

# Interview with James O'Brien @ AltoIRA

## Introductions

- **Who are you?**
  - James runs partnerships at AltoIRA
    - Biz/Dev and Platform relationships
  - Self-directed IRA custodian
    - Allows you to move money over from existing IRAs
    - Invest those funds into non-publicly traded assets
- **How'd you get started in the IRA industry?**
  - James lives in Nashville, TN
    - When he moved down, he had a band
    - Started a company
    - During the process, met the CEO of Alto IRA
      - Joined as employee #1 in 2018.

## The Opportunity

- **What is the Mega Trend?**
  - The industry was created in 1974 because of ERISA
    - Has been controlled by giant institutions and Wall Street ever since.
    - Used to invest in relatively “safe and secure” assets that used to generate a decent return.
    - People are seeing lower returns in their retirement accounts as we move to more alternative assets.
  - ERISA
    - And IRA or 401k is not a retirement savings vehicle, by law
    - ERISA is a set of laws that allowed the products to exist
      - Allowed individuals to put away money for retirement in a tax advantaged way.
  - Why was this a big deal?
    - The path of retirement and employment...

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- Back in the day, you worked for 30-40 years, you get a pension, and get paid in perpetuity.
- Eventually, this stopped being a thing. Switched from “defined benefit” plans “defined contribution”
- **How big is the opportunity?**
  - \$30T in 401k, IRA, and Pensions
    - It is our country's largest pool of investable capital for individual investors
- **Who are the major players?**
  - The 401(k) thing...
    - Sponsored by your employer
    - The first thing the plan manager is responsible for is NOT for growth, it's capital preservation.
      - They're going to anticipate a few percentage gains, at most.
      - You will almost always underperform.
  - The largest wirehouses

## The Problem

- **What is the story about this opportunity no one is telling?**
  - Investment opportunities
    - It totally depends on the provider of your 401k.
      - Some of them, you don't have access to ANYTHING they don't want to put you in.
        - Maybe 5 mutual funds, 5 etfs, and a basket of stocks
        - It's very rare they give you access to the whole wide world of stocks
          - Why? Better fee benefits to sponsors and managers of the account.
  - Fees?
    - You are either getting charged a flat fee or something roughly equal to .5% to 1% for the administration and management fee.
    - You can be looking at document fees, wire fees, mailing fees...
      - The industry has come to expect a “gotcha” at every turn.
    - “The returns you see in your retirement account are usually net of fees”
      - Lack of Fee Transparency
- **What are the major problems no one is talking about?**
  - Very few people have a plan for the money in their retirement accounts

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- “Orphaned 401ks” -- you know it’s there, but you have no idea how it’s invested.
  - They don’t know how to even log in to their account.
- **What are the major problems investors face they don’t know about?**
  - The world is changing. There are a lot of opportunities to make above market gains because they don’t know how to participate
  - More people sock more money away in the retirement accounts than anything else, but they don’t have a real plan for what to do with that.

## The Catalyst

- **Why is NOW the best time for this type of investment**
  - There are so many opportunities in alternatives to invest in that you might not have access to.
    - If you take things into your own hands, you can get access to them
  - 10 years ago, most investors had almost no options to invest in non-publicly traded opportunities.
    - Now you can invest in Art, Venture Capital, Crypto, Precious Metals...

## The Mechanism

- **How do people take advantage of the new opportunity?**
  - We provide what we call the “Alternative IRA”
    - Specifically designed to be used to invest in non-publicly traded securities
  - Traditional IRA
    - Contribute money on an annual basis.
    - Can write off contribution against your income.
    - Once you take money out, starting at 59 ½, you pay taxes then.
  - Roth IRA
    - Contribute money on an annual basis
      - Cannot write contributions off
    - Once you take money out, starting at 59 ½, you DO NOT pay taxes
  - SEP
    - This is for self employed individuals and their employees
- **What does your investment process look like?**
  - “We built our technology and company because traditionally it’s a huge pain to move money in the IRA space”

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- It was hard, expensive and time consuming to do.
  - Our entire product is digital
  - Go to the website - [www.AltolIRA.com](http://www.AltolIRA.com) and you can create the account
    - Name
    - Email
    - What type of account do you want to create?
  - All of the transfer is handled through the website
    - Sign some paperwork digitally
    - We handle the transfer
  - If you want to make annual contributions, you can do it there.
- **What makes your offer different from what else is out there?**
  - Our Founder Eric was trying to make private market investments (he is a VC by trade) using his IRA
    - His money manager said “we can't help you”
    - If you wanted to make a \$25,000 investment, you'd pay \$2,500 in fees, and he'd still have to do all the work himself. Took 3-4 weeks to execute...
  - We built it to make sense from a cost perspective at any scale.
    - Doesn't matter if you're investing a couple hundred or a hundred thousand, costs should be low.
  - We aren't a money manager...
    - We are a “conduit”
    - We are a self-directed custodian at the core...
      - You tell us what you want to invest in and we'll do it as long as it's legal.
- **Checkbook LLC**
  - This was designed for real estate investing
    - This is used so they have a checkbook they can write checks out of or cash checks into it
    - Used for purchasing rental property inside of your IRA
      - What happens if you need to pay for repairs NOW, but your custodian is gonna take 2 weeks to send a check?
  - Your IRA invests into an LLC...
    - Then, you have access to the LLC you can write checks out of
  - Downside...
    - “We can't see what you're doing with the LLC”
    - We see you invest cash into the LLC, and that is where the visibility ends
      - Can't help you with reporting, tax, asset protection, and any legal snafus.
  - Provisions and Restrictions...
    - The funds invested have to follow all the rules and guidelines for IRAs



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- If you look at this in terms of investment properties, you as the individual cannot personally benefit from those dollars until retirement.
- **Crypto IRAs**
  - We built our crypto IRA product with Coinbase
    - You can fund it with any normal IRA
    - You can buy at market or limit order from coinbase, directly in the AltoIRA platform.
    - Gives us a way for safe keeping, reporting, and asset protection
- **Retirement has changed a lot...**
  - Employment has changed.
  - IRAs aren't just a retirement vehicle, they are a savings and investment vehicle that has a tax structure that you can use to your advantage.

## The Solution

- **Where can they find additional information about self directed IRAs?**
  - AltoIRA has a ton of information and resources. [www.AltoIRA.com](http://www.AltoIRA.com)
- **How do they get started working for you?**
  - People who sign up will be given 3 months of no admin fees.
    - For other self directed IRA providers, many are percentage based fees.
    - We've never felt this was fair.
    - We only use "transactional fees"
      - We only make money when you take an action.
  - Two fees
    - Transaction fees are flat fees for everytime you make an investment
      - Goes from \$5 - \$150
    - Monthly Admin Fee
      - Goes from \$5 - \$30/month
      - This helps us pay for safekeeping and tax reporting.
  - [www.AltoIRA.com/Pricing](http://www.AltoIRA.com/Pricing)