



# ECKARD ENTERPRISES

## TANGIBLE **ASSETS** FOR TANGIBLE **RESULTS**

## Self-Directed IRAs & Mineral Rights Investing

Self-directed IRA account holders enjoy access to a broad range of investments not available in traditional IRAs, including alternative investments like cash-flowing mineral rights.

We believe that owning, developing, and managing tangible assets is one of the safest investment strategies available to generate passive income.

**1**

### **SELECT CUSTODIAN**

Select an IRA custodian that's right for you.

### **TRANSFER FUNDS**

Fill out paperwork to transfer retirement funds to new self-directed account.

**2****3**

### **ALLOCATION**

Complete investment designation paperwork to select your desired assets.

### **OWNERSHIP**

Your mineral assets are your property, deeded and titled in the courthouse.

**4**

## 1031 Exchange into Mineral Rights

A section 1031 tax exchange is a powerful tool that can be used to diversify your portfolio, maximize returns, increase liquidity, and defer capital gains taxes.

Minerals qualify for a 1031 exchange, allowing for a seamless transition into an asset class that provides continuous monthly royalties with none of the liabilities or ongoing costs associated with traditional real estate.



Sell asset & transfer funds to qualified intermediary



Select replacement asset within 45 days



Buy replacement asset within the 180-day window

# WHAT IS WORKING INTEREST?

## DIRECT INVOLVEMENT IN DRILLING WELLS

Unlike mineral rights owners, working interest owners are directly involved in the drilling of oil & gas wells. They receive a much larger percentage of the proceeds from the sale of oil & gas, but are also on the hook for any cost overruns that exceed what is outlined in the AFE, or **Authority for Expenditure**.

## TAX BENEFITS

One of the major benefits of being involved in working interest is that **intangible drilling costs**, which typically constitute 65-80% of the total drilling cost, are **100% deductible in the year incurred**. Additionally, any income generated through working interest is considered active income and can be offset against other forms of income, such as wages, interest, and capital gains.

## REVENUE BREAKDOWN FROM THE SALE OF OIL & GAS

**WORKING INTEREST**  
75% - 87.5% NRI

**ORRI**  
5% NRI

**ROYALTY INTEREST**  
12.5% - 25% NRI



## WANT TO **LEARN MORE?**

One of our experienced wealth managers will be happy to guide you through the process.

(800) 527-8895 | [www.eckardenterprises.com/fpa](http://www.eckardenterprises.com/fpa)