

PRECIOUS METALS **IRA GUIDE**

**DEPOSITORY
STORAGE**

VS

**PHYSICAL
POSSESSION**



EXCHANGE

TAKE CONTROL OF YOUR FINANCIAL FUTURE

In today's marketplace, IRA and 401k rollovers into physical precious metals have become a common retirement solution.

As we observe government debt climb to **unpayable levels** and witness the world come unglued versus the U.S. dollar, investors are seeking alternative strategies to protect their assets.

GSI supports this privatization of wealth revolution. However, moving your assets hastily in the middle of a **panic** is never a sound idea.

To assist you in making an educated decision, we have produced this informative report aimed at assisting new and experienced precious metals IRA investors.

There are a wide variety of IRA options. There are also many custodians with different opinions on the types of precious metals you should buy, how to store them and even the maximum amount that you should invest in precious metals.

With a combined experience of **over 75 years in the precious metals industry**, GSI's team is ready and eager to provide you with accurate answers to keep your Retirement Plan on the right track to help you take control of your financial future.



TWO WAYS TO STORE YOUR PRECIOUS METALS

Now that you have considered rolling a portion or all of your IRA into physical metals, there are a few decisions that need to be made in order to determine your next steps.

Before you move your retirement savings, you want to decide **how** to store your precious metals - with or without your custodian.

OPTION A

Vaulted Storage IRA

Purchase and store precious metals in a depository through your IRA Custodian.



OPTION B

Physical Possession IRA

Create an LLC company, open a bank account for the LLC, register with a depository and then purchase, take delivery and store precious metals privately.



Option A

Having your metals with a custodian definitely has its advantages. The greatest benefit of vaulted IRAs is that you are hands off of the metal and **free from any liabilities** that go along with storing your precious metals.

Security, storage fees and insurance are all included within the IRA structure. Therefore, you have no annual reporting requirements or **additional fees** aside from your custodian's annual fees which are covered by GSI Exchange for up to two years.

TWO WAYS TO STORE YOUR PRECIOUS METALS

Option B

Taking physical possession of your precious metals has benefits that greatly differ from stored IRAs.

First, physical possession gives you **the freedom to move your metals** without contacting your custodians for approval, a luxury our clients find most appealing about this option.

However, along with this luxury, comes a lot more responsibility.

The additional responsibilities include security costs, storage fees, insurance premiums, LLC creation costs and annual reporting of your IRA's holdings to your passive custodian.

All of these on-going fees/duties are a **standard part** of your new IRA maintenance costs and should be shared with your tax professional to ensure that you leverage the corresponding deductions.

GSI Exchange will **reimburse all of the set up costs** for qualifying Physical Possession IRA transfers.



OPTION A - VAULTED STORAGE

Step by Step Setup



Step 1: **Select and Open a Custodian Account**

Without the presence of a LLC, the IRS code requires that you keep your Precious Metals IRA in a **custodian account**. GSI Exchange works with all IRA custodians who offer Precious Metals IRAs.

Step 2: **Fund The Account**

To fund your IRA, you must take combinations, transfers and/or rollovers from existing retirement plans. **A minimum investment of \$5,000** is required to start your IRA and to invest in precious metals through GSI Exchange.

Step 3: **Select Precious Metals for your IRA**

Once your account is funded, your GSI Exchange representative will help you purchase products for your IRA. We will facilitate the purchase of precious metals and will serve as your designated precious metals dealer. Your representative will educate you on the proper investment products and provide necessary advice before choosing IRA allowable precious metals.

Step 4: **Complete the Transaction**

The Custodian will provide payment to GSI Exchange from your account and GSI Exchange will ship your physical precious metals to a depository.

OPTION B - PHYSICAL POSSESSION

Step by Step Setup



Step 1: Establish Account

We assist you in establishing a new self-directed IRA with one of our affiliated self-directed IRA custodians.

Step 2: Rollover

You direct the transfer of some, or all of your retirement funds from your existing IRA, 401 K, or other retirement account to your new IRA. We guide you through this process, but we never have access to your account or your funds.

Step 3: IRA LLC

We establish a new Limited Liability Company (LLC) for your IRA through one of our affiliates for a negotiated cost. The LLC will serve as your IRA's self-directed investing platform. We customize each LLC to conform to all of the rules and regulations governing self-directed IRA LLC's and appoint you as its manager, authorized to make all investment decisions.

OPTION B - PHYSICAL POSSESSION

Step by Step Setup

Step 4: Funding

The next step is to capitalize the LLC. We instruct the IRA custodian to invest your IRA into the LLC - by trading all of the membership units (similar to stock) of the LLC for the cash in your IRA. Your self-directed IRA is now the owner of the LLC.

Step 5: Checking Account

Prior to receiving capitalization from the IRA custodians, you will open a checking account in the LLC's name. Go to any bank of your choice to open the account, provide your custodian with the account information and receive a capitalization wire.

Step 6: Investing

You can begin investing your IRA funds directly into IRA approved precious metals by simply doing a bank wire.

TOP 3 ADVANTAGES OF A PRECIOUS METALS IRA

1. Safeguard Against The Volatile Stock Market

Because they rely on a time tested currency, precious metals IRAs double as a shield that safeguards investors' holdings independently of the stock market.

2. Protection Against The Declining US Dollar

Unlike the US dollar, Gold has gone up in value over tenfold in the past fifteen years. Since Gold is IRA approved, it is the best solution for savvy investors whose holdings are secured in precious metals IRAs.

3. Diversification

Unlike conventional IRAs and employer-sponsored 401(k)s, precious metals IRAs make it possible for investors to diversify their holdings, maximizing growth potential as the demands for Gold and Silver continue to rise.

7

HOME STORAGE IRA MISTAKES

MISTAKE #1: STORING ANYTHING OTHER THAN AMERICAN EAGLES

IRA regulations state very clearly that American Eagles are the **only metals** that can be held by the LLC manager. Many companies tend to blur these lines to sell readily accessible coins to unsuspecting clients, while indemnifying themselves of liability through lengthy agreements. If you choose to store anything other than American Eagles with your physical possession IRA, GSI Exchange recommends that you have an established relationship with a regulated trust company to stay within the guidelines of your IRA LLC.

MISTAKE #2: TAKING ADVICE FROM A NOVICE

When you are new to precious metals, it is important to confide in an experienced advisor. You should ask basic questions like “What’s the first year of issuance on a Morgan Dollar? (1878)”, to make sure that your dealer knows his field. Working with an inexperienced advisor, could lead to a poor entry and exit strategy for your physical possession IRA. Moreover, placing metals that do not meet IRS Guidelines in an IRA can have **major consequences**.

MISTAKE #3: MISUNDERSTANDING PREMIUMS

The value that you pay over spot price for Gold or Silver is called “Premium”. When you buy an American Eagle, Canadian Maple Leaf or similar IRA acceptable bullion coins, you should expect to pay 4% above spot price for Gold and 15% for Silver. These common bullion coins do not typically liquidate for more than spot price when you choose to sell. To profit from your acquisition, you must understand both sides of your transaction and how the purchasing and selling prices relate to spot.

MISTAKE #4: WORRISOME AFTER IRA IS TRANSFERRED

Having a large sum of money suddenly put under your control, can trigger feelings of fear and uncertainty. You have worked your entire life to save your retirement money, so emotional attachment is understandable. However, once your IRA LLC checking account is capitalized, remember the fundamental reasons for your actions in the first place. As the saying goes, “Don’t wait to buy Gold & Silver, buy Gold & Silver and wait.” The global market can swiftly change and premiums for physical metals can double in minutes. Buy your metals while you can and plan on holding long term.

MISTAKE #5: BUYING PRECIOUS METALS FROM ONLINE CLASSIFIEDS

Buying from sources such as eBay, Craigslist and Etsy can be cost-effective, but you must be sure that you are dealing with a **reputable dealer**. As a rule, IRAs must have uncirculated, top-quality coins placed in their possession. Anyone can put up nice pictures of the coins online, but when your product arrives, it might not match your expectations. Even worse, you may never receive the products that you purchased.

MISTAKE #6: STICKING TO "THE CHEAPEST OVER SPOT"

Bullion bars and coins typically do not have any added value above what Wall Street says a melt ounce of their respective metal is worth. If you diversify and purchase limited strike coins that are not being produced to match public demand, your coins have both an intrinsic melt value, **plus a collector's value**. Some limited strike coins can jump in value three times faster than spot, giving your IRA potential leveraged upside in bull markets and mitigated risk in bear markets.

MISTAKE #7: BUYING COINS SIGHT-UNSEEN

Sight-unseen is when you make an offer to purchase a coin at a certain price without seeing the item. Sight-unseen coins that have not been graded by a 3rd party, such as PCGS or NGC, are typically frowned upon in the industry. This is because you never know what you will receive. Although sight-unseen bids are common, you must know how to inspect coins because 3rd party graded coins are not IRA acceptable assets. The value of a coin is highly dependent upon its condition, so your inspection must adhere to the current grading standards. The added value of a sight-seen coin can be exponentially higher than a sight-unseen coin. A good example is the Silver Proof American Eagle which would receive 10% more for a sight-seen coin vs. a sight-unseen coin upon liquidation.

Avoiding the 7 mistakes cited above and choosing GSI Exchange as your IRA partner, is a **surefire strategy** that guarantees maximum return on investment and ensures optimal growth potential for your precious metals IRA.



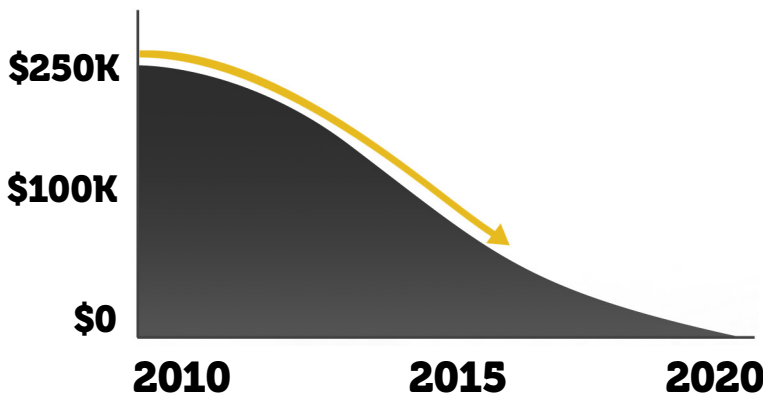
ARE YOU **PREPARED** FOR **RETIREMENT**?



51% OF AMERICANS ARE **NOT** SAVING FOR THEIR RETIREMENT

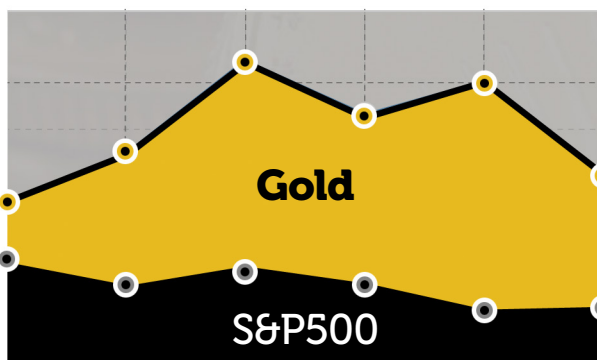
According to research studies, about 51 % of Americans say that they aren't doing enough in order to prepare for their retirement. When the 2008 financial crises wiped out retirement accounts throughout the country, the collective investor thought process started to change. Stocks, bonds and mutual funds were no longer enough for diversifying one's portfolio in a world where such **huge systemic risks** now exist.

✓ INVESTORS WILL BE **EXPOSED** BY **TRADITIONAL** RETIREMENT PLANS



According to the Wall Street Journal, the average person between 60 and 62 years of age with a 401k account, does not have enough to maintain their standard of living. In fact, they only have **less than a quarter of what is required**. It is likely that the decline of the US dollar will cause over 67% of retired Americans to run out of money by 2020.

✓ DECLINE IN THE **PURCHASING POWER OF US DOLLAR**



Some say that "cash is king." However, the fact is that long term, investors who rely on cash alone will be left **exposed**. Over the last forty years, the US dollar has lost more than 80 percent of its purchasing power in spite of the huge money printing efforts of the Federal Reserve. Many investors now realize that leaving their money in dollar denominated assets is as destructive as throwing it in the fire. Even those who saved a S&P 500 lot for their retirement now face the reality that, if their needs increased and the value of the dollar suddenly slid, their cash based savings would become **worthless**.

TIME TESTED, PROVEN WAYS TO **PREPARE** FOR RETIREMENT

✓ PRECIOUS METALS IRA - **PHYSICAL OWNERSHIP**

Whether you choose to hold Gold or Silver in your IRA, **you own those metals outright.** You do not simply own a piece of paper. You own physical metals. The value of those metals is not dependent on any company (or bank) avoiding bankruptcy. There is **no need** for you to hire an expert broker in order to buy or sell your precious metals. You can have your precious metals shipped to you physically, when the time for distribution comes. Of course, anyone can diversify their investments through the purchase of stocks or Gold ETFs through their IRA funds. However, experts agree that there is **no substitute** for the real thing in the way of a stored or physical possession precious metals IRA.



**DIVERSIFICATION
STRATEGY**

■ **AT LEAST 10-30% PRECIOUS METALS**

GSI Exchange recommends that savvy investors should invest **a minimum of 10% to 30%** of their liquid net worth in precious metals. The key to smart investing is diversification. No one should ever put all of their eggs in one basket. Although there are many advantages involved with the ownership of precious metals, at GSI Exchange we recommend that you consult your financial advisor or tax professional before making changes to your retirement plan.



THE **UNIQUE** BENEFITS OF A **PRECIOUS METALS IRA**

Due to volatility in the stock market and the decline of the US dollar, precious metals IRAs have become **the best solution** for investors to achieve diversity and grow their portfolio independently of the worldwide economic uncertainty.

Precious metals IRAs provide:

- **Wealth protection**
- **Wealth accumulation**
- **Portfolio diversification**
- **Hedge against corrupt governments, big business and economic/currency collapse.**

A Precious Metals IRA is essentially a Self-Directed IRA. You can invest in your choice of IRA-approved products, including Gold and Silver coins and bars.

GSI Exchange specialists are available to help you diversify your assets into a precious metals portfolio. Any profits from the sales of your investments can be tax deferred, just like any profits from any IRA, as long as you keep the proceeds from your sale with your custodian for reinvestment or transfer the proceeds to another IRA account.



PRECIOUS METALS IRA

FREQUENTLY ASKED QUESTIONS

Q: Can I have more than one IRA?

A: Yes. An investor may have multiple IRAs. However, no matter how many you have, your total annual contribution limits remain the same.

Q: Can I transfer money from an existing IRA account to fund my Precious Metal IRA, without incurring any tax penalties?

A: Yes. If you have an existing IRA or 401(k), you can transfer any amount in to a new precious metals IRA with no tax penalties.

Q: What types of IRAs are eligible to transfer or roll over?

A: All IRAs (Traditional IRA, Roth IRA, SEP IRA, SIMPLE IRA, Solo) are eligible for direct roll over. Ask your IRA custodian for details or limitations.

Q: Can I open a new IRA with a contribution?

A: Yes, you can open a new IRA with a contribution, and your annual contribution limit remains the same.

Q: Does GSI Exchange have a minimum dollar amount for an IRA purchase?

A: Yes, the minimum purchase amount from GSI Exchange for an IRA is \$5,000 (USD).

Q: What is the difference between investing in a Precious Metal IRA and owning a Precious Metal ETF?

A: ETFs, or exchange traded funds are most popular with traders and investors who need to quickly move in and out of markets. Physical metals are favored by those who buy and hold. If you own physical metal, you always have the option of taking physical possession of the actual metal, while an ETF is a paper instrument with counter-party risks.

Q: Should I take physical possession of my IRA metals?

A: Most IRA metals are stored at third party depositories. GSI Exchange recommends consulting a tax professional, since each individual has a unique financial situation. This will determine the answer to this question. Precious metals IRAs, just like traditional IRAs, may trigger various tax actions or offer specific tax advantages based on your age, the value of your account and the duration of your holdings.

OUR PRECIOUS METALS IRA AFFILIATES

The custodians listed below have working relationships with GSI Exchange and offer top notch services that we value as **the most trusted in the industry.**

VAULTED STORAGE IRA CUSTODIANS



Equity Institutional

P.O. Box 451159
Westlake, OH 44145
Toll Free: 800.955.3434
Fax: 440.366.3750
www.equityinstitutional.com



Goldstar Trust Company

P.O. Box 719
Canyon, TX 79015
Toll Free: 800.486.6888
Fax: 806.655.2530
www.goldstartrust.com



The Entrust Group

555 12th Street #1250
Oakland, CA 94607
Toll Free: 877.545.0544
Fax: 775.850.9118
www.entrustgoldira.com



Kingdom Trust Company

Sioux Falls, SD
Chicago, IL
Murray, KY
Toll Free: 888.753.6972
Fax: 270.226.1001
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— A RETIREMENT GUARDIAN —
Guarding Your Finances, Family and Future

Check Book IRA, LLC

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