

PENSCO Trust's QuickBooks Blog

PENSCO Trust is proud to announce a new alliance with Intuit, (makers of financial accounting software (e.g., QuickBooks and many other programs). PENSCO Trust and Intuit's QuickBooks have forged a strategic alliance that connects small business owners with Tom Anderson, PENSCO Trust's CEO and President. Although many small business owners are focused on growing their business, they still want to learn more about planning for their retirement. New pension plans such as the Solo(k) are specifically beneficial for the sole proprietor. Tom is now blogging on these important topics in the QuickBooks online community. If you are a small business owner or you know someone that may be interested in learning more, visit Tom's blog on the QuickBooks web-site, www.quickbooksgroups.com and enter 'PENSCO' under search.



A word about Intuit: What began as small business accounting with QuickBooks® software is now a more comprehensive set of seamless services that go beyond accounting to help small businesses manage other aspects of their operation. Founded in 1983, Intuit had annual revenue of more than \$2 billion in its fiscal year 2005.

Solo(k) Product Launched!

Check out the new Solo(k) for sole practitioners! Sole practitioners need to consider planning for their retirement like everyone else. Now they have the advantage with the advent of the new Solo(k), effective January 6, 2006 and now available through PENSCO Trust. Learn the facts about the features of the Solo(k) and how you can build your retirement nest egg.



The new Solo(k) does for sole practitioners what the Roth IRA cannot. If you (and, optionally your spouse), are the proprietors of a business or sole practitioners you can establish a Solo(k) to fund your retirement. Each of you will be eligible to fund up to \$44,000 each year (or \$49,000 if you are over 50), based on your income or the income of your business. Of the maximum \$44 or \$49 thousand, \$20,000 (\$15,000 if under 50) can be made after tax to the Roth component. What's the big deal? Well for starters, that's 3 or 4 (if over 50) times the amount that you can contribute to a Roth IRA. Of course, you can also contribute to the Roth IRA, if eligible (based on your income) in the same year, further increasing your savings. But if you are single person earning more than \$110,000 per year AGI, you cannot contribute to the Roth IRA. Nor can you take a loan from a Roth IRA or buy life insurance. With the Solo(k), however, you can buy life insurance, take a personal loan, and even use leverage (e.g., when buying real estate with a mortgage) without paying

any tax on the income generated by the debt-financed portion of the investment. Furthermore, there is no income limit on the roth contributions! So now you can put up to \$20,000 away to grow take free for the rest of your life and those of your heirs through a Solo(K), in addition to adding a maximum of \$29,000 in tax deferred contributions. Be sure to learn more about the Solo(k) at www.penscotrust.com by listening to a one hour webinar on this topic, reading our FAQ, and more..

PENSCO Trust's New eStatement Has Arrived!



Go paperless, and

- Receive your statements sooner
- View up to four quarterly statements at a time
- Print your own hard copies whenever you want
- Save a tree or two
- Eliminate unnecessary 'junk' mail

We are temporarily making eStatements for September 30th available to everyone as a 'sneak preview'. Please log in to your account online and take a look!

To continue receiving future eStatements, simply go to the new "Client Center" and choose "Yes, I would like to activate eStatements (which will allow me to view my statements online) and discontinue receiving printed paper statements in the mail."



Tom's Column

Q. I am considering making contributions to the Roth component of my company's Solo(k). Is there any conflict with depositing in this Solo(k) for 2006 if I have already deposited in my Roth IRA for 2006?

A. No, you can make both a Roth IRA contribution, assuming you are eligible in terms of the income limits, as well as a Roth-style Solo(k) contribution in the same year. The contributions rules associated with IRAs and pension plans are mutually exclusive.

Q. For someone planning to purchase a retirement property in an IRA now, and later take distributions of it after age 59.5, are there any "hidden" issues to be concerned about (i.e. with the IRS)?

A. If you are having the IRA purchase it now as an investment, and will simply be taking out 'paper' (or "in-kind") distributions of it in pieces, paying income tax on the fair market value of each re-registered ownership interest or fractional piece being distributed, you should be just fine. One thing you want to be aware of, is that all of the prohibited transaction rules (i.e., don't make personal use the property) still apply until you have distributed 100% of the property.

Share Your Investment Success Story

If you have an investment story you would like to share with our readers, please send your story to robyn.levin@pensco.com to be featured in an upcoming newsletter.

In the News!

In a recent article in the San Francisco Chronicle, the author noted "Still, after being burned by the stock market one too many times, some investors cleave to the idea of long-term real estate investing—even in a down market." "Now it's a buyer's market," said David Luchsinger, a telecommunications analyst who turned around his retirement with a real estate IRA after seeing much of his savings disappear into stocks like Enron. "I'll make money either way."



To read the whole article, go to www.sfgate.com and search under 'PENSCO.' The article is called "Using your IRA to invest in real estate? Get expert advice" by Carol Lloyd, 09/08/06.

Pension Protection Act

On August 3, 2006, the United States Senate passed the Pension Protection Act of 2006 that will have many benefits for those with pension plans and IRAs.

Among the list of benefits are the following:

- Ability to roll out of a pension plan (e.g., a 401(k)) directly to a Roth IRA;
- Extending the increased contribution limits for IRA and pension plans beyond the previous 2010 sunset deadline;
- Rollovers of employer plan distributions to non-spouse beneficiary IRAs;
- Tax-free IRA withdrawals for charitable purposes;
- Direct payment of tax refunds to IRAs;
- Penalty-free withdrawals for police, firefighters, reservists called to duty, and other public safety employees;
- Increased IRA contribution limits in certain bankruptcy situations.

Our government is continuing to respond to consumer demand for more improvements to the retirement system, and the passage of this bill just underlines that thinking. This is good news for all Americans! As more details emerge, PENSCO Trust will be providing free education on the new Bill and its significance. Check our website at www.penscotrust.com for notices regarding these updates.

FREE EVENT FOR PROFESSIONALS MINI-SYMPOSIUM SERIES

We are hosting a series of 1-day advanced training sessions for professionals who want to learn more about self-directed IRAs. Learn from the leaders in the industry how to capitalize on this emerging market.

Learn about self-directed IRAs including:

- How to avoid prohibited transactions, including enabling and self-dealing
- How to use land trusts as an asset protection tool
- How to invest your IRA into real estate using LLCs
- Effective low-cost marketing strategies for incorporating self-directed IRAs into your practice
- Leveraging an IRA using non-recourse loans
- 1031 exchanges and more

This is a chance for professionals to jumpstart their education, network with other savvy professionals, and build their own team, right at the event. The training session is FREE, as PENSCO Trust prides itself on being the knowledge leader in this industry. **For more information and to register go to:** penscotrust.com/symposium/mini_symposium.asp