

May an IRA Invest in Life Settlements

Life Settlements as an Investment

The IRA Club accepts Life Settlements as an investment.

The use of Life Settlements as an investment opportunity for IRA owners is a growing trend.

When an IRA invests in Life Settlements, 100% of the benefit (the earnings from the Life Settlement contract) goes straight to the IRA account where they enjoy the income tax-free status.

The action of an IRA acquiring "existing life insurance policies" as an investment for future potential gain is like an IRA acquiring:

- Structured Settlements (contracts insured by insurance companies)
- Property Tax Liens or Deeds for potential gain
- Performing or Non-Performing notes for potential gain

Each of the above are investments in a paper contract for the sole benefit of the IRA account and are common Self Directed IRA investments.

The fine print:

There is some confusion on this topic as IRC §4975 says an IRA may not invest in Insurance Contracts. However, this must be read in the context of the full Sub Section:

An IRA may not transact business that would directly benefit the IRA account owner or a Disqualified Person (Example: Benefit a spouse, ascendants & descendants of the IRA owner.)

In the case of an IRA investing in Life Settlement contracts, all the benefit goes to the IRA account.

For additional information on investing in Life Settlements in your IRA please contact the IRA Club 312-795-0988.

The IRA Club offers no investments.
All investments have risk.

Consult your tax professional and attorney before making any investment.



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