

## Three Options to Fund your Private Business Venture

### 1) Rollover Business for Startups (ROBS):

- Access your retirement funds tax and penalty-free.
- You do not have to repay any assets you remove from the account.
- Better than a bank loan!
  - You do not need a good credit score, or to pledge your home as collateral.

**Cost:**  
- \$4,000 initial setup  
- \$150/month ongoing

#### **Qualifications:**

- You cannot use Roth IRAs or Inherited IRAs, but all other retirement accounts are eligible.
- You need more than \$50,000 in retirement assets to qualify for ROBS.
- Your new company must be registered as a C-corp.
- You must provide a one-time stock offering to existing employees.

#### **Creating a ROBS:**

- 1) Create a C corporation.
- 2) Set up a company retirement plan for your new C corporation.
- 3) Roll existing retirement funds into the new company retirement plan.
- 4) Have the plan purchase stock in the C corp via a Qualified Employer Stock (QES) transaction.
- 5) Once the transaction is complete, your retirement funds will be available to the corporation.

#### **Exiting a ROBS:**

- 1) Determine the value of your company's stock.
- 2) Repurchase the stock from the company retirement plan. You will need to establish a bank account to initially hold the funds before they are rolled into your IRA.
- 3) You will need to properly terminate your company retirement plan & notify employees.
- 4) File your final Form 5500.

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## 2) 401(k) Loan:

- Maximum withdrawal is the lesser of 50% of your vested balance or \$50,000.
- Loans must be repaid within 5 years, with quarterly interest payments.
- Loan interest rates are set by the administrator.

## 3) 401(k) Withdrawal:

- If you are younger than 59.5, you are subject to a 10% early withdrawal penalty.
- Amount withdrawn is taxed as ordinary income in the year of distribution.

**To learn more about Endowment Wealth Management  
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