

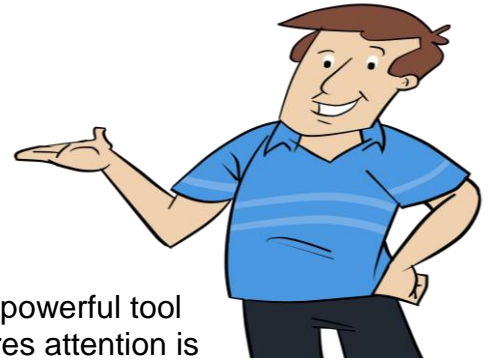


THE IRA CLUB
79 W. MONROE
SUITE 1208
CHICAGO, IL 60603-4936

312-795-0988
FAX 888-600-6997
IRA CLUB.ORG

How to Make a Contribution
or accept a Distribution when
using an IRA LLC

IRA-LLC (Checkbook IRA) **Rules for the - Flow of Funds**



A Checkbook IRA is a powerful investment tool. As with any powerful tool you want to be sure you use it carefully. One area that requires attention is the “Flow of Funds” when making a new Contribution or taking a Distribution.

Flow of Funds for Contributions (money going in):

Only your IRA account can invest capital in the LLC account. The money or assets must first be contributed or transferred to your IRA account. Then the IRA account “invests” in the LLC.

Flow of Funds for a Distribution (money coming out):

The LLC may only make distributions to your IRA Account. Then you may take a distribution from the IRA account. (This requirement is the same for all IRA types: Traditional, Roth, SEP etc)

Example: Jack has \$900 cash in his IRA account and \$28,500 cash in an IRA-LLC. Jack calls The IRA Club office telling us he would like to take a \$15,000 Distribution. Our first step is to check his IRA account where we see he does not have adequate funds to complete the distribution.

We simply ask Jack to write a check from the LLC to the IRA account. Once the funds arrive we can proceed with the IRA Distribution process from Jack’s IRA account. Jack.



Recap:

While you are the “Investment Manager” of the LLC, it is your IRA account that is the “Owner” of the LLC. All new Capital must come into the LLC from the owner and flows out through the owner.

Please contact our office with any questions.

IRA Club, 79 W. Monroe – Suite 1208, Chicago, IL 60603-4936

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