



Unlocking Real Estate Investment Potential with Self-Directed IRAs

By Shea Roberts
VP of Business Development
Vantage IRA



Many people aspire to be real estate investors but assume they don't have enough capital to participate. What many don't realize is that they may already have investment capital available in an existing IRA or former employer plan, such as a 401(k).

A Self-Directed Individual Retirement Account (SDIRA) is one of the financial industry's best-kept secrets. Contrary to popular belief, and what your advisor or CPA may have shared, it is completely allowable to use retirement savings to invest in real estate.

How a Self-Directed IRA Differs from a Traditional Brokerage IRA

Most of us are familiar with IRAs held at brokerage firms, which typically limit investors to Wall Street assets like stocks, bonds, and mutual funds. However, just because many brokerages don't offer access to private market investments doesn't mean they aren't allowed. Since 1974, the IRS has permitted retirement funds to be invested in the private markets, but the custodian administering your account ultimately determines the types of assets available.

With a true Self-Directed IRA, investors can use their retirement funds to invest in alternative assets like private real estate opportunities, including multifamily projects, private equity real estate funds, rental properties, fix-and-flips, raw land, and other privately held investments. This can be especially powerful for investors who already understand real estate or want greater diversification beyond the public markets.

Key Benefits of Investing in Real Estate with a Self-Directed IRA

Maximize Your Retirement Money

A Self-Directed IRA allows you to tap into retirement funds that are already invested for the long term and don't have liquidity. This can help investors grow a real estate portfolio without seeking external financing or passing on opportunities. Unlocking your IRA enables you to fund a wide range of real estate investments.

Tax Advantages

SDIRAs offer the same tax benefits as traditional IRAs invested in public markets. Depending on whether your account is Traditional or Roth, gains may grow tax-deferred or tax-free. This allows more capital to remain invested and working toward your long-term retirement goals.

Diversification

Real estate can add meaningful diversification to a retirement portfolio. While stocks and bonds can experience daily volatility, real estate is often an illiquid asset and may provide the stability of a tangible investment. Including real estate in your SDIRA helps spread risk across asset classes that are not directly correlated to the stock market.

Control Over Investments

The term "Self-Directed" means exactly that. You can choose investments that align with your knowledge and preferred strategies. This puts you in the driver's seat so you can pursue opportunities that blend with your financial goals. After all, it's your retirement money.

Putting Retirement Capital to Work

With a Self-Directed IRA, real estate investing may be more accessible than many people realize. Investors can participate in real estate partnerships, private syndications, rental properties, or multifamily projects, all funded through a Self-Directed IRA. The key is understanding the rules, educating yourself, and aligning your investments with your long-term financial objectives.

If you'd like to learn more about how Self-Directed IRAs work or how they can be used to invest in alternative assets, our team at Vantage is happy to help guide the conversation. Visit www.VantageIRAs.com to learn more.