Increase Return on Your Bank Deposits & IRA's

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Are you tired of earning less than 1/% interest on your bank CD or deposits? Or are you tired of the volatile and erratic stock market? Real inflation is over 3% so receiving 1% or less on an interest rate from a bank is only slightly better than hiding the money under the mattress.

This article will explain how you can redeploy your cash from bank deposits to buying single family rental homes in an all cash transaction or utilizing an existing IRA into a self directed IRA in real estate (single family rental homes). The cash return on at $135,000 investment would be between 6-8% annually. These home prices are generally need to be under $300,000 to make this model work. Therefore houses should be in areas like Colton, (Inland Empire) or Stanton (lower priced end of Orange County). Condo's would likely be excluded due to their $300-$400 monthly association dues.

Self Directed IRA or 401K Retirement Plans

Many of us have an IRA, 401K, Simple Plan retirement plans floundering in the stock market. Mutual Funds, bank brokerage companies such as Merrill Lynch do not want you to roll these existing plans into self directed purchases of single family rental homes as they are not capable of managing or administering real estate investments. If the roll over is properly handled there is no tax ramifications. Accredited Management Organizations (AMO) like JD Property Management, Inc. can handle the rental, rent collections, maintenance, bill paying and supply you with a monthly income statement and year end statement for your taxes and Plan Administrator.

Prohibited IRA Transactions

Cannot convert existing property into self directed IRA's

No Collectables (artwork, rugs, stamps)

You may not personally guarantee payment of loan on these properties

Any debt financing is subject to Unrelated Business Taxable Income (UBTI)

Cost must not exceed Fair Market Value

Owner or Family members cannot collect rents or pay expenses (need unrelated property management co.)

How it Works

All income from property goes into an account and expenses are paid out by property manager. At year end custodian (fee approx. $500.00) will provide IRS form. You or your real estate agent can find low priced homes to purchase. When in Escrow a direction letter will be needed for Custodian. You will need to direct the administrator to hire a management company such as JD Property Management, Inc. to collect rents, pay the bills and send to IRA. We try to group these homes into areas such as Colton, Hemet or Stanton so we can utilize area managers to better oversee these homes. JD Property Management, Inc. currently manages over 200 single family rental homes.

Synthetic IRA (Forced Retirement Savings Plan)

This is a way to save on unlimited amount of after tax funds for retirement or college for your kids or grandkids. Purchasing single family rentals where income will be partially sheltered by depreciation. No rollover problems. No forced distributions at 70 1/2 , No withdrawal penalties, No hassle of management if you use property management company such as JD Property Management, Inc. Not government sponsored or controlled. Appreciation not taxed, unless you sell and then as capital gains, can contribute an unlimited amount.

In conclusion, we are suggesting you consider taking money out of your bank CD or IRA or both, which are earning less than 1% interest rate and putting this cash into a single family rental home to get a 6-8% cash or cash return. You can also convert your existing IRA or Simple Plan into a Self Directed real estate investment. You will probably get a better cash on cash return and the possibility of future appreciation.

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