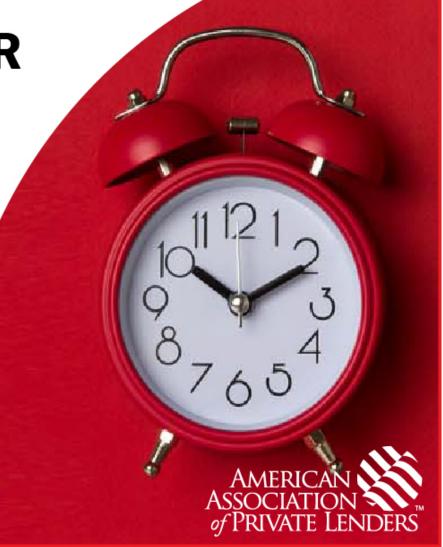
# **10/5 1:30PM CT WEBINAR** EMERGENCY MEETING FEDERAL TAX BILL WILL DEVASTATE PRIVATE LENDERS,

RUST

FUND MANAGERS, & CAPITAL INVESTORS

#### Presented by





FEDERAL TAX BILL WILL DEVASTATE PRIVATE LENDERS, FUND MANAGERS, & CAPITAL INVESTORS

#### BACKGROUND

- 1. \$3,500,000,000 Infrastructure Bill
- 2. No Republican support
  - Therefore, must employ Reconciliation (i.e. offset tax measures)

\*Special Thanks to Nexus Capital for issue identification and AAPL policy material prep\*





## GENERAL TAX MEASURES

- 1. September 15, 2021 House Ways and Means Committee offered proposal
- 2. Lower Threshold of Estate Taxes
- 3. Marginal Tax Rate (From 37% to 39.6%)
- 4. Capital Gains (From 20 to 25%)
- 5. 3% tax on incomes > \$5,000,000





## IRA's Under Attack!

- 1. June 2020 Peter Thiel story citing Thiel and others abusing Roth IRAs
- 2. Initially sold Paypal shares for \$26MM then invested those funds to get to \$5BN





## Anti Peter Thiel Provisions

1.Prohibition of Roth or IRA investment if account balance > \$10MM & AGI > \$450k
2.Mandatory distribution if IRA > \$10MM & AGI > \$450k

\$450k (50% above 10MM distributed)





## Restrictions on what you CAN invest in:

#### Section 138314:

- Currently cannot invest in a company which IRA investor has 50% or greater interest
- Reduces to any non-public entity in which IRA holds > 10% interest
- Also prohibits any entity which the holder is an officer regardless of % ownership
  - o (For example, mortgage fund manager investing in own fund)
- Bars future investment and 2-year divestment period





# Most problematic - Section 138312

1. If the issuer of the security requires the IRA owner to have certain minimum level of assets or income (i.e. Reg D 506b or c)... or have completed a minimum level of education or obtained a specific license or credential.

#### 2. IRAs holding such investments would lose their IRA status

- 3. This section generally takes effect for tax years beginning after December 31, 2021 (prevents future investment)
- 4. 2-year DIVESTMENT for IRAs already holding these investments
  - <u>All Reg D Debt & Equity!</u>
    - Mortgage Fund
    - Syndications







- Sinema/Manchin have stated they are not in support of the \$3.5T spending bill
- 2. Biden recently announced a date of October 31 for a compromise bill between progressive and moderate wings
- **3. Unlikely congressional representatives appreciate**





## Action Plan

- 1. AAPL created an official policy position explaining relevancy to private lending
- 2. Sample letter from mortgage company perspective available
- 3. Sample letter from IRA investor available
- 4. All distributed by e-mail after this meeting
- 5. Available on AAPL website





## What can YOU do?

- 1. IRA investors will move this dialogue
- 2. Get this collateral to them and get them to contact
- 3. 98% of IRAs have less than \$1MM; 80% have less than \$300k





## AAPL's strategy

- 1. Mobilize fund managers and their investors use our collateral and resources
- 2. Hyper focused efforts on Arizona
- 3. Working with Capital Fund 1, Hanson Capital and others to mobilize in AZ with Sinema specifically
- 4. In discussions with California Mortgage Association, Arizona Private Lender Association, **strength in numbers**





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