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# 401(k) Business Financing

ROBS  
401(k)

IRA LLC

Which can I use  
to fund my  
business?



# ROBS 401k VS. IRA LLC

- ❖ Purpose
- ❖ Eligibility
- ❖ Structure
- ❖ Loans
- ❖ Get started

# ROBS 401k vs IRA LLC: Purpose



## ROBS 401(k)

- For entrepreneurs who want to use retirement funds to start or buy a new business or expand an existing business tax and penalty-free.



## IRA LLC

- **NOT** for business financing. Invest with "checkbook control" in alternative investments such as cryptocurrency, real estate, metals, notes, etc.

# ROBS 401k vs IRA LLC: Eligibility



## Eligibility



- Retirement funds that are eligible to be rolled over (e.g. former employer plan and/or non-Roth IRA)  
.....
- Bona-fide employee  
.....
- Operating company (goods/services OR real estate operating company)  
.....
- Business with W-2 Employees

- Virtually anyone can open an IRA LLC.  
.....
- Can be opened by making annual contributions or by transferring former employer funds, for example.



# ROBS 401k vs IRA LLC: Structure



## Structure



- **C-corporation**  
.....
- **Business bank account and 401k account**  
.....
- **Operate business via C-corporation**  
.....
- **Reasonable salary**



**IRA**

- **LLC required for "checkbook control"**  
.....
- **LLC checking account and IRA account**  
.....
- **Invest via LLC in alternative investments**  
.....
- **Can't do work or real estate owned by the LLC**  
.....
- **No compensation or commission**

# ROBS 401k vs IRA LLC: Additional Financing



## Additional Financing

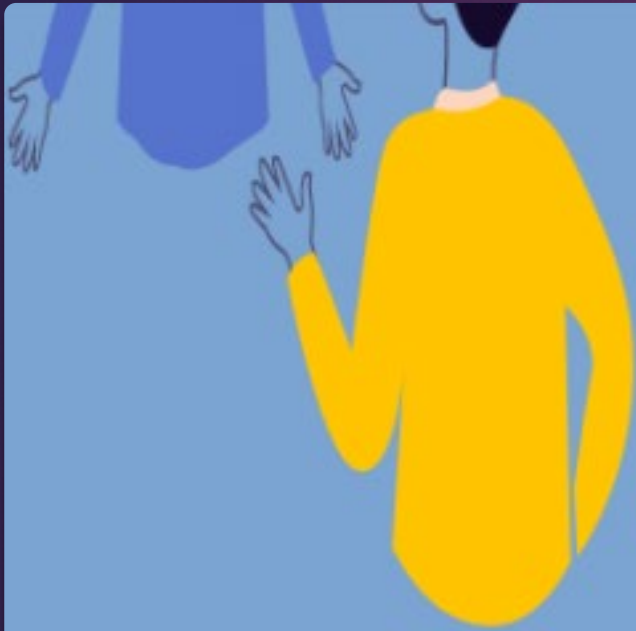


- SBA and business loans and/or seller financing  
.....
- Commercial loan in the name of the C-corporation  
.....
- Personal Guarantee



- Non-recourse loan to the IRA LLC, but unrelated debt financed income tax (UDFI) applies  
.....
- No personal guarantee





**2013 Tax court case: Ellis v.  
Commissioner, Tax Court Memo  
2013-245, confirms you can't pay  
yourself from your IRA LLC**

# Don't Use IRA LLC for Business Funding

# Making a Decision

## Making a decision

If you are considering passively investing in alternative investments then the IRA LLC may make sense. However, if you need financing for a business that you will operate under a C-corporation structure, then the ROBS 401(k) is an option.





# Get Started!

► **Contact us:**

- **Email:** [business@mysolo401k.net](mailto:business@mysolo401k.net)
- **Call:** (800) 489-7571



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