STRATA
TRUST COMPANY

INVESTING GUIDE

# Private Equity

Understanding private equity 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 private equity. Whether it's a commercial real estate investment, seed capital for a startup, a capital raise for an existing business, an investment syndication, a hedge fund, an investment partnership or something else, a self-directed retirement account lets you invest 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

Investing in private equity certainly isn't for everyone, but for sophisticated investors with knowledge or experience in a particular field or the knack for spotting companies on the rise, private equity may make a great addition to your retirement portfolio. The advantages include:

✓ **Opportunity-driven investing**

Participate in private investment opportunities that are not typically available through public markets.

✓ **Tax-advantaged growth**

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

✓ **Portfolio diversification**

Expand your retirement portfolio beyond traditional stocks and bonds.

## Investment options

STRATA has extensive experience working with fund sponsors, investment professionals and individual investors across a wide range of private investment opportunities. We understand the administrative processes, prohibited transaction rules, and compliance considerations involved, allowing us to efficiently administer a wide range of private investments. Examples of private equity investments include, but are not limited to:

- Private startup company stock
- De novo bank stock or bank capital raise
- Expansion of an existing corporation
- Acquisition of an entity
- Purchase of a commercial real estate property
- Building of a multifamily residential complex
- Oil & gas or energy ventures
- Hedge funds

## Tax-advantaged eligible accounts for private equity

Private equity 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 private equity 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 investment structures

STRATA simplifies investing in private equity through a self-directed retirement account with three easy options:

1. Private company stock of closely held corporations
2. Private Limited Partnerships (LPs)
3. Private multi-member Limited Liability Companies (LLCs)

Private equity investments are generally long-term investments. Liquidity often depends on the investment sponsor, fund terms, or a future sale or other exit event.

## Private equity at a glance

### Ownership

Own an interest in a privately held business or investment fund.

### Investment horizon

Typically held for several years before a liquidity event.

### Liquidity

Generally less liquid than publicly traded investments.

### Potential return

Returns are driven by the performance and growth of the underlying investment.

## STRATA is *easy* to work with

I have had an account with STRATA Trust Company for the last 2 1/2 years. They have always been responsive to my needs and even have corrected things that were not completed per my instructions. They are very easy to work with.

***-Georgia J.***

★★★★★| July 9, 2026 | Trustpilot

## *Access* to private markets

*How does a self-directed IRA help you meet your retirement investing goals?*

"Allows me to invest in companies and assets not available in other IRAs or 401(k)s"

***- 2025 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 private equity

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," 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.

## Understand permitted investments

IRS rules generally identify investments retirement accounts cannot own rather than providing a list of permitted investments. For example, retirement accounts generally cannot invest in life insurance or certain collectibles such as artwork, rugs, antiques, gems, stamps, or coins. S corporations also cannot have retirement accounts as shareholders.

## Be aware of UBTI triggers

Certain private equity investments may generate unrelated business taxable income (UBTI). This most commonly occurs when a retirement account invests through a partnership or LLC that operates an active trade or business or uses debt financing.

- Purchases an operating business, one that sells goods or services.
- Receives certain types of rental income.
- Receives certain passive income from a business entity it controls.
- Borrows funds to finance the acquisition of property.

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

# Why investors choose STRATA

Private equity 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.

# Seamless custody,
# *endless possibilities*

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


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