

# Three Advanced IRA Strategies Aren't Used Enough

2/01/2023 Ahwatukee Foothills News by Dr. Harold Wong

There are three advanced IRA strategies that are rarely used. The Roth IRA allows tax-free income from your investments. The Multi-Generational IRA can double income for your heirs. The Self-Directed IRA allows you to invest in alternatives (such as direct real estate, equipment leasing, and private lending) to Wall Street investments.

**Ticking Tax Time Bomb:** For 30 years, you contribute \$10,000/year to an IRA or 401(k). You are lucky and it grows to \$1 million by age 63. You are in a 25% tax bracket and the \$300,000 total deductions saves you \$75,000 in taxes. The entire \$1 million is taxable as ordinary income when you pull it out to spend in retirement. You got no benefit of a lower long-term capital gains tax rate if your stock market investments grew from the \$300,000 contributed to the \$1 million at retirement.

You don't need the money at age 63 and it doubles to \$2 million at age 73. If you and your spouse both passed away that year the \$2 million would go to your kids and adds to their normal taxable income. At a 40% tax rate, that's \$800,000 of taxes vs. the \$75,000 you saved. The government wins big-time!

**The only solution is a Roth IRA Conversion!** By converting the \$1 million at age 63 to a Roth IRA, you get two major benefits. All future earnings are tax-free for your life; your spouse's life; and the first 10 years your kids inherit the Roth IRA. There are NO Required Minimum Distributions (RMDs), which start at age 73 for folks who reach that age this year.

However, only 2% of the folks I've met have \$30,000 or more in Roth IRA funds. The reason is they can't stand the pain of paying tax on a \$500,000 Roth IRA Conversion, which creates \$500,000 of taxable income that year. **What if there was a strategy that allows you to do large Roth IRA Conversions without paying any federal income tax? Why stay in forever-taxed traditional IRAs and 401ks instead of never-taxed Roth IRAs?**

**The Multi-Generational IRA used to allow your IRA to grow for three generations!** However, the SECURE Act took effect on 1/01/2020 and limited delayed distributions of your IRA, after your death, to a maximum of 10 years to your heirs such as kids. However, that 10-year delay is enough to double the IRA if your investments do well. In reality, most kids take your IRA funds right after the parents dies and are not aware of their options.

**The Self-Directed IRA:** allows access to alternative investments such as direct real estate, equipment leasing, and private lending instead of Wall Street stocks, bonds, and mutual funds.

These alternatives can generate a 7-10% or more annual cash flow, which is at least three times what bank CDs, bonds, and stock dividends pay. **Ask yourself: would life be better if I had \$20,000 to \$100,000+ more annual retirement income?** This strategy is rarely utilized because there are few trustees that allow a true self-directed IRA.

**Attend my Free Live Seminar and Supper: Saturday, 2/25/2023 at Hyatt Place,** 3535 W. Chandler Blvd. Chandler, AZ 85226. The seminar is 10 am-12 noon, followed by a Free Catered lunch. **Topic is “Secrets of Roth, Multi-Generational, and Self-Directed IRAs!”**

**Free Tour/Workshop at Solar Reefer (Refrigeration) Factory: Saturday, 3/04/2023 9am–12 noon. Topic is “How Solar Reefers can Reduce Taxes to \$0 and earn a steady 10-14%!” Lots of tasty refreshments served!**

Location is at Advanced Energy Machines: 4245 E. Norcroft Street, Mesa, AZ 85215, ¼ mile SW of McDowell & Greenfield Roads.

To RSVP for the seminars or schedule a free consultation, please contact Dr. Harold Wong at (480) 706-0177 or [harold\\_wong@hotmail.com](mailto:harold_wong@hotmail.com). His website is [www.drharoldwong.com](http://www.drharoldwong.com).

Dr. Wong earned his Ph.D. in Economics at University of California/Berkeley and has appeared on over 400 TV/radio programs.