

ROLLING OVER YOUR 401(K) TO DIVERSIFY YOUR INVESTMENT OPTIONS

Self-Directed, “Checkbook” IRAs

By Michael Fordham

OVERVIEW

- ▶ Rolling over 401(k) funds into a Self-Directed IRA (SDIRA) allows you to diversify your investments beyond stocks, bonds, and mutual funds
- ▶ With a Self-Directed IRA, you can invest in various asset classes, including real estate-related assets
- ▶ A “Checkbook IRA” adds to a Self-Directed IRA’s capabilities, providing an investor further control in managing their investments

If you are looking to diversify your retirement portfolio, rolling over your 401(k) into a Self-Directed IRA (SDIRA) can open up opportunities to invest in “alternative assets”. Alternative assets are investments other than stocks, bonds, and mutual funds.

With a Self-Directed IRA, you can invest in real estate-related assets, among other options.

Rolling your 401(k) into a specific type of Self-Directed IRA called a “Checkbook IRA” provides you even further flexibility and control of your investments.

THE SDIRA ADVANTAGE

The Self-Directed IRA is a powerful tool for investors looking to expand their retirement investing options beyond the usual Wall Street offerings of stocks, bonds, and mutual funds. With a Self-Directed IRA, you can invest in a variety of ‘alternative assets’, which include real estate and real estate-related assets, such as private lending.

As with a 401(k) and other IRA vehicles, the Self-Directed IRA provides tax-deferred or tax-free growth benefits, which of course can boost investor returns.

With a Self-Directed IRA, you list your IRA as the owner of the asset on all documentation. Your Self-Directed IRA custodian will complete your transactions at your direction.

ROLLING OVER FUNDS FROM YOUR 401(K) TO A SELF-DIRECTED IRA

The first step to rolling over your 401(k) is to open a Self-Directed IRA with a SDIRA custodian. You can then contact your current plan administrator and complete its required forms to roll over funds to your SDIRA custodian, thus funding your new Self-Directed IRA. You are then ready to invest.

THE CHECKBOOK IRA ADVANTAGE

The 'Checkbook IRA' is a sub-type of the Self-Directed IRA, providing even further capabilities to a Self-Directed IRA. This kind of SIDRA is also referred to as granting "checkbook control."

This structure is particularly ideal for shorter term investments (such as private lending).

With a Checkbook IRA, an investor has direct control of every investment transaction, rather than going through a Self-Directed IRA custodian for each transaction. There is minimal administrative back-and-forth with the custodian, and you control your own wires in and out of your account. This can make your investing activity incredibly easy and efficient.

To give you checkbook control of your SDIRA, the custodian first establishes an LLC or trust for your IRA. Once your entity of choice is set up, you open a dedicated checking account for your IRA, at which point you will instruct your custodian to move funds from your IRA to your checking account.

You are then able to send a wire or write a check from the IRA's checking account to fund your investments.

You now have the tools for a whole new world of investment options and diversification.

ALWAYS WITH CARE

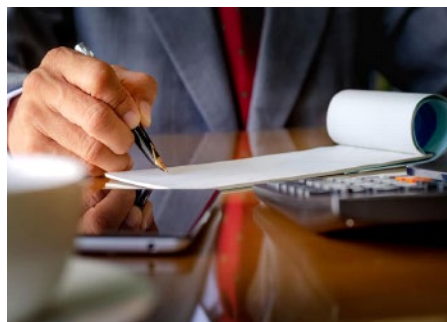
With a Checkbook IRA's flexibility to invest without custodian review, also comes the investor's responsibility to assure they invest only in legally permitted assets.

ASK US ABOUT INVESTING WITH A CHECKBOOK IRA

We have found our capital partners who set up a Checkbook IRA love the ability to nimbly invest as investment opportunities arise. A number of these partners started investing by rolling over their 401(k)s into a Self-Directed IRA.

If you are interested in learning more about the convenient IRA options discussed above, we are glad to give you further information, including referring you to a custodian who can guide you through the process. We base our custodian recommendations on the recent experience of our other capital partners.

Of course, we also welcome you to contact us about private lending as an investment to add to your IRA. Together with our capital partners, we lend funds to real estate investors, earning 12% returns while also securing a first position lien on property as collateral.



SUMMARY

Rolling over your 401(k) into a Self-Directed IRA has many advantages, also including if you establish a Checkbook IRA. You have the freedom to invest in many alternative assets and can do so quite easily and conveniently.

PRIVATE LENDING AND OTHER PERMITTED INVESTMENTS

Many of our capital partners use their Self-Directed IRAs to fund private lending. They receive monthly interest payments over the term of each loan.

Below is a partial list of alternative assets that may be held by a Self-Directed IRA (each subject to limitations).

- ▶ Real Estate
- ▶ Private Lending
- ▶ Precious Metals
- ▶ Cryptocurrency
- ▶ Private Placements
- ▶ Crowd Funding/Start-Ups
- ▶ Oil & Gas
- ▶ Intellectual Property
- ▶ Vineyards
- ▶ Racehorses

ABOUT THE AUTHOR



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Michael Fordham is founder and CEO of Silverstream Funding, a private lender. Together with their capital partners, Silverstream Funding funds short-term loans for real estate investors, primarily in Texas.

Before launching Silverstream, Fordham accumulated more than 20 years of banking and real estate experience. He practiced corporate and securities law for 18 years, including with investment banks JPMorgan Chase & Co. (New York City) and Credit Suisse, A.G. (Zurich, Switzerland). His real estate experience includes multiple projects in the multifamily investment space.

For more information, visit www.SilverstreamFunding.com