



INVESTING GUIDE

Real Estate

Understanding real estate investing through a self-directed retirement account.



Investing beyond Wall Street

Self-directed retirement accounts offer access to a wide range of investment options including real estate. Whether you're an experienced real estate investor or simply looking to expand your retirement strategy, a self-directed retirement account lets you use your knowledge of the real estate market and your retirement funds to pursue opportunities on a tax-advantaged basis, keeping investment gains and income tax-deferred (or even tax-exempt).

More options mean more opportunity to diversify your portfolio outside of Wall Street—something you won't typically find with most banks and brokerage firms.

Benefits

Real estate can offer distinct advantages when held within a self-directed retirement account, combining the benefits of tangible assets with tax-advantaged investing.

✓ **Portfolio diversification**

Add tangible assets that may perform differently from traditional stocks and bonds.

✓ **Tax-advantaged growth**

Investment gains remain tax-deferred—or tax-free in certain retirement accounts.

✓ **Retirement income potential**

Rental income and other investment proceeds flow back to the IRA for reinvestment.

✓ **Investment flexibility**

Invest in a range of real estate that aligns with your knowledge and investment strategy.

Investment options

A self-directed retirement account can hold many [types of real estate](#) including:

- **Commercial and industrial properties** – Office buildings, retail space, warehouses, storage facilities, and other commercial properties.
- **Residential properties** – Single-family homes, condominiums, townhomes, multifamily properties, and apartment buildings.
- **Raw or improved land** – Undeveloped land or property with existing infrastructure and utilities.
- **Real estate owned (REO) properties** – Properties acquired by lenders through foreclosure or similar proceedings and offered for resale.
- **Trust deeds or mortgage notes** – Real estate-secured debt held within the retirement account.



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Tax-advantaged eligible accounts for real estate

Real estate investments may be held in several types of tax-advantaged retirement accounts, depending on your eligibility and retirement goals. Each account type offers unique contribution rules and tax treatment, but all can provide access to real estate through a self-directed retirement account.

- **Traditional IRA** – Contributions may be tax-deductible, and investment earnings grow tax-deferred until distributions are taken in retirement.
- **Roth IRA** – Contributions are made with after-tax dollars, while qualified withdrawals, including investment earnings, are generally tax-free.
- **SEP IRA** – A retirement plan designed for self-employed individuals and small business owners that allows employers to make tax-deductible contributions on behalf of eligible employees.
- **SIMPLE IRA** – A retirement plan for small businesses that allows both employee salary deferrals and employer contributions, offering a straightforward alternative to more complex retirement plans.

Common ways to invest

STRATA simplifies investing in real estate through a self-directed retirement account with four flexible options:

1. **Direct purchase** - Your retirement account can purchase the property outright (directly owned) using available cash in the account or funds transferred or rolled over from another eligible retirement account. This is often the simplest and quickest way to purchase a property through a retirement account.
2. **Invest with others** - Your retirement account can invest alongside other individuals or retirement accounts, with ownership based on each investor's percentage of the purchase. Income and expenses are allocated proportionately.
3. **Use a non-recourse loan** - Your retirement account can use a non-recourse loan to finance a real estate purchase. STRATA works with non-recourse lenders, including North American Savings Bank and First Western Federal Savings Bank, as well as other financial institutions familiar with this type of lending.
4. **Invest through an entity** - Your retirement account can invest in real estate through an LP or LLC. (Note: STRATA permits only multi-member LLCs and does not allow single-member LLC structures.)



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User-friendly & **fast** responses

I was very satisfied with the service. Was very user-friendly to complete transactions online and very fast responses from the team at STRATA. I would and have already recommended them to others.

-Darlene P.

★★★★★ | June 2026 | [Google Reviews](#)

Tax-deferred investing

How does a SDIRA help you meet your retirement investing goals?
“It allows me to use tax-deferred money for real estate investments.”

- STRATA Survey Respondent

August 6, 2025 | [2025 Self-Directed IRA Investor Survey Report](#)

A consistent history of **excellent service** and support!

The excellent experience started and ended with the assistance and guidance of your customer service rep. She directed me through the entire process, cordially and professionally. Of course, this experience is consistent with the excellent service and support I have enjoyed from the time I first opened my IRA with STRATA.

-Howard B.

★★★★★ | July 4, 2026 | [Trustpilot](#)

What you should know about real estate

Self-directed retirement accounts offer greater investment flexibility than many traditional retirement accounts, but they are also subject to IRS rules and requirements you should understand before investing.

Conduct due diligence

Conducting due diligence is the responsibility of the retirement account owner. Consult qualified investment, tax, or legal professionals before investing. STRATA administers the retirement account but does not evaluate investments or provide investment, tax, or legal advice.

Avoid prohibited transactions

A prohibited transaction occurs when a retirement account engages in certain transactions with a disqualified person. Such transactions may result in the loss of the account's tax-advantaged status. Examples of disqualified persons include:

- You as the account owner
- A beneficiary of the retirement account
- Certain family members (lineal ascendants, descendants) and their spouses
- Any entity in which you are a majority owner

of 50% or more of the voting stock, directly or indirectly

- Any entity in which you are an officer, director, or 10% or more partner or shareholder

The most common prohibited transactions include:

- Buying, selling, leasing, or exchanging property with a disqualified person.
- Lending money or extending credit to a disqualified person.
- Using retirement account assets for personal benefit.
- Furnishing goods, services, or facilities between the retirement account and a disqualified person.

Prohibited transactions, sometimes referred to as “self-dealing” or “sweat equity,” carry significant tax implications, including loss of the retirement account's tax status. Substantial penalties and taxes on the entire value of the retirement account are imposed. With such serious consequences, it's important to be familiar with the rules on prohibited transactions set forth in IRS Publication 590-A and IRC 4975, and address any potential issues with your tax or legal advisor.



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Understand permitted investments

IRS rules identify investments retirement accounts *cannot* own rather than providing a list of permitted investments. Prohibited investments include life insurance and certain collectibles, such as artwork, rugs, antiques, gems, stamps, and certain coins. S corporations also cannot have retirement accounts as shareholders. STRATA generally does not accept the following real estate investments:

- Mobile homes (unless affixed to property)
- Timeshares
- Foreign real estate
- Property purchased through an auction or tax sale

Be aware of tax triggers

Certain real estate investments may generate unrelated business taxable income (UBTI) or unrelated debt-financed income (UDFI). This may occur when a retirement account:

- Invests through a partnership or LLC that operates an active trade or business
- Receives certain types of rental or business income
- Invests in an entity it controls that generates certain passive income
- Uses debt to finance the purchase of property

If you think your investment may generate UBTI or UDFI, consult your tax advisor. STRATA reports applicable tax forms but does not provide tax advice.

Why investors choose STRATA

Real estate investing requires specialized custodial expertise. STRATA combines extensive experience administering alternative assets with dedicated support and streamlined processes designed for self-directed investors.

How STRATA supports your investment:

Dedicated onboarding support

Specialized onboarding associates help guide you through each step of the custodial process.

No required minimum cash balance

Keep your retirement funds invested instead of maintaining a required cash reserve.

Efficient transaction processing

Investment requests are typically processed within 24–48 hours, with many completed within the first 24 hours.

Responsive client service

Knowledgeable professionals provide personalized support with industry-leading response times.

Purpose-built technology

Secure online forms and document submission simplify transactions and reduce paperwork.



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STRATA
TRUST COMPANY

Seamless custody, *endless possibilities*

Alternative assets—expert custody, defined by experience,
distinguished by service.

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