


HOW TO INVEST WITH A SELF-DIRECTED IRA



1. OPEN A SELF-DIRECTED IRA ACCOUNT

- Choose a qualified SDIRA custodian (not a traditional brokerage).
- Popular custodians: Equity Trust, Quest Trust, Advanta IRA, uDirect IRA, etc.
- Decide on an IRA type: Traditional, Roth, SEP, or Solo 401(k).



2. FUND YOUR SDIRA

- Transfer funds from an existing IRA or 401(k) – tax-free, no penalty.
- Or contribute new funds (subject to IRS limits, e.g., \$7,000/year in 2025).
- You can also roll over an old 401(k) from a previous employer.



3. SELECT YOUR INVESTMENT

- Find a qualified investment opportunity – such as:
 - Real estate
 - Private lending/debt fund
 - Notes or promissory loans
 - Private equity
- Verify the investment complies with IRS rules (see Step 5).

4. DIRECT YOUR CUSTODIAN TO INVEST

- Submit a “Buy Direction Letter” to the SDIRA custodian with:
 - Offering documents (PPM, subscription agreement)
 - Entity details (EIN, address, legal name)
 - Investment amount
- Funds are released directly from the IRA to the investment.



5. AVOID PROHIBITED TRANSACTIONS

- You can't invest with or benefit from disqualified persons:
 - You, your spouse, kids, parents, or their businesses.
- The IRA owns the asset, not you personally.
- No “self-dealing” or using IRA assets for personal gain.



6. TITLE THE INVESTMENT CORRECTLY

- Investment must be titled in the name of the IRA, not you.
- Example:
 - "ABC Trust Company FBO John Smith IRA #123456"



7. LET THE INVESTMENT WORK

- All income (interest, dividends, profits) goes back to the SDIRA tax-deferred (Traditional) or tax-free (Roth).
- You can reinvest those earnings within the IRA.



8. KEEP IRA FEES & RECORDS IN ORDER

- The custodian typically charges annual admin fees.
- Keep clean records and make sure all distributions/returns go to the IRA, not to you personally.



9. DISTRIBUTIONS & RMDs

- Traditional IRAs require RMDs (Required Minimum Distributions) starting at age 73.
- Roth IRAs have no RMDs and are tax-free if held 5+ years and you're over 59½.



10. WORK WITH PROFESSIONALS

- Use a reputable custodian, and consider:
 - Tax advisor or CPA
 - Real estate attorney (if investing in notes or funds)
 - Financial advisor experienced with alternative assets

Disclaimer: This is not tax, legal, or investment advice – consult your financial advisor or IRA custodian before making any investment decisions.

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