO THE 401K SHOULD BE TAKEN OUT OF YOUR SALARY. IF IT IS AN LLC OR SOLE PROPRIETOR, YOU CAN PAY THE LOAN BACK FROM YOUR PERSONAL ACCOUNT.

PLEASE LET US KNOW IF YOU HAVE ANY QUESTIONS.

Your 401k LOAN DOGS

WILL BE DELIVERED ALONG WITH
YOUR PLAN DOCUMENTS

SAMPLE 401 K LOAN RULES

SELF-DIRECTED

As a participant in our self-directed 401(k) plan, with a second plan loan, you are required to make a second loan to your account. This loan is subject to the same rules as the first loan. This loan is subject to the same rules as the first loan. This loan is subject to the same rules as the first loan.

You will only be able to take a second loan if your terms allow it. To find out how to determine the maximum amount you may borrow refer to Code 2702(a)(4). The loan terms, beginning of the loan that exceeds the maximum amount as a distribution. Generally, any previously unrepaid amount of the distribution is taxable.

The new loan plus the outstanding balance of all other loans cannot exceed the lesser of:

- \$50,000 reduced by the excess of the highest outstanding balance of all of your loans during the 12-month period ending on the day before the new loan (in this example, \$27,000) over the outstanding balance of your loans from the plan on the day of the new loan in this example, \$1,000, or
- The greater of \$10,000 or 1% of your vested account balance.

Maximum second loan if amount will exceed to first loan
 (1) your current loan balance is \$10,000. This amount plus the new loan cannot exceed the lesser of:

- \$50,000 - (\$27,000 - \$10,000) = \$33,000, or
- \$10,000 + 1% = \$10,000


(2) His total permissible balance is \$40,000, of which \$10,000 is an existing loan balance. This leaves a new maximum permissible loan amount of \$30,000 (\$40,000 - \$10,000).

Maximum second loan if first loan repaid
 Because the new loan is a maximum loan over all of his loans during the 12 months prior to the new loan, there isn't a significant advantage for him to repay all his first loan before requesting a second. If he repays the \$10,000 before applying for the second loan, he would be limited to the lesser of:

- \$50,000 - (\$27,000 - 0) = \$23,000, or
- \$10,000 + 1% = \$10,000

In this case, the maximum permissible loan amount would be \$10,000.

Subsequent to 2017



SAMPLE 401 K LOAN PACKAGE

**JOE SAMPLE 401(K) PSP
LOAN APPLICATION**

Participant Name	Joseph Sample
Address	6337 Hickory St.
City, State, Zip	Phoenix, AZ 85055
Married	() Yes () No
Date of Hire	8 / 1
Social Security Number	00-000000

This form is used to request a Participant loan. If this loan is approved, you will also be required to sign a promissory note.


- Loan requested:** \$ 200,000.00 (May not be less than \$1,000 or greater than 80% of your vested account balance under the Plan.)
- Term of loan:** 5 years (Must not be greater than five years, unless such loan is used to acquire your principal residence)
- Payment frequency:** monthly (Required payment date for this application: October 15th. Please note that some date may not make a process before application. The first deduction will be based on the date of the date based on the date of the first payment for the plan period that starts after the date application is approved.)
- Other loans:** Please provide the following information on all other plan loans you have requested from any qualified Plan approved for approval. Please note that you may have more than 1 loan outstanding at any one time.
 Loan Balance - Date of Loan - Loan is in default - # of remaining payments
 \$ - - - - -
 \$ - - - - -
 \$ - - - - -
 \$ - - - - -

I have read and I agree to the Plan's loan procedures. I agree not to withdraw any amounts from my account while this loan application is pending. My plan account is contribution to a qualified domestic relations order. All information provided by me in this application is true and accurate.

Joseph Sample Date 07/11
 Participant's Signature Date

As Plan Administrator, I hereby authorize the above loan.

Joseph Sample Date 07/11
 Plan Administrator's Signature Date



YOUR OWN 401 K LOAN TEMPLATES

**JOHN ACES (K) PSP
LOAN APPLICATION**

Participant Name	
Address	
City, State, Zip	
Married	() Yes () No
Date of Hire	
Social Security Number	

This form is used to request a Participant loan. If this loan is approved, you will also be required to sign a promissory note.

- Loan requested:** \$ (May not be less than \$1,000 or greater than 80% of your vested account balance under the Plan.)
- Term of loan:** years (Must not be greater than five years, unless such loan is used to acquire your principal residence)
- Payment frequency:** Requested payment date for this application: Please note that some date may not make a process before application. The first deduction will be based on the date of the first payment for the plan period that starts after the date application is approved.
- Other loans:** Please provide the following information on all other plan loans that you have requested from any qualified Plan approved for approval. Please note that you may have more than 1 loan outstanding at any one time.
 Loan Balance - Date of Loan - Loan is in default - # of remaining payments
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I have read and I agree to the Plan's loan procedures. I agree not to withdraw any amounts from my account while this loan application is pending. My plan account is contribution to a qualified domestic relations order. All information provided by me in this application is true and accurate.

Participant's Signature Date
 As Plan Administrator, I hereby authorize the above loan.

Plan Administrator's Signature Date

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YOU ARE IN **FULL CONTROL**
WE'RE HERE TO HELP.

Let's schedule a follow-up call to finalize your plan and get started on your self-directed 401(k).

Schedule Here:
selfdirected.info/calendar

Don't hesitate to reach out if you have any questions.

DONNELL STIDHUM

PHONE: 602-560-7311

DONNELL@SDRETIREMENTPLANS.COM

SDRETIREMENTPLANS.COM