

# SPECIAL REPORT:

## THE eQRP®

How to Buy Real Estate  
with Your IRA or 401(k)

**TAX  
FREE**



 **Total Control**  
FINANCIAL



## UDFI Tax Using a Self-Directed IRA

Did you know the IRS will tax you if you make a profit on a real estate investment your IRA made if there's debt involved?

Yeah, sneaky tax called UBIT (Unrelated Business Income Tax) that gets triggered by any debt in an investment your IRA makes. So, if you buy a house with your IRA that has a loan or your IRA invests in a multifamily deal with a chunk of debt involved you'll get hit with a tax of approximately 37%.

Whoa! Didn't know that? Guess what, there's good news!

The QRP is **exempt** from the UDFI (Unrelated Debt-Financed Income) so all you have to do is rollover your IRA money and investments into a QRP and presto, no more tax.

Yes, you can actually transfer ownership of those assets from your self-directed IRA into the QRP. It's called an in-kind rollover. No tax, no penalty, no UBIT slap!

#GAMECHANGER!

## Need \$50k in 5 Minutes?

Back in 2008 the banks froze almost all real estate investors' credit cards because they wanted to reduce their risk. Even successful investors got frozen. I had AMEX freeze my black card that was in good standing – it happened while I was trying to buy a pallet of toilet paper at Costco. Card DECLINED. What?

So what happens when you need cash for something and banks aren't your friend?

You have a built-in \$50,000 line of credit built into your QRP. Once you rollover your retirement money into your QRP you'll simply write yourself a check for up to \$50k

or 50% of your account. Takes seconds and you're always approved.

This can be a life-saving option when you need money or just want to use your own assets to fund things instead of asking a bank paying THEM interest, pay yourself!

All QRPs come with the credit line built in.

## Investing in Crypto with a 401(k)

Thanks to the advent of cryptocurrencies and blockchain technology, your retirement fund investment options have expanded beyond stocks, bonds, and mutual funds. Since the 401(k) plan's inception in the late 1970s and manifestation in 1980, it has made a huge impact on how Americans save for their retirement. But cryptocurrencies have the potential to drastically change your 401(k)'s performance. Not only can you contribute more to QRPs than to traditional 401(k)s but you can take advantage of the flexible investment options and potential higher earnings. Bitcoin's value alone exponentially increased from \$1,016.30 on January 2nd, 2017 to as high as \$7,882 by November 8th in the same year.

Unfortunately, traditional IRAs and 401(k)s are too rigid for cryptocurrency investment. That's because they do not offer the ability to invest in different kinds of assets, such as cryptocurrencies. Instead, Qualified Retirement Plans (QRPs) provide an ideal solution where you can benefit from its flexible investment options to use cryptocurrency for retirement planning. Here's how you can leverage it and get it done:

## Gain Flexible Investment Options with QRP Checkbook Control

With checkbook control, it's easy and quick to invest in cryptocurrency with your 401(k). When you're using a QRP, you're able to invest in cryptocurrencies, such as bitcoin and Ethereum, within your retirement plan. This helps to simplify what investments you can choose to be a part of your plan with you as the custodian. A QRP checkbook enhances that simplicity by making it easy to enroll and invest. Here's how simple it is:

1. Set up your QRP with Total Control Financial.
2. Establish your QRP Checking Account at the bank of your choice.
3. Once your account is funded, open a crypto wallet solely for use with retirement funds.

If you want to invest in more than a few hundred or thousand a week, you can verify your ID with your QRP wallet provider to increase your limits. Some QRP wallets will also allow you to increase your investment limits by investing more after verification.

With your QRP with checkbook control, you can simplify investing in cryptocurrency with

“You won’t get rich with an IRA; you’ll just get old.”

- Damion Lupo

your 401k. One of the best reasons for using a trusted QRP is that you can leverage the security and protection they offer to keep your information private and data secure. You can also take your security to the next level by opting for a physical wallet that comes with a password. This makes it easy for you to travel with without having to go into your digital wallet on your mobile device.

## Myth and Mystery – The Foundation of Traditional Investing

For the last 30 years, we’ve been told stocks are the investment vehicles of choice and you’re better off investing for the long term and leaving the money management to the professionals. It’s so complex in fact that it requires fund managers, account managers, stock experts, and analysts. This is the theory that they’d like us all to buy into.

Wall Street “experts” tell us we need a diverse portfolio with a variety of stock investments to yield the best return. Sound familiar? If it is, you’re 1 of 53 million households in the U.S. who are invested in the traditional investment market.<sup>1</sup> Like you, these hardworking people have been convinced that this is the path to a secure financial future and the ability to retire comfortably.

**After years of research and personal experience, I can tell you with confidence that this traditional path is a myth.**

A myth perpetuated by an industry that controls over \$26 trillion in assets, 89% of which are owned by households just like yours<sup>1</sup>. They have created so much mystery on how they manage this huge pool of money that you ultimately have no control over the actual performance of your own investments.

#### The truth:

- **Investing all or most of your money in stocks, even a variety of stocks, is narrowly focused on one asset class: paper. Further, you have no control over the actual performance of your investments.**
- **Third-party custodians have long dominated the investment industry and charge large transaction fees (AUM – a percentage fee for Assets Under Management) and limit your investment choices.**
- **As the trustees of these retirement plans, they make money charging transactional and management fees to perform trustee duties.**

### A BETTER PLAN: THE QRP

The great news is that there is an alternative to all this myth and mystery: the Qualified Retirement Plan or QRP. In this special report, I will share my accumulated knowledge about QRPs as an alternative investment strategy that YOU control. Putting you back in the pilot's seat of transforming your own financial future.

“You also eliminate transactional and management fees that add up to more than 60% of your profits.”

- According to Jack Bogle, founder of Vanguard (in regard to a QRP)

This paper will provide you with information about what a QRP is and how you can qualify to open one, the advantages of using this awesome retirement savings plan tool, a comparison with other investment tools, and what qualifies and is prohibited. The goal is to provide you with a basic understanding and education about how the QRP may be of value in your overall retirement planning. So let's start with some basics...

### Why Haven't I Heard of a QRP Before?

You probably haven't heard of a QRP because Wall Street doesn't want you to know about it! Qualified Retirement Plans are not new. In fact, they've been around for forty years as part of the Revenue Act of 1978<sup>2</sup> Section 401(k), which cleared the way for defined contribution plans. At this point in our history, the responsibility shifted from employer-based pension plans to the individual.

**The Employee Retirement Income Security Act of 1974 (ERISA)** is a federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans. ERISA does not protect solo k plans.<sup>4</sup>

The idea was revolutionary: employees would be able to contribute their own money in a tax-advantaged way to an account that would supplement any other benefits they had. All good so far, right? The challenge became when large financial institutions entered the picture and focused on employer-organized programs. These were called 401(k) programs and were meant to “simplify” the process for employees and help them manage their money. Over time, the result has become massive portfolios managed by fund managers that translates into big business for financial institutions.

**The truth: As of 2015, a survey found only 22% of employees were confident that they were on track for retirement, even though 84% contributed to their retirement plan.<sup>3</sup>**

Returning to the original statute, a QRP doesn't actually need the third-party custodian or asset manager. You can be your own trustee. So, IRS Code (Section 401) defines the QRP as a retirement savings trust. It is essentially a retirement savings plan set up by a small business owner, someone with business activity.

Wait, you say: “What if I'm not a small business owner?”

You can still qualify for a QRP even if you do not own a small business. Don't worry! If you have an investment business, work for yourself or have part-time income or activity that could produce income, then you can have a QRP. (See details about eligibility later on.)

Being in control of your funds saves you from the risk of investment managers making decisions about your money that are profitable for them but may not be in your best interest.

So, are you ready to say goodbye to the Wall Street machine and start taking control of your investments?

Let's get started!

## Top 10 QRP Advantages

Let's look at the top 10 advantages of a QRP over an IRA or other type of investment. There are several reasons why I termed the QRP as the "Learjet" of 401(k) plans. Let me provide you with my Top 10 reasons of why this engine is so powerful!

### #1: NO UDFI with Leveraged Real Estate

Since the QRP conforms to IRS rules, it qualifies for special tax breaks and provides small business owners (you) with substantial tax saving opportunities – and, yes, even tax elimination!

Imagine paying no taxes on your retirement savings for 100 years or more. It's possible with a QRP.

Why? Under the ERISA ACT of 1974, qualified plan investments are protected from creditors, bankruptcy, and the IRS.

Unlike an IRA or Solo 401k, which may be seized in a lawsuit or a bankruptcy, your eQRP® has powerful protections against creditors because of TCF's patented process and construction of your plan. This is a huge difference between all IRAs Solo 401ks and the eQRP ®.

In the current economic environment where many people struggle to save for retirement and face many obstacles in building true wealth, this protection becomes more important every day.

### #2: Fewer Plan Restrictions Mean More Freedom

The QRP is the Ferrari of 401(k) plans because of the way it's written – with far

fewer restrictions when compared to a standard 401(k).

For example, most 401(k) plans already have limits written into them. They restrict what you can and can't do, what you can invest in and when you can access your money.

### With a QRP, YOU have total control over:

- » What you invest in, from real estate, real physical gold and silver, tax liens, business startups, foreign real estate, LLC, joint ventures, private loans, and many more.
- » The performance of your investment.
- » Asset allocation.

Plus, since you're managing your money, no more advisor fees chewing up the returns and principal from your account year after year regardless of performance. The QRP is written to give you every investment option legally allowed. You can do anything you want within the framework of the law.

### #3: Contribution Limits for a QRP are 10X Higher Than an IRA

As you may know, an IRA (Individual Retirement Account) allows you to contribute \$6,000 per year, or \$7,000 if you're over age 50.

The problem with this is that over the next 20 years you're only going to be able to get approximately \$100,000 into your retirement plan. That's just not enough to get close to what you'll need for retirement. It might be a good chunk to live on for a year but it won't last for decades.

Considering people are living longer than ever, with new life-extension medical

**Doing the math on contributions:**

**Regular IRA contributions:**  
\$6000 x 20 years = \$120,000

**QRP contributions:**  
\$56,000 x 20 years =  
\$1,120,000

That's Literally 10x more!

\* Based on single contributions

technologies on the horizon, you will need more than an IRA.

***In other words, you won't get rich with an IRA; you'll just get old.***

On the other hand, with a QRP, you can contribute \$56,000 per person, up to \$112,000 with your spouse max and even more if you're over 50. (An extra \$6,000 per person over age 50 per year can be contributed – this is the catch-up bump.)

That's more than \$1 million in contributions over the same 20 years and more than \$2 million with a spouse. Literally 10X more!

#### **#4: Lots of Investment Options**

There are, literally, millions of things that you can invest in with a QRP, including real gold and silver. Here are some of options:

- » Syndications
- » Real Estate (anywhere in the world)
- » Apartments, Multiplexes and Houses
- » U.S. Gold & Silver Bullion Coins
- » .995 Pure Gold and .999 Pure Silver Bars
- » Small Business Startups, LLCs
- » Tax Lien Certificates
- » Trust Deeds and Mortgage Notes
- » Single Family and Multi Unit Homes
- » Securities
- » CDs
- » Stocks, Bonds, Mutual Funds
- » Co-Ops
- » Commercial Property
- » Improved or Unimproved Land
- » Commodities and Futures
- » Contracts of Sale
- » Leases
- » And many more!



“The age-old idea of putting money into the stock markets and getting an 8-10% fixed reliable return without being savvy (i.e. “passive dumb income” is a dead idea), those days are over.”

– Bill Gross, PIMCO

### **Physical Possession of Gold & Silver**

For example, many people would love to have physical gold and silver in hand, but until now, there’s not been a way to buy metal and take possession of it (legally) with retirement money.

With a QRP, you’re allowed to take physical possession of the metals. Total privacy. Total control.

Anyone who says you can do this with a Self-Directed IRA should be corrected. The IRS says this is disallowed and can result in penalties up to 100% or more of your investment. That’s a penalty you’ll want to avoid!

### **#5: Flexibility to Adjust Your Contributions**

With a QRP, your contributions to the plan are totally up to you. If business is slow and you need to reduce your personal contributions, you can slow down. If business is going great, you can max out.

You’re protected from economic downturns or anything else that would make it difficult or impossible to contribute.

This flexibility is one of the reasons the QRP is so much better than other tools. For example, with cash-value life insurance, you must contribute every year or face your principal being eaten up by fees and policy costs. Not so with a QRP. It’s totally flexible to fit your life.

### **#6: Borrow Your Money Anytime**

Your QRP is like a private bank line of credit. It is always available to you. At any time, you can write yourself a check and have cash at the swipe of a pen.

You can borrow up to \$50,000 or half of your plan assets, or whichever is less.

The loan must be amortized over a period of no more than five years (except for loans that are used to buy your personal residence). You must also charge a reasonable rate of interest. Payments must be made at least every quarter in substantially equal amounts.

You can always make more frequent payments, such as monthly or weekly. It is important to remember that loan repayments are NOT plan contributions. A neat side effect of the interest you’re paying to the plan, that money will increase your account balance even more!

As an owner, you cannot deduct interest on the loan, but the plan pays no tax on the interest income either.

### **#7: Total Checkbook Control**

The QRP allows you, the owner, to choose any person you'd like to be the trustee, including **yourself**. Since the trustee is responsible for funding the investments, you suddenly find yourself in total and complete control.

As trustee of the plan, you no longer have to get approval for each and every investment you'd like to make.

No more outside custodian or trustee hovering over you (unless you want one).

When you want to invest in an eligible investment you simply write a check or send a wire.

This control means all assets of your QRP are under your sole authority, direction and discretion.

It also means you eliminate the expense and delays associated with a custodian, a common problem with most self-directed IRAs.

This enables you to act quickly when the right investment opportunity presents itself. Timing is everything.

When speed matters, you'll be glad you have the QRP ready to execute and tie up those great deals.

### **#8: One, Consolidated Account**

It can be incredibly time-consuming to manage all the different 401(k) and IRAs

that many people have floating around. It's time consuming and there's not a lot of power having money spread out.

With your QRP, you can rollover any and all investment money from your 401(k), 403b, 457, IRA and SEPs. You're allowed to transfer those funds and assets into your QRP tax-free and penalty free.

You can roll over as many accounts as you'd like and consolidate them into your QRP.

Consolidating all these funds will save you money and time managing the funds. One account. Easy!

### **#9: No Taxes for 100 Years**

The current tax code allows any owner of a QRP to leave the accounts to an heir who can decide to take distributions of the money over their entire life expectancy. This is true for deferred, (regular) and ROTH accounts.

Let's say you set up a ROTH account today, grow it for the next 40 years, and then leave it to someone who happens to be 25-years-old when you pass away. That person doesn't pay any taxes on the account, the gains or the distributions. (Assuming the account balance is less than the current estate tax exemption, which is over \$5,000,000 in 2019.)

The heir gets to grow the account, spend the money and do so for the rest of her life, with zero tax.

You've now got the power to opt out of the tax system for the next 100 years. Your children and grandchildren will thank you.

## #10: Tax Free Gains of 20, 30, 50% or More for Roth investment in Real Estate

Your QRP has a built-in ROTH option. This is a chunk of your retirement money (or all, if you want) that you pay taxes on before contributing the money. In this case, you pay the tax now and then pay zero tax on the growth and distributions forever.

Let's say you contribute \$10,000 to your QRP and pay taxes on that money today. Wouldn't it be nice to have that \$10,000 grow by 10X and then 10X again and have it be worth a million dollars? Rest assured this will never happen in the stock market.

But - what if you invest in real estate and use leverage (debt)? What if you buy a property, use your \$10,000, and take out a mortgage for the rest of the purchase price?

**Example: You buy a house for \$100,000 and use \$10,000 from your ROTH QRP, then borrow the other \$90,000. You do some repairs and sell the house for \$200,000 a couple years later. You just made 1000%. Not 10%. Not 100%. But 1000% in two years!**

Oh, and remember you used the ROTH, so all your gains are tax-free and it stays in the plan to continue growing.

Now, if you had used a self-directed IRA to buy property and used a mortgage, you'll trigger something called UDFI, Unrelated Debt-Financed Income. In the last example, you'd pay about \$35,000 in taxes if you used your IRA.

***QRP is 100X better than an IRA!***

***Remember: Any Roth contributions can always be taken out at any time tax-free and penalty free at any age.***

## Am I Eligible for a QRP?

The main qualification to have a QRP is some type of self-employment activity consulting, property management or even a lemonade stand, pretty simple!

Even if you work for a company and get a W2, you can still qualify if you have side business activity of any type.

For example, many people who are investing in real estate are qualified simply with their real estate activities.

You'll use earned income to make contributions. This is income that you're paying self-employment taxes on: Social Security and Medicare (passive income from rental property or interest is not eligible to be used as a contribution).

It's super simple to be self-employed and qualify. Think about Uber drivers, direct selling, real estate flipping and many other options. Anyone can become qualified, call us to discuss how to make this work for you!

If you have property you manage you can pay yourself a management fee and, just like that, you have self-employment income!

## When Can I Receive Distributions from My QRP?

Distribution from the QRP can be made when:

- » You reach age 59 ½ or suffer financial hardship.
- » You retire, die, become disabled or severs employment.
- » The plan ends and no other plan is established or continued.

REAL COMPARISON	IRA	Self-directed IRA	QRP
<b>Protection from Creditors</b>			
Judgment Proof?	No	No	Yes
Survives Bankruptcy?	No	No	Yes
Covered by ERISA?	No	No	Yes
<b>Borrowing Ability</b>			
Can I take a loan out against the assets in the retirement account?	No	No	Yes Up to \$50k
<b>Investment Options</b>			
Stocks/Bonds/Funds	Yes	Yes	Yes
Tax Liens	Yes	Yes	Yes
Physical Gold /Silver in hand?	No	No	Yes
Fees to hold physical gold?	Fees	Fees	None
Can I use debt to finance Real Estate & avoid UDFI?	No	No	Yes
Can I eliminate AUM fees?	No	No	Yes
<b>Control &amp; Fees &amp; Tax Credits?</b>			
Checkbook Control / No custodian?	No	No	Yes
Annual Fees based on asset values?	Big fees	Big fees	Fixed \$399/yr
Annual Maximum Contribution 2019	\$6000	\$6000	\$56,000
Income Limits?	Yes	Yes	No

## Is Anything Prohibited?

The Internal Revenue Code does not describe what a QRP can invest in, only what it cannot invest in. Prohibited transactions are listed in Code Section 4975<sup>5</sup> and are transactions between the plan and a disqualified person that are prohibited by law.

Examples of common Prohibited Transactions:

- » Selling or Buying an interest in real estate owned by the QRP to a “Disqualified Person.”
- » Purchasing real estate with QRP funds and leasing to a “Disqualified Person.”
- » Investing QRP funds in a house that is used by the QRP owner or other “Disqualified Person.”
- » Using personal funds to pay taxes and expenses related to the QRP plan real estate investment.
- » Being compensated for any services performed for or on behalf of the QRP.
- » Using your retirement funds to make a real estate investment and earning a commission personally from the purchase.
- » Making an investment using your QRP into a company or fund that will benefit the QRP participant or a “Disqualified Person” personally.

“Damion has been exceptional in helping me put together my QRP! I have comfort in knowing that I have control over my money and best of all I don't have to deal with grueling paperwork every single year!”

- Dr. Angelica Farrell,  
Business Owner &  
Investor

Thank you for reading this guide and continuing your journey to responsibility of your financial future. We wish you all the best with your financial transformation!

*This report is designed to provide general information pertaining to retirement accounts and investing. Laws and general practices vary from state to state and change constantly. Specific advice for specific situations should be obtained by the reader's own advisors. The author has taken reasonable precautions in preparing this book and believes the facts are accurate as of the date it was written. Many of the thoughts, ideas and opinions are subjective and relevant to the current environment. They could change based on any number of evolving environments, laws and geo political shifts. Neither the author nor publisher assumes any responsibility for any errors or omissions.*

*The author and publisher specifically disclaim any liability resulting from the use or application of the information contained in this book, and the information is not intended to serve as legal advice related to individual situations.*

*The author highly recommends you consult with your advisors, including your attorney and accountant, about any plans you may have or are considering and that you get their professional opinion and advice before taking any action.*

<sup>1</sup> ICI.org (2015)

<sup>2</sup> GPO.gov

<sup>3</sup> [Financial Finesse 2015 Year in Review](#) research on employee financial trends

<sup>4</sup> <https://www.dol.gov/general/topic/health-plans/erisa>

<sup>5</sup> <https://www.irafinancialgroup.com/wp/internal-revenue-code-section-4975-impact-on-the-self-directed-ira/>

2-6-19