

An IRA That Puts You In The Director's Chair

(NAPSA)—A growing number of investors are taking a closer look at IRAs that offer them more control of their retirement investment options as well as the ability to invest in a broader set of assets.

Called a Self-Directed IRA—or SDIRA, for short—it's a retirement account that gives investors a leadership role in selecting their investments. Self-Directed IRAs can hold assets beyond traditional Wall Street stocks and bonds, making it possible for a retirement portfolio to include real estate, ownership in private companies, precious metals and many other types of assets.

This direct control and greater investment flexibility have made SDIRAs increasingly popular with people who are looking for an alternative to putting their retirement in the hands of brokerage houses. The most recent analysis shows that SDIRAs already represent close to 3 percent of the \$5.4 trillion IRA market—which translates to an estimated \$162 billion in assets held by these accounts—and that continues to grow as more people learn about SDIRAs.

Investing In Yourself

One of the things many of these investors are drawn to about SDIRAs is the ability to put their prior business and personal experience to work in their retirement strategy. Common IRAs hand much of the decision-making power over to the mutual fund manager or broker. But with Self-Directed IRAs, investors can put their own expertise to use to grow their account.

For example, a real estate professional or real estate investor can apply that knowledge to an IRA portfolio focused on housing. An entrepreneur or small-business owner can put that know-how to use with an IRA portfolio focused on ownership stakes in private companies. In this way, the investor can put their knowledge and passion to work as the focus of a retirement strategy.

The Role of the SDIRA Provider

Self-Directed IRAs have the same tax advantages and the same contribution and distribution rules as common IRAs. In



A Self-Directed IRA, or SDIRA, makes it possible to invest in a broader set of potential assets than with a traditional IRA.

fact, SDIRAs are the same financial vehicle as common IRAs, but with more enhanced asset choices.

There are some differences, however, which is where a SDIRA provider comes in. It handles the administrative aspects of the account to make sure assets are titled correctly, issue periodic statements, and compile reports required by the IRS. With those responsibilities covered by the provider, the investor takes the lead on choosing the investment strategy and evaluating potential investment opportunities.

According to Bill Humphrey, co-founder and CEO of New Direction IRA, choosing an SDIRA provider that has good customer service and offers educational support to investors is critical for the IRA holder. "A good SDIRA provider not only handles the record keeping required by the IRS, but also serves as a resource to the investor. Although SDIRA providers cannot provide investment advice about which assets to invest in, they can provide valuable guidance about how to protect a portfolio's tax-advantaged status, how to follow the IRS' guidance about prohibited transactions, how to minimize cost structure and more. The provider becomes a trusted source of information in those ways."

To learn more about Self-Directed IRAs and for a variety of free educational resources about this investing strategy, visit www.newdirectionira.com.