

Fair Market Valuation - Instructions & FAQs

General Information

A fair market valuation is used to assign or change the value of an asset. Valuation of the assets in your self-directed account must be provided to The Entrust Group, Inc. ("Entrust") on a yearly basis to ensure proper tax reporting to the Internal Revenue Service (IRS).

A fair market valuation is also required when:

- Taking an in-kind asset distribution
- Converting
- Recharacterizing an asset

Precious Metals **DO NOT** require a fair market valuation because these investment values can be easily determined by the market.

Entrust is required to:

- Provide the fair market value (FMV) of your account as of December 31 of each year to the IRS
- Provide you Form 5498 with the same FMV information for your account

To properly report the FMV of an asset, a qualified, independent third party should perform the valuation and then complete the Fair Market Valuation Form. A qualified, independent third party may be a:

- Managing Partner
- Certified Appraiser
- Licensed Real Estate Professional (such as a broker/real estate agent)
- Knowledgeable Party (such as a CPA, attorney, financial planner, etc. who is strictly at "arms length" from both you and the investment)

Important Guidelines

- The Fair Market Valuation Form **must be signed and dated by you.**
- If you are using a third party to evaluate the value of an asset, **the valuator must also sign and date the form.**
- The form must be sent to Entrust with supporting documents.
- A separate Fair Market Valuation Form must be completed for each asset held in your account.

Examples of Supporting Documents

Brokerage Accounts, Publicly Traded Assets and Cash

Statements that have unit/share balances and/or pricing information must be provided for fair market valuation purposes.

Real Estate

For detailed information regarding real estate fair market valuations, please refer to the Real Estate: Fair Market Valuation Instructions & FAQs:

<https://www.theentrustgroup.com/real-estate-ira/fair-market-valuation>

LLCs and Entities

A value of each asset within a limited liability company (LLC) or entity is required in order to determine the value of the LLC or entity. Real estate assets owned in an LLC or entity must be evaluated by a third party. Other assets owned in an LLC or entity, such as bank or brokerage accounts, should have year-end statements proving their value.

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Examples of Supporting Documents Continued

Private Placements

The value of the asset may be provided by a qualified third party, but they must provide sufficient supporting documents with the Fair Market Valuation Form.

Worthless Assets

Please indicate the status and value on the Fair Market Valuation Form and sign it yourself. Provide the necessary documentation that will support the status and value. You will not need a qualified, independent third party to perform the valuation. However, in order to zero out assets from your account, the Internal Revenue Code requires that there be specific types of documentation to do so. The following are some acceptable examples of documentation:

- A Trustee's Deed (for a Deed of Trust asset)
- Bankruptcy/Receivership Paperwork
- A "cease and desist order" from an entity such as the SEC or a similar state agency

Frequently Asked Questions

Q: May I provide my own valuation of my account assets?

A: No. For assets where a FMV cannot be determined by the market, the valuation must be provided by a qualified, independent third party that is not a disqualified person.

Q: Who is considered a disqualified person to my plan?

A: According to IRS Publication 590, disqualified persons to your plan are:

- You
- Your Beneficiaries
- Your Spouse
- Your Ascendants
- Your Direct Descendants
- Your Direct Descendants' Spouses
- Fiduciaries

Q: How should plan assets be valued?

A: To comply with the Internal Revenue Code requirement, plan assets must be valued at FMV, not cost. A FMV is an estimate of the market value of a property or asset, based on what a knowledgeable, willing, and unpressured buyer would probably pay to a knowledgeable, willing, and unpressured seller in the market.

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Frequently Asked Questions Continued

Q: What happens if I do not turn in my Fair Market Valuation Form?

A: Entrust is required to obtain the most current FMV available for the investment(s) in your account at least once a year. If Entrust does not receive the Fair Market Valuation Form, the last known value of the assets in your account will be reported. Please note that the IRS requires annual valuations.

Q: Is this only a requirement for self-directed accounts?

A: No. All IRA custodians are required to provide a year-end value to the IRS. Non-traditional assets are not easily determined by the market and require individual valuation.

Q: Who pays for this valuation?

A: Your account does. If your account does not have sufficient un-directed cash to cover the cost, you will have to make an annual contribution, transfer, or roll over funds from another custodian to pay for the valuation services.

Submission Options



Email

fmv@theentrustgroup.com



Fax

510-587-0960



Mail

The Entrust Group
555 12th Street, Suite 900
Oakland, CA 94607

1 Account Owner Information

Check box to update your contact information

NAME (as it appears on your account application)	ENTRUST ACCOUNT NUMBER	ACCOUNT TYPE	
EMAIL ADDRESS (required)	MOBILE	DAYTIME PHONE NUMBER <input type="checkbox"/> Home <input type="checkbox"/> Work	
ADDRESS	CITY	STATE	ZIP CODE

2 Asset Information

NOTE: Please attach supporting documentation with regards to this valuation/appraisal.

ASSET DESCRIPTION/NAME	CURRENT TOTAL ASSET VALUE \$
PERCENTAGE OF OWNERSHIP FOR YOUR INVESTMENT %	CURRENT ASSET VALUE BASED ON PERCENTAGE OF OWNERSHIP \$
NOTES:	

3 Third Party Valuator Information and Signature (if applicable ¹)

NOTE: This section must be completed by a qualified, independent third party, and submitted with supporting documentation.

VALUATOR NAME	TITLE		
COMPANY NAME	COMPANY DAYTIME PHONE NUMBER		
COMPANY ADDRESS	CITY	STATE	ZIP CODE

I certify that I am qualified to give an independent valuation/appraisal for this particular asset. I understand that this valuation/appraisal will be used for reporting purposes to the Internal Revenue Service and that any false or misleading valuation/appraisal of any assets may result in penalties and fines for both the valuator/appraiser and the account owner.

VALUATOR'S SIGNATURE:	DATE:
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4 Account Owner Signature

I certify that I am the owner of the above referenced account and that the information contained herein is true and accurate to the best of my knowledge.

ACCOUNT OWNER'S SIGNATURE:	DATE:
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¹ Please refer to Fair Market Valuation Instructions & FAQs for information on when a qualified, independent third party is required to perform the valuation.