



Why Income-Focused Investments May Make Sense for Your SDIRA

By Rob Stanley, Shining Rock Equity, February 2026

Why Income Investments Can Be a Good Fit for Self-Directed Retirement Accounts

Shining Rock Equity is a private real estate investment firm that identifies and curates best-in-class investment opportunities. We help investors build long-term, tax-advantaged wealth through carefully selected real estate strategies.

Each partner at [Shining Rock Equity](#) uses a Self-Directed IRA (SDIRA) as one tool within a broader portfolio strategy. This article highlights *why* SDIRAs can be attractive and *why income-focused investments, in particular, may deserve consideration inside a retirement account.*

If you're new to SDIRAs, there are several custodians that specialize in helping investors transition assets from former employer plans, Traditional IRAs, or Roth IRAs into a self-directed structure. We've worked closely with [Equity Trust](#) and have found their process to be straightforward and investor-friendly.

Why After-Tax Returns Matter More Than Most People Realize

Many investors focus primarily on **headline returns** without fully considering what remains *after taxes*. This distinction matters, especially for income-producing investments.

Traditional real estate equity investments often generate:

- 5–6% cash flow
- Greater variability in distributions
- Returns that rely heavily on a future sale

Those attributes can make sense for a portion of a portfolio—but not necessarily for every dollar, particularly inside a retirement account where long-term compounding is critical.

This is one reason we place value on **income-focused strategies** within SDIRAs.

Why Income Inside an SDIRA Can Be Powerful

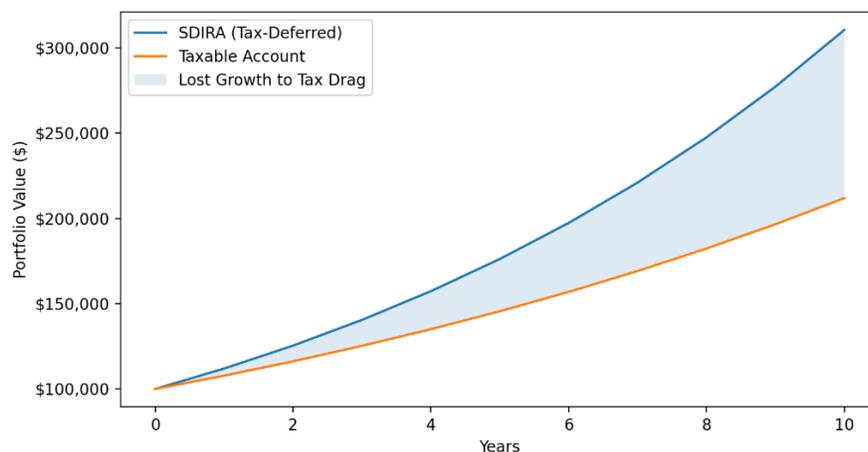
Shining Rock Equity offers access to an **income-focused private credit fund** in partnership with **Aspen Funds**, targeting higher cash yield that may be automatically reinvested.

The fund's **target investor yield** is approximately **9–14%**, which we believe represents an attractive *risk-adjusted* return profile. Within an SDIRA, those cash distributions may be **tax-deferred or tax-free**, depending on account type.

Always consult your CPA or tax advisor.

Why Does Tax Deferral Matter?

Impact of Tax Drag on Long-Term Portfolio Growth
Gross Annual Return: 12%



Result: Over ten years, the tax-deferred SDIRA investment ends up approximately **50% larger**, despite identical gross returns.

The difference isn't higher risk—it's **less tax drag**

Three Key Advantages of Income-Focused SDIRA Investing

1. Tax-Advantaged Cash Flow

- **Traditional SDIRA:** income grows tax-deferred
- **Roth SDIRA:** income may grow tax-free

High-cash-flow investments benefit disproportionately from this structure compared to low-income, appreciation-only strategies.

2. Faster Compounding

Because income stays inside the IRA:

- Cash flow can be reinvested immediately
- Compounding isn't interrupted by quarterly tax payments
- Growth accelerates over time

This effect is especially powerful for **monthly or quarterly income streams**.

3. Liquidity for RMDs and Expenses

For Traditional SDIRAs:

- Regular income can help satisfy **Required Minimum Distributions (RMDs)**
- Reduces the need to sell assets at unfavorable times

Income helps solve practical, real-world retirement account challenges.

Why Private Credit May Be Worth Considering

Shining Rock Equity's private credit fund may be appropriate for investors seeking:

- **Lower volatility:** Capital is deployed as loans secured by commercial real estate. Returns are driven primarily by contractual interest, not market appreciation.
- **Higher income potential:** Target cash yield of approximately **8–10%**, with total return expectations of **10–14%**.
- **Downside protection:** Loans are structured with conservative loan-to-value (LTV) targets. Real estate values would need to materially decline before principal is impacted.

Unlike appreciation-only strategies, income investing:

- Does not rely solely on a future exit
- Reduces pressure to time asset sales
- Can help smooth returns during volatile markets

Final Thoughts

Income-focused investments are not right for every investor or every account. But inside a **Self-Directed IRA**, they can offer meaningful advantages through tax efficiency, compounding, and predictability.



If you'd like to learn more, reach out to Shining Rock Equity, visit [Equity Trust online](#), or call 239-333-1032 for additional educational resources.

This article is for informational purposes only and is not investment or tax advice.