Subject Line: **ATTENTION CLIENTS: Proposed Government Legislation Could Affect You**

At Preferred Trust Company, your ability to achieve your retirement goals is our top priority. That is why we want to make you aware that the United States House of Representatives has proposed changes to the laws governing individual retirement accounts (IRAs) as part of its $3.5 trillion reconciliation package. **These changes, if enacted into law, would have a direct negative impact on you and your ability to save for a secure retirement through an individual retirement account, more specifically your Self-Directed IRA at Preferred Trust Company; as well as significantly decrease a pivotal source of funding for start-up and small businesses.**

A summary of the proposed tax provisions was released by the House Ways and Means Committee and can be found [here](https://f.hubspotusercontent20.net/hubfs/2566321/Subtitle%20I%20SxS.pdf).

**The Impact if Passed - Sections 138312 and 138314**

* The bill would prohibit IRAs from holding privately-placed equity and debt securities and other investments that require IRA owners to meet minimum financial, educational or licensing requirements. For example, the legislation would prohibit IRAs from holding unregistered investments that are offered to accredited investors, like equity or debt investments in small businesses or investments in private funds (i.e. real estate and start-up business crowdfunds).
* The bill would also prohibit IRA owners from directly investing in (1) non-publicly traded entities in which the IRA owner and related entities (including the IRA itself) own more than a 10% interest or (2) any entity in which the IRA owner is an officer or director, regardless of ownership percentage (i.e. IRA LLCs with checkbook control).
* IRA owners with existing investments that fit the above criteria will be **required to either sell or distribute** in-kind from the IRA those investments before December 31st, 2023. No IRA account will be grandfathered in and if a distribution must be made, the **tax consequences of the forced distribution will not be waived**. As we all know, these investments are often illiquid, and this short disbursement period will most likely have a significant impact on the market of your investments and disruption to the small business economy.

**Time is of the essence – You Need to Take Action NOW!**

This bill will be brought to the floor to vote on September 27th. Here’s how to contact your elected officials in the United States House of Representatives and Senate:

* Search for your representatives:
	+ For U.S. Congressional Representative – [CLICK HERE](https://www.house.gov/representatives/find-your-representative)
		- It will search by zip code and street address, click your reps name to be redirected to their website. Find their contact tab which will direct you to fill-out an online form in order to “email” them. You may need the +4 extension of you zip code to verify you are a constituent before it will let you fill out the form with your message.
	+ For U.S Senators – [CLICK HERE](https://www.senate.gov/senators/senators-contact.htm)
		- It will let you search by state, click Contact under your reps name to be redirected to their websites and fill-out their online email/contact forms with your message.
* Click Here for a sample letter that you can use to draft your email.
* In the subject line of the email, please include “Section 138312/138314 of $3.5T Infrastructure bill” so it will be easier for congressional aides to track a collective rise against these proposals.
* IMPORTANT: Share this information with your friends, family, and colleagues to spread the word of the implications of this proposed legislation and to take action as you have today.

If you have any questions about this communication, please let us know.