



SPECIAL
REAL ESTATE
SECTION INSIDE!

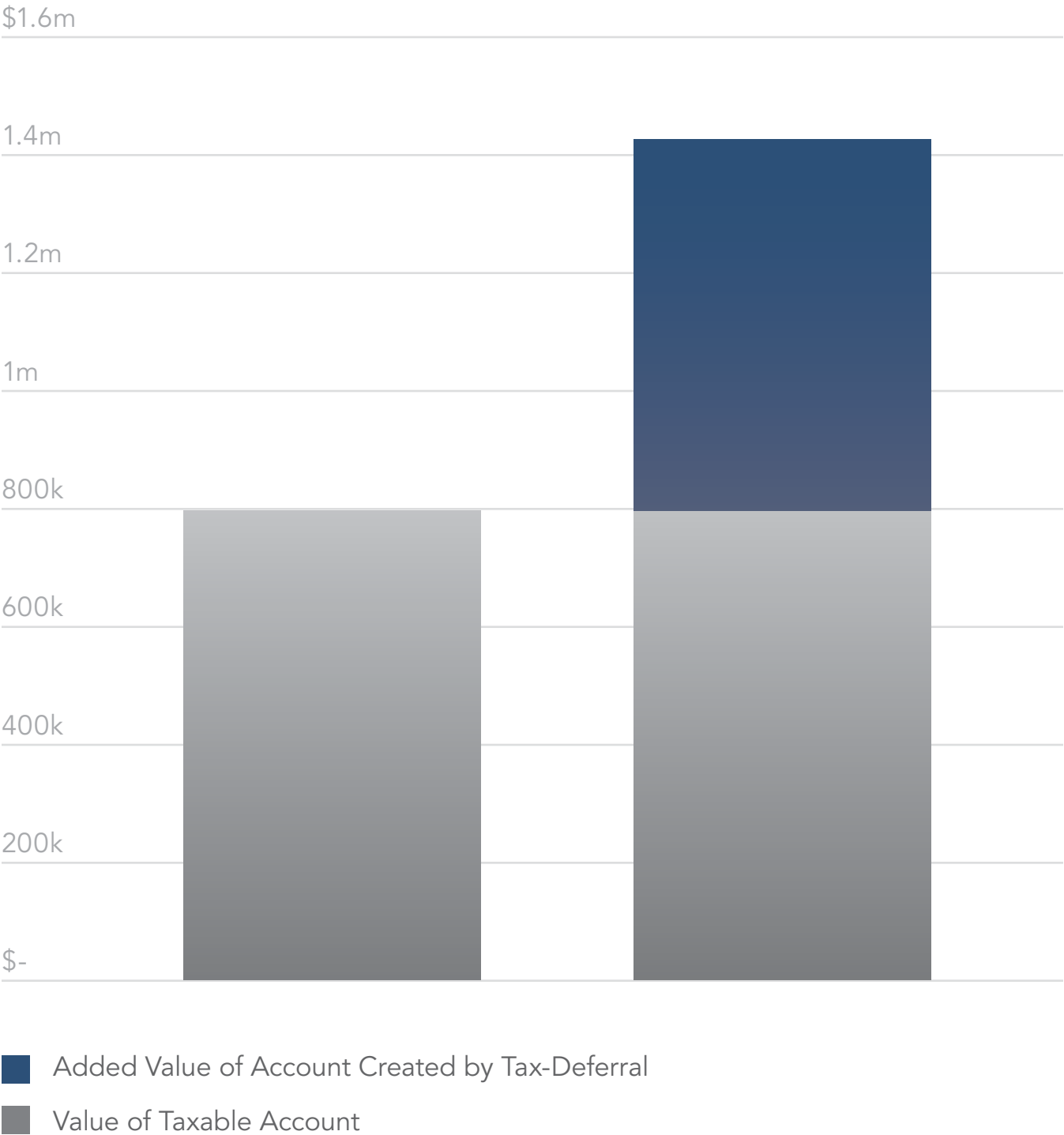
SELF DIRECTED SELF-MADE SUCCESS





Whether you're just starting out on a voyage to achieve financial freedom, or you are already on your way, this booklet is for you. As you embark on this journey, you'll find that financial freedom comes down to a basic principle: you must take control of your financial future. Now this can, and usually means a different thing for every person. But knowing your options for **YOUR** money and or making sure someone (i.e. an advisor) is really looking after your funds is essential. I can tell you from much experience that no one cares more about your money then you do. Don't ever forget that. So make sure you treat your financial future and freedom that way. Taking control of part or all of your IRA (qualified) money is what you must do.

TAX-DEFERRAL CREATES SIGNIFICANT BENEFITS



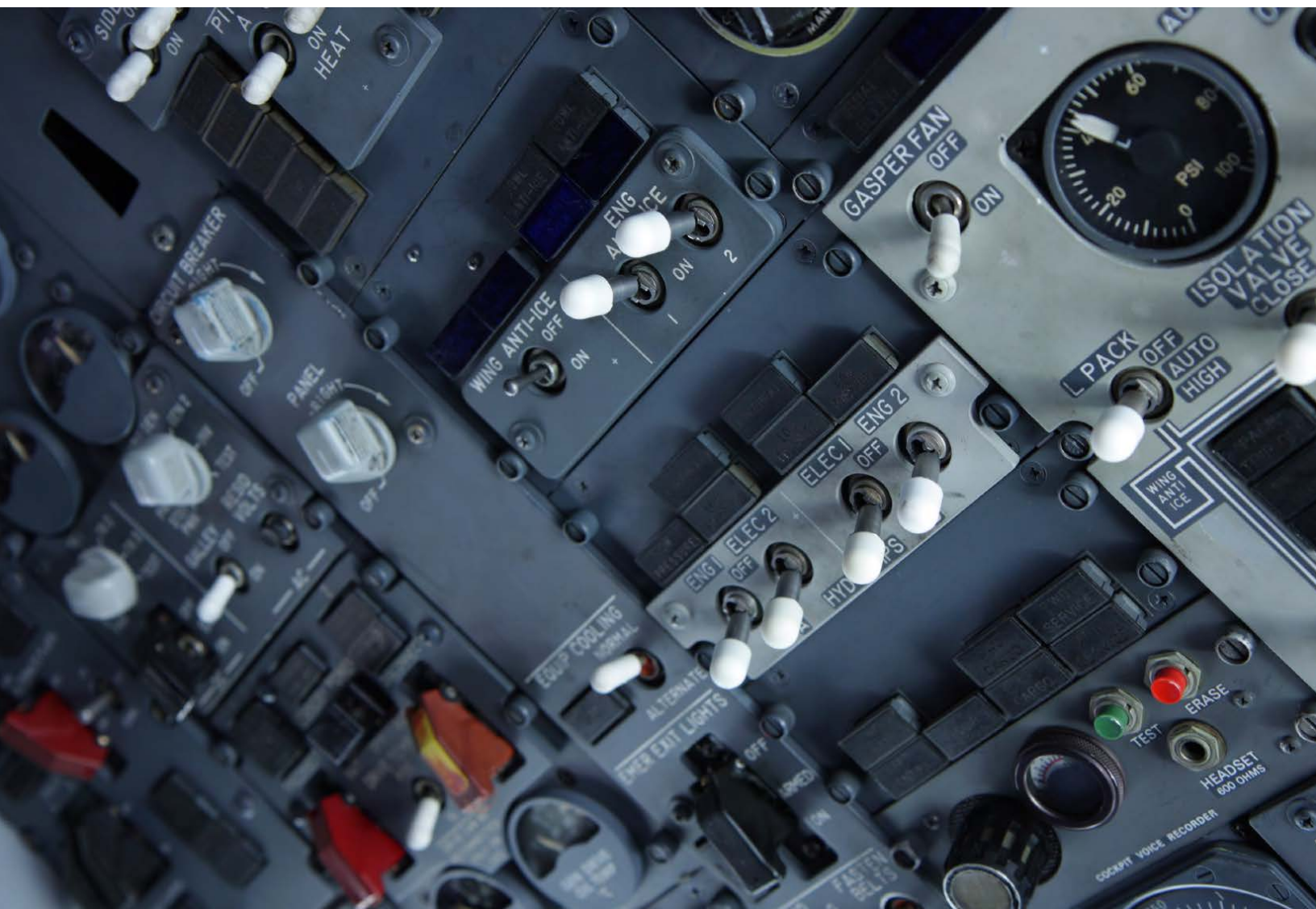
ASSUMES: *\$100,000 initial investment, 8% per year pre-tax return on investments, a 20-year investment time horizon and 35% combined Federal and State Income taxes.*

In life, the difference between happiness and distress, and a good outcome or a bad outcome is often due to an error of only a few degrees. In 1979 a large jet with 257 passengers on board left New Zealand for a sightseeing flight to Antarctica and back. Before takeoff someone had modified the flight coordinates by a mere two degrees, without the pilot's knowledge. This error placed the aircraft 28 miles to the east of where the pilots assumed they were. Once the aircraft was approaching Antarctica, the pilots started to descend to a lower altitude to give the passengers a better look at the landscape. Although both pilots were experienced fliers, neither one of them had made this particular

trip to Antarctica before. They had no way of knowing that the incorrect coordinates placed them directly in the path of Mount Erebus, which is an active volcano that rises from the frozen landscape to a height of more than 12,000 feet. The white of the snow and ice covering the volcano blended with the white of the clouds above, making it appear as though they were flying over flat ground. When the instruments started going off to warn the pilots that the ground was rising fast toward them, it was too late. The airplane crashed into the side of the volcano, killing everyone on board. This was a terrible tragedy brought on by a minor error, a matter of only a few degrees. (*Marcel, Arthur*)



When the instruments started going off to warn the pilots that the ground was rising fast toward them, it was too late.



Don't wait until the instruments are going off. By that time, it is too late. Evaluate things now and make sure that your gauges are set correctly.



Let me start off by saying I am not an advisor, but an educated friend. While successfully planning for your retirement through investments such as an IRA is not a matter of life or death, it can often be the difference between enjoying or struggling through your retirement years, as well as having that additional cash for whenever you need it.

Greg Herlean has spent the last ten years focused on growth opportunities and wealth accumulation through real estate vehicles. His aptitude for business has afforded him the opportunity to provide management direction, capital restructuring, investment research analysis, business projection analysis and capital acquisition services. He has personally managed over \$500 million in real estate transactions. When he founded Horizon Trust, a New Mexico based custodial company, Greg took his mission of educating Americans on the power of self directed accounts to new heights.

At Horizon Trust, his experience and in-depth knowledge of SDIRA industry market dynamics are frequently leveraged and employed. Moreover, it allows Greg to educate and empower self directed investors each and every day. Greg is also a sought after platform speaker on the topics of estate planning, capital development and investment growth through use of self directed IRA vehicles.



WHAT YOUR ADVISOR FORGETS TO TELL YOU

I am going to teach you about a subject you have never heard about, and specifically never heard about from your advisor. It is called self-directing. Self-directing is when you fund your IRA solely by yourself. It is not an option offered by employers. When you self-direct you are able to keep your funds in tax deferral programs that IRAs are known for, but you have control of your retirement. Most advisors will not

support your decision to self-direct. Why you ask?! You could guess it. Money! They don't make money when they are not managing your money. Have you noticed that advisors make money regardless of you making or losing money? An advisors common response to one saying that they want to self-direct part of their funds is "you shouldn't do this because you don't know what you're doing". Though in

some circumstances this may be true but if you truly understand self-directing this will not be the case. Have you ever read your prospectus with your financial group or advisor? If you do, you will find that you are paying a lot more than you thought every year. A typical customer on average is paying between 1.5-5 percent per year on your account value. When self-directing you

may do this by not paying attention to where your money is currently. You may be off by overpaying every year on your account fees. You may be doing this by spending more time on thinking about all of your vacations but none on your future. You must first identify the issue and become knowledgeable about your options and how to self-direct. (The remainder of this section will explain

“When self-directing ...YOU are not only choosing your investments but you understand what your money is in.”

still pay a fee but it is normally about a quarter of that every year and YOU are not only choosing your investments but you understand what your money is in. Now take a deep breath. This is very important, I am by no means saying that you must self-direct and move all of your money from them. But I will tell you, by just changing a part of what you invest in and allocate some of your retirement funds in what YOU know will make a huge difference. It's a matter of two degrees. Do not let your coordinates be off by two degrees. You

what self-directing is and how to do it) then you must make priorities (or have goals) on what you plan to accomplish, by when, and then work on them at least once a month. You may be thinking once a month. That's all! I will tell you over 90 percent of you spend more time planning your next vacation than your financial freedom which should be a vacation. And I also guarantee you that being aware of your IRA funds just once a month will profit you 10 times more than you are currently making.



WHAT YOUR ADVISOR **WILL NOT** TELL YOU

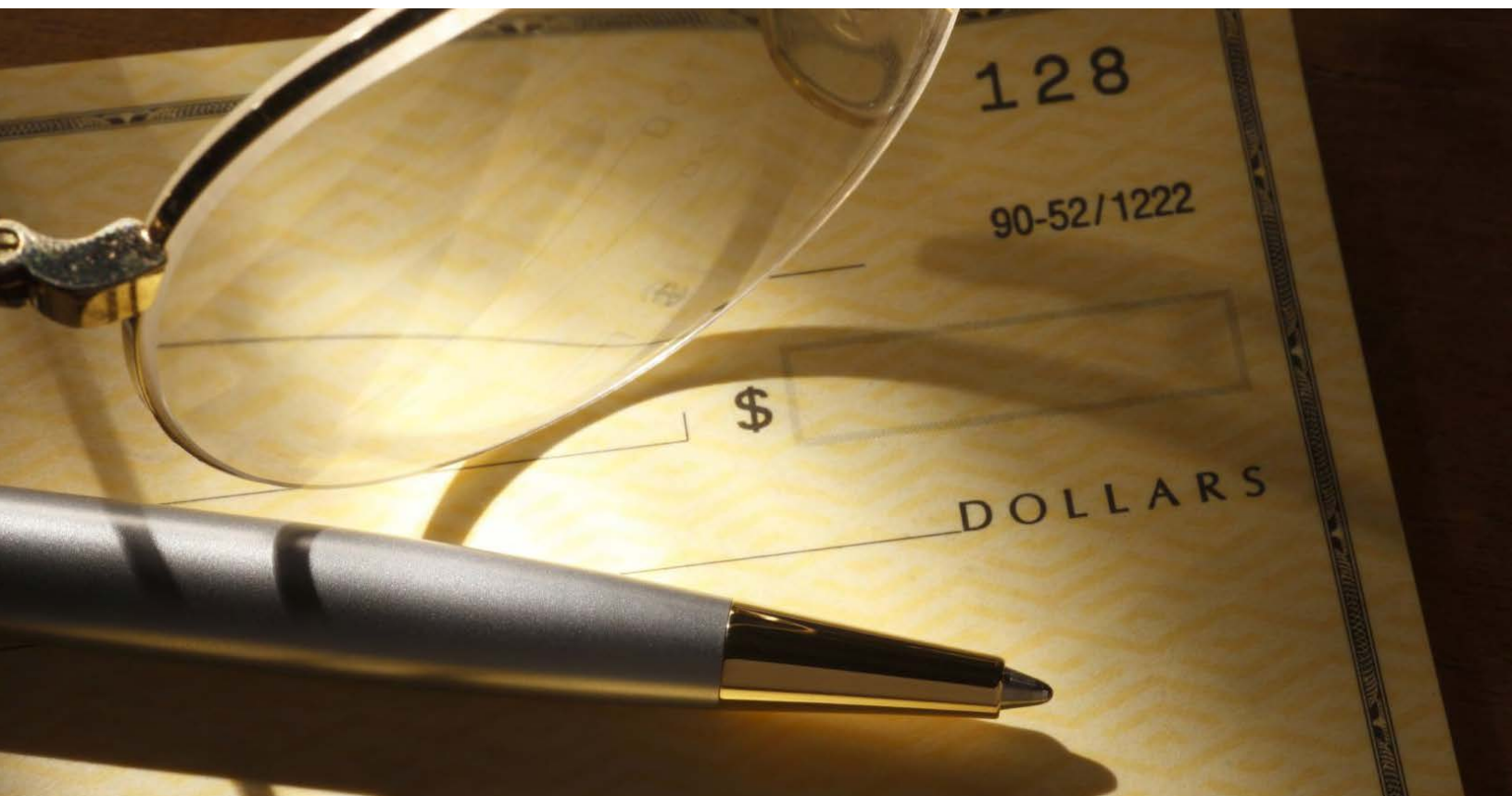
- ▶ They **do not** tell you what a mutual fund even is.
- ▶ They **do not** tell you what all of your options are.
- ▶ Advisors **do not** want their clients to self-direct, because if you are self-directing they do not get paid.
- ▶ They **do not** explain (and often hide) all of their fees.

The biggest secret advisors keep from their clients is that you can direct some or all of your funds into a self-directed IRA. You can roll over your funds from another IRA or a 401 (k) into a self-directed account. You can purchase and sell securities on your own using a self-directed IRA.

- ▶ You can buy Real Estate or businesses with your IRA.



Over 72 million Americans have IRA's with \$4 trillion invested. Of that \$4 trillion, 4 percent of it is invested in self-directed IRA's. Why is that? The answer is, because people need to become educated about self-directing. Ninety-six percent of IRA money holders in the U.S. are not educated on self-directing. This tells you that although advisors tell you to diversify they do not mean it, or necessarily do it. It is time to start the education now!



REASONS WHY YOU SHOULD SELF-DIRECT YOUR IRA

- ▶ You are able to invest in what YOU know.
- ▶ You have CONTROL of directing where your funds are invested.
- ▶ You are able to reduce costs such as annual fees and expenses, and increase your IRA growth.
- ▶ You are able to take advantage of opportunities that typically only the wealthy can get.

Self Directed IRA: A Self-Directed Individual Retirement Account is an IRA that allows the account owner to make investment decisions and investments on behalf of the retirement plan. IRS regulations require that either a qualified trustee, or custodian hold the IRA assets on behalf of the IRA owner

WHAT CAN YOU INVEST IN WITH YOUR SELF DIRECTED IRA?

A self-directed IRA is funded solely by you. As the account owner, you make investment decisions on behalf of your IRA account. Self-directed IRAs enable you to make alternative investments, such as:

- | | |
|---------------|----------------------------------|
| ▶ Real Estate | ▶ Private Businesses |
| ▶ Trust Deeds | ▶ Limited Liability Partnerships |
| ▶ Tax Liens | ▶ Stocks |
| ▶ LLC's | ▶ Bonds |

WHAT CAN YOU NOT INVEST IN WITH YOUR SELF-DIRECTED IRA?

Some types of self-directed transactions violate the basic intent of your individual retirement account, and may subject your account to risks and penalties.

Your retirement plan is intended to benefit you when you retire and not before. Transactions that can be interpreted as providing immediate financial gain to the account holder or other disqualified persons are not allowed.

PROHIBITED TRANSACTIONS

Generally, a prohibited transaction is any improper use of your traditional IRA account or annuity by you, your beneficiary, or any disqualified person.

Disqualified persons include your fiduciary and members of your family (spouse, ancestor, lineal descendant, and any spouse of a lineal descendant).

The following are examples of prohibited transactions with a traditional IRA:

- Borrowing money from it.
- Selling property to it.
- Receiving unreasonable compensation for managing it.
- Using it as security for a loan.
- Buying property for personal use (present or future) with IRA funds."

identify

prioritize

succeed

Achieving your financial goals in life and getting your coordinates back on track requires you to follow these three principles: Identify, prioritize, and enjoy the success.

Identify

When you **identify** you need to:

1. Recognize the problem
2. Want to change
3. Learn how to self-direct

Many Americans are not successful in achieving their financial goals because they have a lack of education, and knowledge of where and how to invest. They are not able to identify where exactly their money is invested, and why it is invested there. Remember that 94 percent of all IRAs and qualified money are invested through advisors or brokerage firms. As a client, you usually have little to no experience with, or knowledge about either your advisor or brokerage firms. Further, the things that they will recommend that you put your money into you will have very limited knowledge about. Knowing who you are working with and where your money is being invested in is crucial to achieving financial success.

Self-directing is easy. It can be done in these simple steps:

1. Choose your custodian (HorizonTrust.com)
2. Open your new account
3. Transfer your funds to a new custodian
4. Choose where your money goes.

Prioritize

When you **prioritize** you need to make educating yourself on your retirement funds a priority. You can educate yourself with: seminars, webinars, and semi-annual reviews. If you fail to plan your plan will fail. Make knowing your IRA and where it's being invested a monthly priority. Gain the knowledge of how to set up a successful self-directed IRA. Now that you have identified the problem, you must commit now to getting your statements out, reviewing them and opening up your self-directed account, this must be a priority within the next 7 days. If not, you will continue to be off 2 degrees. Further, you should commit to setting up an appointment with **Horizon Trust** in the next 30 days to set up a free one on one consultation.

“I appreciate the two hours my Account Executive spent with me making me aware of a lot of underlying cost that my previous custodian was charging me. It's a nice feeling that I have in knowing you are taking care of my finances.”

-Gail R.

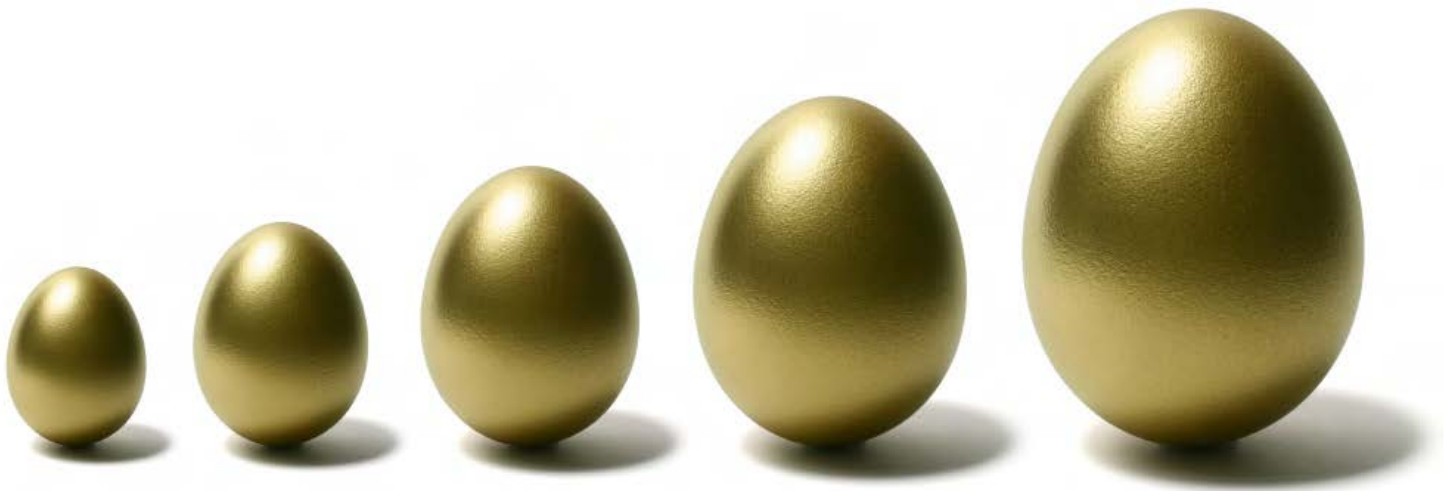
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Office Hours:

Monday-Thursday 7am-4pm, Friday
7am-2:30pm PST

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Success

Success means not losing a percentage of your earnings in fees every year. Saving in fees grows your retirement that much more. Success is investing in what you understand. After following the steps to identify and prioritize you will naturally become successful with your financial goals. The main ways to become successful are, first eliminate your

“The main ways to become successful are, first eliminate your annual brokerage fees, and then, earn double digit returns on your IRA funds.”

annual brokerage fees, and then, earn double digit returns on your IRA funds. Becoming successful at one of those two things will increase your portfolio and your retirement direction by at least two degrees (2 percent), but by doing both, there is no reason why you will not be seeing as much as 4 to 6 percent changes in your retirement every year.



The wealthy are not the only ones who can use their investments to become richer. You can too. One way to become wealthy is to become your own bank. Being your own bank means having enough IRA funds to lend to your business as an opportunity or to others. When you have money to lend quickly to someone, as the bank you are in a position to make good solid returns. As the bank you are also in the position to repossess and take over an asset if the lender does not come through.

A lot of people choose to use funds from their IRA or old 401k accounts to lend out.

A lot of people are cash poor; we either have used our savings at one point to get by, or want to keep our savings liquid or accessible in case of an emergency. If you want to use your IRA to become a bank, you must first self-direct that IRA by putting it with a custodian that can hold your

“Being your own bank means having enough IRA funds to lend to your business as an opportunity or to others.”

account, but give you the flexibility you need to use your funds how you would like. My company, **Horizon Trust**, serves as a custodian. With Horizon Trust your annual services include help with filling out forms, and getting your funds set up in your first deal of your choice.



Once you have chosen your custodian you can now use your funds like a bank would. Becoming a bank is essential to allow you to become more flexible in life, but also allows you to get involved in opportunities when you want, without having to ask

“Being a bank allows you to close on deals that others cannot, because they cannot get bank financing fast enough.”

a bank for funds. Opportunities can include, buying a home, lending to Real Estate professionals, and lending to businesses. Being a bank allows you to close on deals that others cannot, because they cannot get bank financing fast enough.

Case Study: Michelle 71, Indianapolis

Michelle, 71, from Indianapolis, Indiana was in a particularly frustrating position. She has an IRA worth 430k. Since she was over 70 she had reached the mandatory age where she was required to take out funds monthly. She was losing money with her investments in the market, while drawing \$2500 a month from her funds. My company got her to invest 350k of her funds in a trust deed and rental property. She is now able to withdraw \$2900 monthly solely on interest. She is now able to enjoy her retirement with her money protected. We made her very happy.

[CASE STUDY]

Roth IRA - contributions are made with after-tax assets, all transactions within the IRA have no tax impact, and withdrawals are usually tax-free. Named for Senator William V. Roth, Jr.. The Roth IRA was introduced as part of the Taxpayer Relief Act of 1997.

Traditional IRA - contributions are often tax-deductible (often simplified as “money is deposited before tax” or “contributions are made with pre-tax assets”), all transactions and earnings within the IRA have no tax impact, and withdrawals at retirement are taxed as income (except for those portions of the withdrawal corresponding to contributions that were not deducted). Depending upon the nature of the contribution, a traditional IRA may be referred to as a “deductible IRA” or a “non-deductible IRA.”

SEP IRA - a provision that allows an employer (typically a small business or self-employed individual) to make retirement plan contributions into a Traditional IRA established in the employee’s name, instead of to a pension fund in the company’s name.

SIMPLE IRA - a simplified employee pension plan that allows both employer and employee contributions, similar to a 401(k) plan, but with lower contribution limits and simpler (and thus less costly) administration. Although it is termed an IRA, it is treated separately.

Keep in mind that there are a variety of factors that you must consider when selecting the right IRA vehicle for you and your retirement planning. When you speak with your **Horizon Trust** representative, you will review the factors that are unique to each and identify which of these is the right one for you.



ARE SELF DIRECTED IRA'S THE ONLY TYPE OF SELF-DIRECTED INVESTMENT ACCOUNT?

NO! There are self-directed account types that put you back in control of two other critical critical areas of your life. Education and Heath Care.

“Our greatest happiness does not depend on the condition of life in which chance has placed us, but is always the result of a good conscience, good health, occupation, and freedom in all just pursuits.”

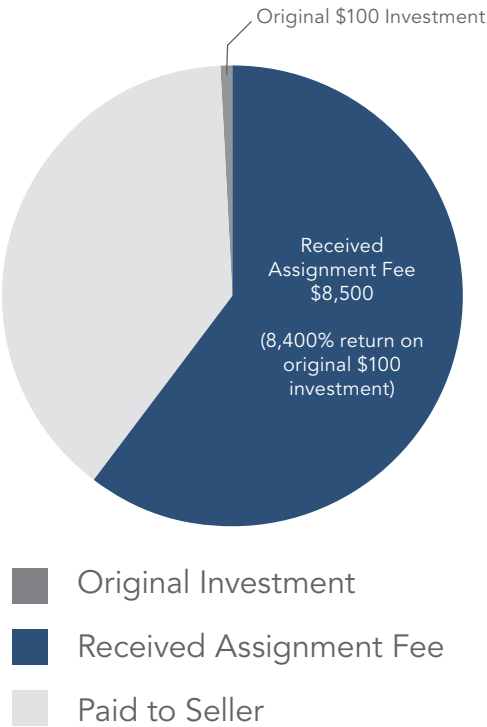
-Thomas Jefferson

Saving for higher education needs to start early and a tax-exempt savings plan is essential. Keep these things in mind:

- ▶ When used for educational expenses, the funds in your Coverdell are completely tax-exempt. This means that you can start saving early on for the critical educational years that you know. Take control and be prepared.
- ▶ At age 30, the funds in the Coverdell that have not been distributed to the beneficiary may be re-assigned to a new beneficiary. The money is not lost because plans change, it is ready waiting for the next beneficiary.
- ▶ If not used for education, the funds in the Coverdell can be withdrawn and are simply taxed as ordinary income upon distribution. So, there is no loss, only the benefit of being prepared for the expenses that accompany higher education.
- ▶ The Coverdell may be self-directed and invested in partnership with Roth IRAs and 401(k)s. This means that you are able to set aside monies tax free and grow them with self-directed investments that will produce higher rates of return that allow you the ability to reach your savings goals much faster than with any traditional savings account.

Are the investment rules for this education savings account any different than the ones that for IRA retirement account? No, the same prohibited transaction rules apply as they do with an IRA or Qualified Plan.

Let us say that Mary and Dean decide to grow their daughters Coverdell education account utilizing what they know best – real estate flips. They put a property under contract in their daughter’s Coverdell Education Savings Account with a \$100 deposit. The total sales price of the vacant property is \$5,500, but the deposit is all that they need to secure the purchase.



The seller has agreed to sell the property for \$5,500. Mary and Dean use their contacts to find a person who specializes in rehabbing houses with the types of damages that currently plague the vacant property.

They then secure a new buyer who will purchase the property for \$14,000 in an all cash deal. When the repairs have been made, the house goes to closing. The original seller is paid the \$5,500 from the contract that he has with Mary and Dean. Their daughter’s Coverdell ESA will receive the assignment fee of \$8,500 right on the settlement statement.

That is an astounding 8,400% return on the \$100 investment. Even better, Mary and Dean are then able to take a TAX FREE distribution from the account of \$3,300 to pay for their 10 year old daughter’s private school tuition immediately. Yes, Coverdell funds can be utilized to pay for private educational tuitions that you are paying for today,



HEALTH SAVINGS ACCOUNTS

Any money you deposit in your health savings account is 100% tax-deductible, and the money in the account grows tax-deferred like an IRA.

Health Savings Accounts are an excellent way to build a second retirement account. These tax-favored accounts can be opened by anyone with a qualifying high-deductible health insurance plan. Once you open an HSA account, you can place tax-deductible contributions into it, which grow tax-deferred like an IRA. **You may withdraw money tax-free to pay for medical expenses at any time.**

The biggest reason more people don't retire before age 65 is lack of health insurance, and many Americans reach age 65 woefully unprepared for the medical expenses they'll face once they do retire. One of the most important long-term reasons for establishing an HSA is to build up some money for medical expenses incurred during retirement.



Why have I walked through all of these options with you? I have done this to demonstrate to you that there isn't just one option for you to utilize to take control of your investment decisions, but that there are many many options open to you.

I, myself, have had a lot of success in real estate investments. When I talk to new people about growing their retirement funds with real estate, they always ask me: "What type of real estate deal can you engage in with your self-directed IRA fund?"

Nearly any kind of real estate is permissible as an IRA investment.

The IRS code specifies no restrictions on:

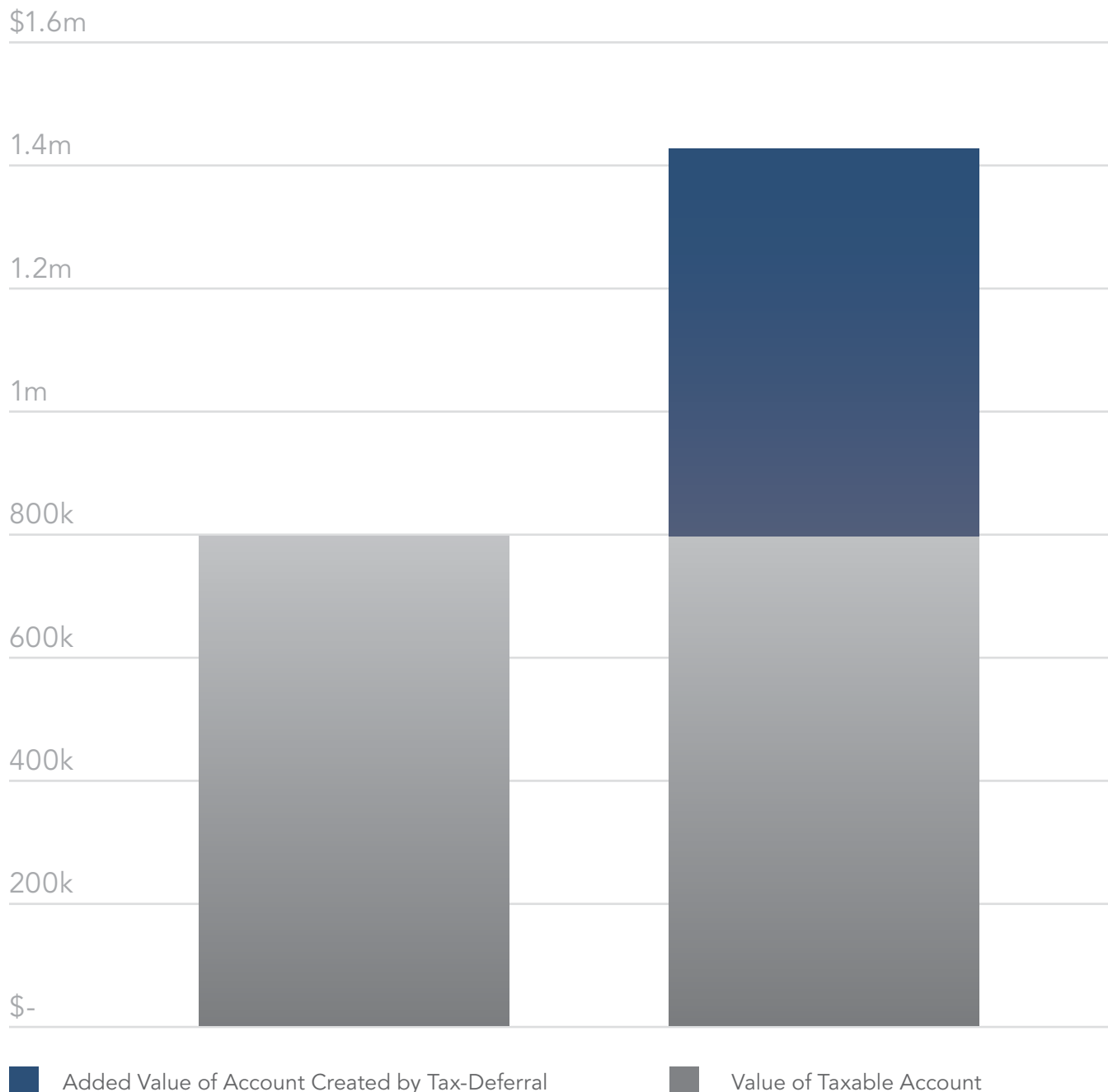
- ▶ Types of Real Estate
- ▶ How long the property is held
- ▶ Where the property is located
- ▶ The price and/or market value of the property



The following are all possible investments for your IRA or Qualified Plan:

- ▶ Single family homes
- ▶ Commercial Property
- ▶ Multi-unit homes
- ▶ Rental properties
- ▶ Apartment buildings
- ▶ Fix & Flips
- ▶ Condominiums
- ▶ Improved or unimproved land
- ▶ Co-ops
- ▶ Property held only for appreciation

And real estate investments are just one option!



ASSUMES: \$100,000 initial investment, 8% per year pre-tax return on investments, a 20-year investment time horizon and 35% combined Federal and State Income taxes.

Look at all of the options that are open to you to choose from. You choose what you know and the deal that you believe will garner the best profits for you.



With so much chaos in the world's financial markets, it is easy to fall victim to the false assumption that there simply isn't money to be made in today's economy. That is simply not true. The fact is that there are a plethora of solid investments that can bring you double digit returns. The change that we are seeing does not indicate that there is no money to be made. Rather, it points to the fact that, in order to grow the wealth that we want, we must be educated and in control of the mechanisms that create our wealth and our future security.

Do not rely on outdated methods and paradigms to secure your future for you. Take what you know and invest in opportunities that you believe in. It is not time to "wait out" the investment markets. It is time to roll-up your sleeves, take charge, and become the bank. Traditional mechanisms were unable to see the mountains in front of them. It is time for you to take the controls. We can help you understand just how to do that now.

identify

prioritize

succeed

Take Control Today

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