

Investor grows IRA with unique alternative investment: dressage horses

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In an earlier article, [The Essentials of Self-directing Retirement Accounts](#), we noted that investing IRAs in real estate and other assets has been allowed since their inception in 1974, as long as the IRS rules and regulations are followed. While real estate, including residential, commercial, undeveloped land and foreclosures, is a common option, the list of unique options grows every day as investors seek investment classes where they have an interest or expertise. Investors are actively self-directing in assets from timber, livestock and renewable energy to receivables, grain cars and medical equipment.

Rajeev Kotyan, Principal of NUA Advisors, an independent Registered Investment Advisory firm, has seen his share of unique investment options, as his firm specializes in bridging the gap between traditional and non-traditional investing.

“Self-directed retirement accounts allow investors to truly diversify their portfolios and to invest in an almost endless range of investments, with a few exceptions per the Internal Revenue Code. The accounts allow people to invest in their core competency. If your clients understand stocks, bonds and mutual funds, then they can invest in the securities market. If they understand real estate, farm animals, show horses, domain names, the restaurant business, construction, and so on, the investor can take that knowledge and passion to invest in those assets,” Kotyan explains. “If they have an interest in an alternative investment but not a true knowledge base, working with an advisor that will assist in analyzing and directing the investment is critical. This is especially important when investing within a self-directed IRA.”

This was the case with Attorney David Rocheford, an investor who is always searching for other ways to ensure his financial success instead of relying solely on the market. Over the years he has expanded his retirement portfolio beyond traditional investments to include real estate and notes through a self-directed IRA.

“I’m always looking for new investments in unorthodox areas that will grow my retirement account,” shares Rocheford. “So when I heard about a new investment opportunity in dressage horses with significant profit possibilities, I was intrigued. However, I had no knowledge or experience with horses. We’d never heard of dressage.”

Due Diligence Key to Laying the Groundwork

Rocheford and his wife met with Kotyan, their investment advisor, to research the viability of dressage horses as an investment for self-directed IRAs. The first step was learning more about the investment itself – the horse. After meeting with a horse farm that specialized in dressage, they knew that there was money to be made by importing animals from overseas and training them in the United States. Due to the higher level of competition, many horses that have reached their peak in their home countries still have room to grow once they are imported.

Unlike a more “traditional” investment, importing dressage horses with an IRA involved additional questions that needed answered.

- How old should the horses be?
- How will the horses be transported?
- What documentation is needed? (Oddly enough the answer: a passport)
- How will the health of the horse be ensured?
- What happens if there is a problem in transport?
- How is ownership and titling handled for the IRA?

Once the questions were answered and the groundwork laid, it was time to put their plan into action. Horses that fit their criteria were located overseas. After identifying the horse for investment, documentation, transport and medical coverage were arranged and the horses were transferred to a local farm where they would continue to work with an experienced trainer. From there, the farm staff and trainer took over preparing the horse for sale.

Endless Investment Possibilities with Self-Directed IRA

While most people wouldn't give such an investment a second thought, Rocheford saw the potential for profit from the beginning. He worked hand-in-hand with NUA Advisors to create a plan and ensure that all angles were covered, resulting in tax-free profit for Rocheford's IRA.

“It was an exciting investment,” Rocheford notes, “something completely different.”

“Portfolio allocation, as many have forgotten, must include client wishes or needs, but, more critically, it should take into consideration client knowledge and passion. Personal advisors, such as CPAs and attorneys, must account for the client's interest and work closely with the client's investment advisors to create a portfolio in which the client is knowledgeable of their investments and diversification”, says Kotyan.

With an almost unlimited list of asset types to invest in, investors are often encouraged to seek the professionals that are knowledgeable of the guidelines, rules and regulations associated with alternative investing.

For more information on the Professional Network, contact Ann Siford at 1-888-382-4727 x255 or visit <http://www.trustetc.com/pronetwork> to sign up.

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