

The Beauty of Owning Your Own Traders Accounting Self-Directed 401K

My experience leads me to believe that when many of us decide to become active traders, we look in every nook and cranny we can think of to raise the capital with which to trade. One of the best areas to look is your retirement fund, and why not, it's your money. However if you are under 59 1/2 years old it is yours and the government's money, because if you take money out of any of your "qualified" retirement accounts you will be required to pay tax and a hefty penalty on the money you take out. Wait! There is a better way.

The self-directed 401K may be right for you if you are going to trade as a business. The business is the key as the self-directed 401K must be sponsored (set-up) by a legitimate business, generally either a C corporation or an LLC for the use of a trader. There are plenty of other reasons to trade in an entity, but that is for another place, another time. In order to trade out of a business, you must qualify as an "active trader". [Traders Accounting](#) offers a free consultation to ascertain if you qualify as an active trader. Once you know that you qualify as an active trader the next step is to use your accountant to figure out which entity will be the most tax efficient for you. There are many reasons to use a C corporation, and many to use an LLC to trade in, but it should be figured out properly, using a professional to understand what the best course of action is for you.

Your entity is now formed and it is time to have the business set up a Traders Accounting self-directed 401K. It is easy and only takes a couple of days to get it set up. The tax Incentives and benefits of setting up this Traders Accounting self-directed 401K are many:

- Tax Deductible profit sharing contributions
- Salary deferral
- Account consolidation (virtually all existing retirement plans can be converted into this single account.)
- Protection from creditors
- Spousal salary deferral
- Flexible Funding (contributions are discretionary and change year to year)

The best is saved for last!

- **Loan provision: you can borrow up to \$50,000 from the plan without taxes or penalties, and use the money for anything you want! You may supplement your trading account, pay for classes on trading, pay down your credit card,**

Anything You Want!

Honestly, do I need a Traders Accounting self-directed 401K?

You and I both know that we can trust that our government programs for caring for our families and ourselves in our old age will be there and will operate in full vigor. Let's face it, there are many retirees living on these programs today. Go talk to some of them. If you have a great feeling afterwards then maybe those programs should be the cornerstone for your retirement. Now back to reality. Everyone who wants to live in retirement at the level they desire should be looking at setting up a Traders Accounting self-directed 401K today.

It's a two-fold situation; 1. You can borrow from the retirement account as explained above, and/or 2. You can take your profit from trading, fund the Traders Accounting Self-directed 401k with part of the profit to build wonderful golden years for you and your family. If you trade in the 401K you will pay tax deferred, and in addition have the best asset protection for your wealth that there is. Also, when you fund the retirement account you lower the amount of both federal and state taxes you will pay on your trading profit.

But I want money in my trading account

- Long-term borrowing from your IRA is prohibited, so you must take distributions to get any money out of it, and if you are younger than 59 1/2 you will be paying a large penalty as well as taxes to get it out.
- If you are like me you have a bunch of small IRA's from past years. Consolidating these IRA's into your new Traders Accounting self-directed 401K will put all of the money together for you to use.
- As soon as you have your Traders Accounting self-directed 401K set up you can open a brokerage account in the 401K and trade in it tax deferred. Heck if you want you can even set up a ROTH Traders Accounting self-directed 401K and never pay taxes on the money you are going to earn trading.
- As soon as it is set up you can (with your Trader Accounting coach) take your loan, creating the proper paperwork as you go. At this point you can use it in your business trading account. Remember, I have always been told it is easier to trade with more money than it is with less!
- The Traders Accounting self-directed 401K is more than just a good tool to borrow money. It also lets you control the investments within your 401K, because you become the custodian. **You make all of the investing decisions, not some faceless person who is more worried about their income than they are about yours.**
- It will also let you contribute more towards your retirement from your trading gains, setting a path toward a comfortable retirement for you and your family. You can make tax-deductible contributions to this plan at levels more generous than other retirement plans. This in turns help you lower the taxes you will pay on your trading profits.

"Anyone may arrange his affairs so that his taxes shall be as low as possible; he is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase the amount of taxes one pays. Over and over again the Courts have said that there is nothing sinister in so arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands." ---Judge Learned Hand (Gregory v. Helvering, 69F2d 809,810 (2nd Cir. 1934)

For more information on your Traders Accounting self-directed 401K, give us a call at 800.938-9513 ext 215 or visit our website at www.tradersaccounting.com.