Business Entity Structures and ROBS

The Strategy in 60 Seconds

Your retirement plan can legally buy the stock of your own business. It's called ROBS. Here's exactly how that structure works, in about sixty seconds.

APRIL 15

Last day for prior-year IRA and HSA money

How The Structure Is Built

- **Form a C corporation - Not an S corp, not an LLC**
- **Corporation sponsors a plan - Solo 401k or safe harbor 401k**
- **Plan buys company stock - That cash funds the business**
- **Stay compliant yearly - Valuations, filings, testing**

When You Need No Entity

- Private money loans
- Notes secured by real estate
- Private fund units
- Shares of a private company
- Two accounts partnered
- No LLC, no filings

No structure means no setup fee and no upkeep

The Law Behind It (primary sources)

Verify against the source before relying. This is education, not legal or tax advice.

26 U.S.C. Sec. 1361 - S corporation definition and election requirements.

https://www.law.cornell.edu/uscode/text/26/1361

26 U.S.C. Sec. 4975 - Prohibited transactions - the rules that make or break a ROBS (Rollover as Business Startup).

https://www.law.cornell.edu/uscode/text/26/4975