



YES!

YOU CAN INVEST IN REAL ESTATE WITH YOUR IRA!

**THE OFFICIAL
SELF-DIRECTED IRA INVESTORS GUIDE**



IRAR
TRUST COMPANY

IRA RESOURCES, INC.

REAL ESTATE IRAS 101

ESSENTIAL STEPS TO GETTING STARTED

Investing in real estate with self-directed IRAs— there's amazing potential, but these accounts are often overlooked and typically underutilized. What do IRA investors need to know before starting the investment process? You'll find it here. You'll get an overview of self-directed IRAs, what kinds of real estate you can invest in, and how to utilize your existing retirement savings to get started right away.



Contents

Introduction	1
What's a Self-Directed IRA?	2
What Kinds of Real Estate Can I Invest In?	3
Can I Use My Existing Retirement Account?	3
Why Do I Need an IRA Custodian?	4
What Won't My Custodian Do?	6
What Can't I Do With a Self-Directed IRA?	6
In a Nutshell	6



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Introduction

Can you imagine— a future where your retirement is secured by physical property. A future where you know that no matter what the stock market looks like, there is a tangible asset you and your retirement can rely on.

That's why investing in real estate is such a popular strategy. Unlike stocks, bonds, and mutual funds, it's something you can touch, something you can feel, something you can depend on— no matter what happens. That's the kind of security most people want in a retirement investment.

Investors have been able to buy real estate with their retirement plans [since the creation of IRAs in 1974](#), but most don't realize this potential to diversify exists. Investors who do invest in real estate use personal funds or loans to buy real estate and often don't even know they could be making the same type of investment with their retirement savings.

But they could be— and you could too. You just need the right kind of retirement account.

These retirement options aren't generally offered by traditional banks, even when they have a product with the same name. And with [real estate averaging returns better than most stocks in the long term](#) —with the added benefit of being a physical asset— it's no surprise investors are tempted. It's becoming more and more popular, as investors catch on to this strategy to diversify their retirement funds by investing in real estate and related assets.

Sound appealing? You aren't the only one who's intrigued.

If you're ready to join the millions of people (and billions of dollars) invested with self-directed IRAs— stay tuned. We'll help you take your retirement to the next level.

This is chapter 1 of our eBook, [Yes! You CAN Invest in Real Estate With Your IRA!](#)

We'll cover what you need to know to get started. You and your IRA will be investing in real estate in no time!

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What's a Self-Directed IRA?

A self-directed IRA is an individual retirement account (IRA) that lets you invest in alternative assets like real estate and private placements with your retirement savings.

With self-directed IRAs, you can expand and diversify your investment opportunities beyond the stock market and into a variety of assets— like mortgages, notes, physical real estate, and private placements. By diversifying your investments, you increase the chance of protecting and enhancing your retirement.

The term self-directed simply means that you have complete control over selecting and directing your IRA investments. With a self-directed account, your IRA can buy real estate, notes, limited partnerships, commercial paper, and almost any type of asset, instead of pre-selected or advisor-guided investment choices.

Your current bank or brokerage firm may offer something called a self-directed IRA—but how self-directed is it, actually? Often these big banks' idea of self-direction is a list of acceptable investments you can choose from, and most of these imitation self-directed IRAs don't allow you to invest in real estate at all. But that doesn't mean you can't do it— you just can't do it with them.

A true self-directed IRA gives you the freedom to invest in assets beyond what's typically allowed at these institutions: real estate, private placements, and other non-traditional investments. The IRS prohibits only a few types of investments (Life insurance, S-corps, and collectables, per [IRC 4975](#)), so your options are almost limitless— as long as you find the right provider.



INVESTOR TIP!

When talking to your IRA provider, ask the representative if they can hold your asset. If the answer is no, keep looking.

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What Kinds of Real Estate Can I Invest In?

You can invest in nearly every type of real estate investment imaginable with a self-directed IRA. The IRS prohibits only a few specific investments (addressed in the [upcoming chapter on prohibited transactions](#)). Your opportunities are constrained only by those rules and by your imagination.

For example, your IRA can invest in:

- Apartment Buildings
- Condominiums
- Commercial Paper
- Commercial Property
- Foreclosures
- Improved or Unimproved Land (Leveraged or Un-Leveraged)
- Joint Ventures
- Leases
- Limited Liability Companies (LLCs)
- Limited Partnerships
- Offshore Property
- Single Family and Multi-Unit Homes
- Tangible Asset Deeds
- Tax Lien Certificates
- Trust Deeds and Mortgage Notes

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Can I Use My Existing Retirement Account?

If you already have an account at another retirement provider (including an old 401(k) or other employer plan), you can move that account to a self-directed IRA. It's a totally normal thing that investors do every day, and the process isn't complicated.

There are no tax consequences for transferring your account (though there are some rules about how, when, and to who— see our chapter, [How To Fund Your New Self-Directed IRA](#) for more details).



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Why Do I Need an IRA Custodian?

To invest with your retirement savings, you need a custodian. A custodian is required to maintain the IRA's tax-advantaged status, per IRS guidelines— this is true whether you're investing in real estate with IRAR or in mutual funds with Charles Schwab. But to invest in alternative assets, generally you have to open a self-directed IRA with a custodian that specializes in these investments. The company holds title of your assets for safekeeping and annual reporting of your account. Often times this is a custodian, but not always.

There are a few types of providers:

IRA Custodians

You've got IRA Custodians (like IRAR), which are regulated directly by the state and federal law. They'll directly hold your IRA assets and investments, are directly overseen and regularly audited by the state they're chartered out of.

IRA Providers & Administrators

Then there are IRA Providers and Administrators. They usually aren't custodians, and instead rely on another custodian (a separate entity) to custody their clients' investments. They aren't directly regulated, and are instead audited and vetted by their custodian.

IRA Promoters

Then you've got IRA Promoters. They usually offer a product they service to hold your investment (Like an LLC). They generally aren't custodians but usually work with one. They often end up effectively acting like a 3rd-party investment provider.

Want to compare companies directly?

Use our Fees & Services Comparison Template to see firsthand.

	IRAR TRUST	COMPANY A	COMPANY B
What year was the company established?	1996		
Are they an administrator or custodian?	Custodian & Administrator		
Service Level Rating (1-5 Stars)	*****		
• If you left a message, how promptly was it returned?	*****		
• Did you talk to a person?	*****		
• How confident are you in the answers you received?	*****		
• Do they limit investment options?	Physical precious metals		
• What is their BBB rating?	A+		
• Are there lawsuits pending against them?	No		
• How do their employees rate them?	*****		
What is the cost to open account?	\$100		
What is the annual record keeping fee?	\$199 (one asset)		
Additional Asset Annually	\$75		
How often do they bill?	Semiannual - For Example: One asset: \$99.50 semiannually. Two assets: \$137.00 semiannually.		
What is the cost to close my account? (Termination Fee)	\$250		
What if I don't fully close the account?	\$25		
How much for purchase and sale of assets?			
Purchase Notes, LLC, Private Stock, etc.	\$50		
Purchase Real Estate - Residential, Commercial, Land, etc.	\$175		
Earnest Money Deposit (EMD)	(included in purchase)		
Non-Recourse Loan Processing	(included in purchase)		
Sell Notes, LLC, Private Stock, etc.	\$50		
Sell Real Estate - Residential, Commercial, Land, etc.	\$175		
Common Transactions Fees			
ACH transfers	\$0		
Wire transfers	\$30		
Overnight delivery via FedEx, UPS, USPS, etc.	\$30		
Checks	\$7		
Other Fees			
Estimated Annual Cost			

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What Won't My Custodian Do?

Your IRA custodian has a specific role, and with that role comes some very specific rules it needs to follow regarding its behavior.

Your custodian will not:

- Identify investments
- Vet and determine investment risk
- Negotiate purchase or sale price
- Track or monitor income or expenses
- Provide advice of any kind, including financial or legal advice

Custodians and other providers are supposed to be passive, arm's length from the IRA and the IRA's investments, and aren't supposed to give any advice. You do run into some unscrupulous or rule breaking providers sometimes, so be aware— this can put your retirement at risk. If you see a provider willing to break these rules, run away.



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What Are My Responsibilities With My Self-Directed IRA?

Self-directed IRAs give you the freedom and power to invest way beyond traditional retirement assets— but with great power comes great responsibility.

As a self-directed investor:

- You must vet your investments yourself
- You make all the decisions for your IRA
- You are responsible for following IRS rules and keeping your account compliant
- You must find your own qualified tax and investment advice
- You are responsible for reviewing your account statements regularly.





In a Nutshell

Don't be one of the many investors missing out— self-directed IRAs are an excellent opportunity to diversify into an asset class you can rely on. You just need a self-directed IRA and the know-how to make it work.

Looking for the right IRA custodian to make it all come together? IRAR makes self-direction easier—we're the fastest growing custodian for real estate investments for a reason.

If you have more questions or want to talk to one of our representatives, we're always be happy to help. Reach one of our Certified IRA Services Professionals (CISP) by [phone or email](#).

CHAPTER

2

THE SECRET TO BIG SAVINGS SELF-DIRECTED IRA FEES EXPLAINED

Want to get the best price for your Real Estate IRA? Knowing what to expect is half the battle—the rest is finding a provider who charges in a way that works for you. Get the lowdown on self-directed IRA fees, how providers charge, and what to look out for to SAVE BIG in this chapter.

READY FOR THE NEXT CHAPTER?

CHAPTER 2:

The Secret to Big Savings: Self-Directed IRA Fees Explained