

Which Retirement Account Is Best For You?

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Retirement Rehab



Which retirement account is best for you? You've probably read a post or two explaining all the different kinds of retirement accounts. If not, [do that first](#).

If you're like many, you're probably bogged down by the pros and cons of each. 401(k)s have high contribution matches and allow you to borrow funds. While IRAs are portable and non-taxable. The list goes on.

These are just a few of the many factors you should consider when deciding which retirement account is best for you. But traditional accounts also have a few problems you need to take into account when you decide.

Two Problems With Traditional Accounts

When deciding which retirement account is best, many don't think far beyond contribution matches. But there are two factors that matter a lot, especially if you want to get the most out of your account long-term:

Security

When choosing a retirement account, the biggest factor I care about (and you should too), is whether or not your money is actually safe.

Most corporate 401(k) and IRA accounts are protected from creditors, except federal tax obligations. For 401(k) holders this protection is unlimited. IRAs are also protected up to a certain amount that's adjusted every 3 years. [In 2016](#), that number was \$1,283,025.

The laws surrounding creditor protection have changed a lot in recent years, moving these decisions from state laws to federal. A security with large and identifiable assets has never set well with me, especially when laws can easily change.

Flexibility

If you want full freedom to invest your retirement savings and maximize your nest egg, traditional retirement accounts have limitations. Fidelity, the largest corporate plan custodian, is a popular option for companies, but the investment options are restricted and fees are high.

In the early years, holding stocks or traditional investments will be your biggest priority. This shifts as you move toward retirement to more bonds. There's a big debate about being "too conservative" and giving up growth. But later down the road, you'll want more investment flexibility that these large custodians just don't have.

What Should You Do?

When deciding which retirement account is best for you, I recommend finding an option that gives you the most investment flexibility, and more layers for creditors to get through before they can access your accounts. One option is the Checkbook IRA.

A Checkbook Control IRA is self-directed, so your 401(k) or IRA proceeds are held at a big custodian by means of a passive custodian. The IRA buys 100% share of a single member LLC that you manage. There's more responsibility on your part, but it also means:

- You can invest in any asset the IRS allows
- Lower IRA provider fees
- You can move LLC assets to the IRA

You can take the protection one step further by funding a bank account for a US LLC in a foreign country. Take your money safely offshore and know it's safe.

Did you know that the US is the [most litigious country](#) in the world? Getting money out of harm's way (ie. out of the US) through an LLC is just an insurance policy for what may be your largest asset.

The Bottom Line

To some, it might sound a little paranoid to worry so much about protecting your accounts from creditors. But in today's economy, you never know if a crisis might hit. A lot of people think retirement assets may be used to "bail in" a US government shortfall in a disaster. It's happened in other countries.

You don't want your hard earned retirement savings on the chopping block, especially when you don't have years ahead of you to save it all again.

Deciding which retirement account is best for you is a challenge today. There are a lot of options, but just remember you'll need security and flexibility to make the most of whichever one you choose.

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