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May an IRA Invest In Life Settlements

The IRA Club accepts Life Settlements as an investment.

The use of Life Settlements as an investment opportunity for IRA owners is a growing trend.

When an IRA buys invests in a “Life Settlements” 100% of the benefit (the earnings from the Life Settlement contract) go straight to the IRA account where they enjoy the Income Free Tax Status.

The action of an IRA acquiring “existing life insurance policies” as an investment for future potential gain is similar to an IRA acquiring:

- Structured Settlements (Contracts insured by insurance companies)
- Property Tax Liens or Deeds for potential gain
- Performing or Non-Performing notes for potential gain.

Each of the above are an investment in a paper contract for the sole benefit of the IRA account and are common (Self Directed) IRA investments.

The fine print:

There is some confusion on this topic as IRC §4975 says an IRA may not invest in Insurance Contracts. However, this must be read in the context of the full Sub Section:

An IRA may not transact business that would directly benefit the IRA account owner or a Disqualified Person (Example: Benefit a spouse, ascendance & descendants of the IRA owner.)

In the case of an IRA investing in Life Settlement contracts: All the benefit goes to the IRA account.

For additional information on investing in Life Settlements in your IRA please contact the IRA Club 888-795-0988.

We hope this information is helpful.
Please note: All Investments have risk