

4 Unintended Consequences of Congressional Proposals to Change IRA Investment Rules

The House of Representatives is discussing proposed legislation that would restrict what Americans can own within their individual retirement accounts. These proposals would:

1 Limit Investor Choice

How? The proposals would prohibit IRAs from holding unregistered investments that are offered to accredited investors, including equity or debt investments in small businesses or investments in private funds.

However... The vast majority of IRA savers who invest in these private investments are everyday American retirement investors.



2 Hurt Small Businesses and American Workers

How? IRAs have been used to invest in small businesses for years, providing a key source of funding for the engine of American job growth.

However... If these small businesses are cut off from this source of capital, this could negatively impact their ability to obtain the funding necessary to operate and grow their business and create jobs for everyday Americans.



3 Make It Harder to Diversify

How? If the laws are enacted, IRAs could no longer invest in a wide assortment of alternative assets, including privately placed equity and debt securities and other investments that require IRA owners to meet minimum financial, educational or licensing requirements.

However... Used in concert with other building blocks of a well-diversified portfolio, these investments can provide a solid foundation to help meet retirement goals while reducing overall portfolio volatility.



4 Have Significant Financial and Tax Implications for Retirement Savers

How? If the laws are enacted, retirement savers will be required to dispose of any such investments they currently hold in their IRAs by no later than **December 31, 2023**. This could result in significant and previously unforeseen financial and tax consequences, including taxes and penalties associated with any assets that could not be sold or liquidated and must be distributed in-kind from the IRA.

However... The implications go well beyond that. This could negatively impact the financial markets by disrupting the market for private assets.

What Should You Do?

Contact your elected officials in Congress, and tell them that you oppose limitations on IRA investment choice (Sections 138312 and 138314 of the House reconciliation bill).



Contact your U.S. Congressional Representative:

Go to: <https://www.house.gov/representatives/find-your-representative>

Contact your U.S. Senators:

Go to: <https://www.senate.gov/senators/senators-contact.htm>

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