

MONEY MYTHS SERIES

Gold IRA: What the Fear Ads Leave Out About Fees, Markups and the Tax Rules

Gold IRA ads say move your 401(k) before the dollar collapses. CFTC cases show 40% to 200% coin markups. The tax rules, the fees and what to do instead.

By Eric Ridley, attorney, Ridley Law · Updated September 2026 · Read online with live links: ridleylawoffices.com/gold-ira/

Part of our [money myths series](#), where we look at the money advice that spreads on Instagram, TikTok, YouTube and late-night TV and ask who gets paid when you follow it.

The pitch: "The dollar is about to collapse. Move your 401(k) into a gold IRA now, tax-free, before it's too late."

The verdict: A gold IRA is legal, but the fear pitch is a sales script, and the person giving it is usually a commissioned salesperson, not a fiduciary (CFTC, 2020). Dealers that push "collectible" coins charge premiums of 40% to 200% over the metal's value, so a rollover can lose a third or more of your savings the day it closes.

40% to 200%

premium over spot on collectible coins, vs. 5% to 10% on bullion (CFTC, 2020)

\$69 million

Red Rock Secured customers paid for coins worth \$30 million (CFTC consent order, 2024)

\$500 million+

in overpriced metals sales charged by the CFTC over a decade

1/3 to 1/2

of savings some gold IRA fraud victims lost to markups and fees (CFTC and FINRA)

10.02% vs. 5.61%

average yearly return, S&P 500 with dividends vs. gold, 1928 to 2025 (NYU Stern data)

28%

top federal rate on gains from gold held outside an IRA (IRS)

Who gets paid when you follow this advice

- **The dealer's sales rep.** The CFTC warns that precious metals dealers are typically salespeople paid commissions on what they sell, and unlike a fiduciary they aren't obliged to put your interests first.
- **The dealer, through the markup.** Bullion sells at spot plus about 5% to 10%. Collectible and "proof" coins carry 40% to 200%. In one CFTC example, a dealer and IRA custodian took nearly \$150,000 in commissions and fees from a \$300,000 rollover.
- **The custodian and the vault.** A self-directed IRA custodian charges setup, annual and storage fees, roughly \$200 to \$400 a year on published 2026 fee schedules.
- **The advertiser and the lead seller.** Dealers pay for the TV spots, radio reads and influencer videos that send you to them.

The legitimate custodian doesn't make the coins a good deal. The SEC, NASAA and FINRA say it in capital letters: using a legitimate custodian "DOES NOT" make that investment legitimate."



Who gets paid	How	What the record shows
Dealer and its sales reps	Markup over spot, paid as commission	CFTC: dealers are commissioned salespeople, not fiduciaries; collectible coins carry 40% to 200% premiums
Self-directed IRA custodian	Setup and annual fees	GoldStar Trust: \$50 setup, \$90 a year (2026 schedule); STRATA Trust: \$150 a year

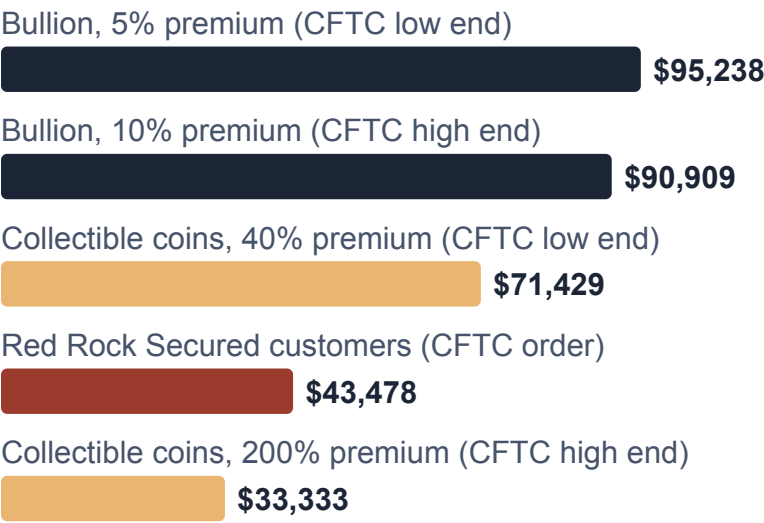
Who gets paid	How	What the record shows
Depository	Storage, often billed through the custodian	\$110 to \$225 or more a year at Equity Trust, STRATA and GoldStar
Advertisers and lead sellers	Paid by dealers for customers	FTC 2016 complaint: national TV and radio ads touting gold as a safe retirement investment

Who gets paid when you roll your 401(k) into a gold IRA?

Mostly the dealer, through a markup you can't see on your statement; the CFTC puts collectible-coin premiums at 40% to 200% over spot (2020).

You can't buy coins inside a regular 401(k), so the rep has you open a self-directed IRA at a custodian, roll your 401(k) into it, and have the custodian buy coins from the dealer. The rep is paid on what you buy. The CFTC's 2020 advisory says customers are often steered to "numismatic" or proof coins, told those will only go up because they're rare, and that those coins are hard to value and hard to sell.

The markup also stays off your statement. A custodian's disclosure from GoldStar Trust says its statements show spot value and don't reflect dealer markups. So the day after closing, your statement may show \$60,000 of metal for the \$100,000 you rolled over, and nothing on the page says why.



Premium ranges: CFTC customer advisory (2020). Red Rock: CFTC consent order findings, about \$69 million paid for coins worth \$30 million (2024). Value = \$100,000 divided by (1 + premium). Custodian and storage fees not included.

Purchase (hypothetical \$100,000)	Spot value of the metal you receive
Bullion, 5% premium (CFTC low end)	\$95,238
Bullion, 10% premium (CFTC high end)	\$90,909
Collectible coins, 40% premium (CFTC low end)	\$71,429
Red Rock Secured customers (CFTC order)	\$43,478
Collectible coins, 200% premium (CFTC high end)	\$33,333

GoldStar Trust's 2026 schedule lists a \$50 setup fee, \$90 a year for maintenance and \$125 a year for commingled storage, with segregated storage at \$225 a year or more. STRATA Trust lists a \$150 annual IRA fee plus \$115 to \$175 a year for storage. Equity Trust lists \$110 to \$160 a year for storage. The SEC, NASAA and FINRA warn that self-directed IRA fees may be significantly higher than those for other accounts.

What does the tax code actually allow in an IRA?

An IRA that buys a "collectible," which includes any metal or coin, is treated as taking a taxable distribution, unless the item fits a narrow exception for certain coins and for bullion held by a trustee (26 U.S.C. § 408(m)).

Section 408(m)(1) treats an IRA's purchase of any collectible as a distribution of its cost, and section 408(m)(2) lists "any metal or gem" and "any coin" as collectibles. The IRS adds that if you're under 59½, a 10% additional tax may apply on top of income tax.

Section 408(m)(3) carves out two things:

- American Eagle gold, silver and platinum coins and certain state-issued coins.
- Gold, silver, platinum or palladium bullion at least as fine as a futures exchange requires (COMEX requires 995 fineness for gold), but only "if such bullion is in the physical possession of a trustee."

That last condition is where the home-storage pitch goes wrong. And buying property for your own use with IRA money is a prohibited transaction. The IRS says that if you engage in one, the account stops being an IRA as of January 1 of that year and the whole account is treated as distributed.

Can I keep my IRA gold at home?

No: in *McNulty v. Commissioner* (2021) the Tax Court held that gold coins an IRA bought through an LLC and kept in the owners' home safe were taxable distributions, and it added penalties.

The promoter's website said coins could be kept at home without tax or penalties so long as they were "titled" to an LLC. Mrs. McNulty's IRA funded an LLC, the LLC bought 320 one-ounce American Eagle gold coins for \$374,000, and the coins were shipped to the couple's home and kept in a safe. The court rejected the LLC argument: IRA assets must be held by a trustee, and an owner who takes possession receives a distribution. It found tax deficiencies of \$250,558 for 2015 and \$18,094 for 2016 and sustained accuracy-related penalties under 26 U.S.C. § 6662(a). The court noted the couple, both professionals, had liquidated nearly \$750,000 from their retirement accounts "to invest in a questionable internet scheme without disclosing the transactions to their C.P.A." (*McNulty v. Commissioner*, 157 T.C. No. 10, Nov. 18, 2021.)

What happened in the gold IRA fraud cases?

Regulators have won judgments for overcharging retirees in Southern California and beyond; Red Rock Secured customers paid about \$69 million for coins worth \$30 million, a consent order found (CFTC, 2024).

- **Red Rock Secured (El Segundo).** The CFTC, the California Department of Financial Protection and Innovation and Hawaii's securities regulator sued. The 2024 consent order found the firm convinced at least 950 people to pay over \$69 million for coins worth only \$30 million, at markups of 91.89% to 129.97%, mostly from retirement accounts. Reps quoted a 1% to 5% markup on bullion, then sold the "premium" coins. The order requires \$38,984,313.90 in restitution, \$5.1 million in disgorgement and \$12.25 million in penalties. The SEC separately alleged reps told investors to "protect" their retirement savings by selling Thrift Savings Plan, 401(k) and IRA holdings, and obtained a consent judgment of more than \$76.4 million, entered without admitting or denying. The two agencies' amounts likely overlap and shouldn't be added.
- **Safeguard Metals (Los Angeles area).** The CFTC, with the DFPI and other states, won a final judgment in 2025. NASAA reports the defendants solicited about \$68 million, mostly retirement savings, from at least 450 people. The court's 2025 decision, entered after the defendants consented to liability, recites that sales reps were instructed to use "fraudulent solicitations designed to instill fear in elderly and retirement aged investors." It set customer losses at \$25,569,303 and ordered restitution plus an equal civil penalty.
- **Lear Capital.** New York's attorney general alleged undisclosed commissions of up to 33% on more than \$43 million in sales and secured \$6 million in January 2022. California and other states resolved their claims through Lear's bankruptcy in a \$5.5 million settlement, the DFPI reported in 2023.
- **Metals.com / TMTE.** The CFTC and 30 states alleged in 2020 that the dealers took \$185 million, including \$140 million of retirement savings from more than 1,600 people, with overcharges of 100% to more than 300%. These are allegations. Bloomberg Law reported in August 2026 that the court denied both sides summary judgment and set the case for trial, and the docket was still active in late September 2026.

The CFTC counts more than \$500 million in alleged fraudulent metals sales it has charged over the past decade. The CFTC and FINRA say some gold and silver IRA victims had one-third to one-half of their savings drained by markups, fees and commissions.

Why do gold IRA ads target retirees?

Because retirees hold their savings in 401(k)s and IRAs, and a fear pitch moves that money fast; the FTC told the Senate Aging Committee in 2014 that precious metals scams prey on older Americans worried about their retirement.

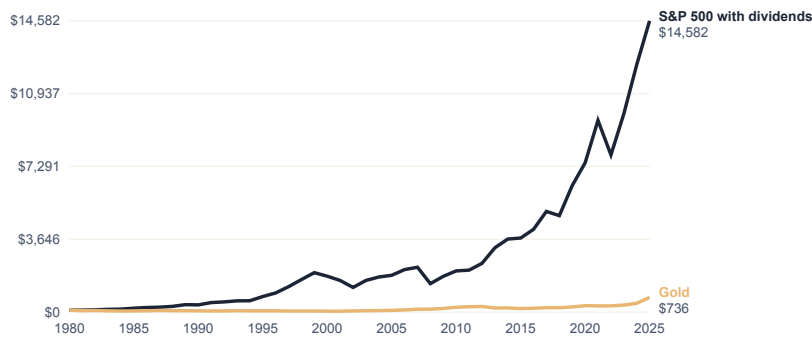
The FTC's 2016 complaint against one seller described national TV and radio ads touting gold and silver as a safe retirement investment. In 2025 the FTC warned consumers that "Nobody legit will tell you to protect your money by transferring or withdrawing it from your bank or investment accounts. But scammers will." When the pitch tells an older person to move money to "protect" it, that's the signal to stop.

California law gives older victims a remedy. Financial abuse of an elder, anyone 65 or older, includes taking property "for a wrongful use or with intent to defraud," and a person who "knew or should have known" the conduct was likely to harm the elder has taken it for a wrongful use (Welf. & Inst. Code, §§ 15610.27, 15610.30). If a parent has been pushed into a rollover, our [elder financial abuse guide](#) explains what families can do, and [financial elder abuse and trust contests](#) covers the litigation side.

Is gold a bad investment?

Not always, but over the long run it has trailed stocks badly: 5.61% a year for gold vs. 10.02% for the S&P 500 with dividends from 1928 through 2025 (Damodaran, NYU Stern data).

Gold also has long droughts. Its year-end price was \$589.75 in 1980 and \$274.45 in 2000, down 53%, and it didn't finish a year above the 1980 level again until 2006. Someone who bought at the end of 1980 had less than their money back for most of 25 years.



Source: Aswath Damodaran, NYU Stern School of Business, Historical Returns on Stocks, Bonds, Bills, Real Estate and Gold (updated January 2026). Ridley Law calculation of growth of \$100 from annual returns. Nominal dollars, no fees or taxes.

End of year	S&P 500 with dividends	Gold	Gold price per ounce
1980	\$100	\$100	\$589.75
1985	\$196	\$55	\$326.80
1990	\$364	\$65	\$386.20
1995	\$779	\$66	\$387.00
2000	\$1,796	\$47	\$274.45
2005	\$1,841	\$87	\$513.00
2010	\$2,060	\$238	\$1,405.50
2015	\$3,707	\$180	\$1,060.00
2020	\$7,473	\$321	\$1,891.10
2025	\$14,582	\$736	\$4,339.65

Over the ten years 2016 through 2025, gold beat the S&P 500, 15.14% a year to 14.68%, and it rose 66% in 2025 alone. That run is exactly why the ads are everywhere now. A recent run doesn't make a markup of 40% or more a good deal, and it doesn't make a fear script honest.

When is a gold IRA legitimately fine?

When it's a small slice of your savings, holds IRA-eligible bullion or American Eagles bought near spot, and sits with a real trustee, not in your closet.

The tax code permits it (26 U.S.C. § 408(m)(3)), and the FTC itself has said precious metals can be a legitimate investment. A person who wants some gold exposure as a hedge can have it. The cheaper route for most people is inside the IRA or 401(k) they already have: the CFTC and FINRA note that exchange-traded products holding metals can often be added to an existing IRA and are fully regulated. They also warn that rolling over a retirement account to buy large amounts of bullion, paying high fees and commissions, may not make sense for retirees.

Gold IRA pitch vs. a better alternative

	Dealer gold IRA rollover	Gold fund inside your existing IRA or 401(k)
Who sells it	Commissioned dealer rep, not a fiduciary (CFTC)	You buy it through your plan or brokerage
Markup	5% to 10% on bullion; 40% to 200% on collectible coins (CFTC)	Trading spread plus a disclosed expense ratio
Yearly fees	About \$200 to \$400 in custodian and storage fees (2026 schedules)	Fund expense ratio, no custodian or vault bill
What your statement shows	Spot value, not what you paid (GoldStar disclosure)	Market value of the fund
Selling	Back to a dealer at its bid; collectibles are illiquid (CFTC)	Any trading day
Home storage	Triggers tax and penalties (McNulty, 2021)	Not an issue

What should you do instead?

1 Hang up on the fear script

Anyone telling you to move retirement money to "protect" it is following a script the FTC calls a scam line. Take a week and talk to someone who isn't paid on the sale.

2 Get the spot price and the markup in writing

Ask the dealer for the spot price, the premium as a percent and what it would pay to buy the coins back today. If it won't put that on paper, walk away.

3 Buy bullion or Eagles, not "rare" coins

Collectible coins carry the biggest premiums and the thinnest resale market. The tax exception covers bullion and American Eagles anyway.

4 Consider a gold fund in the account you already have

No rollover, no custodian, no vault fee, and you can sell any trading day.

5 Keep your beneficiary designations and trust in order

Coins in an IRA pass by the IRA's beneficiary form, and coins at home pass under your will or trust. Our [beneficiary designation audit](#) and [who gets the guns, gold and crypto](#) cover both.

Frequently asked questions

Is a gold IRA a scam?

No. A gold IRA is legal under 26 U.S.C. § 408(m)(3) if it holds eligible coins or bullion with a trustee. The scams are in the sales: high-markup collectible coins, hidden commissions and fear-based rollovers, as in the Red Rock Secured and Safeguard Metals cases.

How much does a gold IRA cost?

Published 2026 custodian schedules run roughly \$200 to \$400 a year in setup, maintenance and storage fees, before the dealer's markup. The markup is the big number: 5% to 10% on bullion and 40% to 200% on collectible coins, per the CFTC.

Can I store gold from my IRA at home?

No. The Tax Court held in *McNulty v. Commissioner* (2021) that coins kept at home were taxable distributions, and it imposed penalties. Bullion has to be in a trustee's physical possession.

Is rolling my 401(k) into gold tax-free?

A rollover to a self-directed IRA generally isn't taxed, per IRS Publication 590-A. Buying ineligible coins with the money, or taking the coins home, is treated as a distribution, taxable and possibly subject to the 10% additional tax if you're under 59½.

What taxes apply to gold held outside an IRA?

Gains on gold bullion and coins held more than a year are taxed as collectibles at a top federal rate of 28%, higher than the usual long-term capital gains rate, per the IRS.

My parent bought coins after a TV ad. What can we do?

Get the purchase paperwork and the custodian statements, compare what was paid with spot value, and report it to the CFTC, the California DFPI and the FTC. If your parent is 65 or older and was pushed into it, California's elder financial abuse law may give a claim.

This page is general information about the law and published regulatory actions. It isn't legal, tax or investment advice for your situation. Allegations in pending cases are allegations, not findings.

More in the [money myths](#) series: ["don't contribute to your 401\(k\)"](#) and [crypto yield scams](#). For your heirs: [the inherited IRA tax map](#) and [IRAs, 401\(k\)s and beneficiary assets](#).

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Questions about your own plan?

Ridley Law helps California families with trusts, wills, trust administration and probate from Port Hueneme, serving Ventura, Santa Barbara and Los Angeles counties. The first call is free and runs 30 minutes.

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