

# SELF-DIRECTED IRA FUNDING GUIDE



After you open a **Self-Directed IRA**, your next step is to fund the account. Having the funds to purchase alternative assets is the first step toward a diversified portfolio. You might be surprised to find that you already have funds set aside that can be used for this purpose.

### How can you fund your account?

Here are three methods:



Transfers



Rollovers



Contributions

Let's discuss these in more detail.



## Transfers

If you have IRA funds at another institution that aren't performing as you'd hoped, you can open a Self-Directed IRA of the same type at Entrust and **transfer the funds** to us. Moving an IRA of the same type from your former institution to ours is an easy way to fund your account. Transfers are not reported to the IRS. They're also non-taxable, because no assets are made payable or distributed.

#### An example of a transfer:

*Moving funds from your Traditional IRA at Big Brokerage A to your new Self-Directed Traditional IRA at Entrust.*



## Rollovers

Old 401(k)s, 403(b)s, or governmental 457(b)s from previous employers may not help you achieve your investment goals, but **rolling them over into a Self-Directed IRA** and diversifying your portfolio just might. There are several kinds of rollovers. All rollovers are reported to the IRS.

Moving assets out of an employer sponsored plan (like a 401(k), 403(b), governmental 457(b)) directly into an IRA and having the check or wire made payable to your Entrust IRA is a **direct rollover**. Direct rollovers don't require any funds to be withheld for taxes, since the funds go directly into your IRA.

However, taking a distribution from your old retirement plan and re-contributing the funds in a new plan within 60 days or less is an **indirect rollover**. In an indirect rollover the check or wire is made payable to you. Distributions from IRAs require 10% of the distribution to be withheld. Distributions from 401(k)s, 403(b)s, and governmental 457(b)s require 20% withheld. You have 60 days after taking the distribution to find another firm willing to accept the amount you distributed. Rolling over the assets will keep them tax-deferred.

You can also rollover your old IRA into a different type of IRA. For example, a Traditional IRA can be rolled over into a SIMPLE IRA and vice versa, after two years from the initial contribution. Check out the **IRS Rollover rules** (below) to learn more.

		ROLL TO							
		Roth IRA	Traditional IRA	SIMPLE IRA	SEP-IRA	Governmental 457(b)	Qualified Plan <sup>1</sup> (pre-tax)	403(b) (pre-tax)	Designated Roth Account (401(k), 403(b) or 457(b))
ROLL FROM	Roth IRA	Yes <sup>2</sup>	No	No	No	No	No	No	No
	Traditional IRA	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup> , after two years	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
	SIMPLE IRA	Yes <sup>3</sup> , after two years	Yes <sup>2</sup> , after two years	Yes <sup>2</sup>	Yes <sup>2</sup> , after two years	Yes <sup>4</sup> , after two years	Yes, after two years	Yes, after two years	No
	SEP-IRA	Yes <sup>3</sup>	Yes <sup>2</sup>	Yes <sup>2,7</sup> , after two years	Yes <sup>2</sup>	Yes <sup>4</sup>	Yes	Yes	No
	Governmental 457(b)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes	Yes	Yes	Yes <sup>3,5</sup>
	Qualified Plan <sup>1</sup> (pre-tax)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
	403(b) (pre-tax)	Yes <sup>3</sup>	Yes	Yes <sup>7</sup> , after two years	Yes	Yes <sup>4</sup>	Yes	Yes	Yes <sup>3,5</sup>
	Designated Roth Account (401(k), 403(b) or 457(b))	Yes	No	No	No	No	No	No	Yes <sup>6</sup>

<sup>1</sup> Qualified plans include, for example, profit-sharing, 401(k), money purchase, and defined benefit plans.

<sup>2</sup> Only one rollover in any 12-month period.

<sup>3</sup> Must include in income.

<sup>4</sup> Must have separate accounts.

<sup>5</sup> Must be an in-plan rollover.

<sup>6</sup> Any nontaxable amounts distributed must be rolled over by direct trustee-to-trustee transfer.

<sup>7</sup> Applies to rollover contributions after December 18, 2015. For more information regarding retirement plans and rollovers, visit [Tax Information for Retirement Plans](#).





## Contributions

Want to start your retirement account from scratch? You can simply make a [contribution](#). Contributions must be cash and can be made via check, wire transfer, or ACH. Check out the current [contribution limits](#) for each type of account to figure out how much you can contribute.

## What's Next?

Now that you understand how to fund a Self-Directed IRA, check out [Tax-Free or Tax-Deferred](#) to start learning about account types.