

Self-Directed IRAs Offer Broader Investment Opportunities for Investors

by John Paul Ruiz, Director of Professional Development at The Entrust Group

Asset diversification is a strategy favored by most investment advisers to mitigate risk in retirement plan investing. Securities-type investments have been the most commonly recommended investments to achieve this diversification; stocks, bonds and mutual funds have been the staples in retirement plan investing. However, there are other types of investments outside the securities market that are viable options for retirement plan investing. To further diversify client portfolios, many investment advisers have started to explore the avenue of self-directed IRAs. Self-directed IRA platforms allow investors to hold investments in their IRAs that are not typically administered in brokerage platforms. Common investments are real estate, notes, private placements and precious metals, just to name a few.

Real estate and precious metals are becoming more sought after by investors who desire to further diversify their investment portfolios. In past years, real estate has outperformed the stock market in some parts of the country, while precious metals have balanced out gains and losses in some individual portfolios. While many retirement plan holders are exploring these two additional avenues of investing, others are not. Many need education about and exposures to such platforms.

Self-directed IRA administrators offer a platform that can complement the arsenal of opportunities an adviser can recommend. Self-directed IRAs offer investors a broader scope of investment options and diversification. Entrust has been a leader for the past 36 years in the self-directed IRA space. With its flat-fee model, it competes well with other asset-based fee models and does not cut into the adviser's revenue.

For Entrust, client-sourced alternative investments returned an average of 53 percent in 2017 from investment sales. These investments were available to hold under a self-directed IRA and not in other platforms.

Self-directed IRA administrators do not offer investments nor conduct due diligence on investments. They also do not conflict with the investment adviser's services of offering investment advice. They do offer the platform to work with

advisers hand in hand to make investing in alternative types of investments through an IRA possible. IRAs require a custodian to oversee the assets, as well as a record keeper to perform the reporting duties mandated by the tax law. Self-directed IRA administrators offer both. With this open architecture platform, advisers are not restricted to recommending only the investments that the custodian is willing to hold. Instead, the investment adviser can provide guidance, due diligence and research on other investment opportunities. The investment adviser can be the quarterback that directs the IRA holder toward their investment goals by presenting other opportunities.

There are only two investments that cannot be held under an IRA: life insurance contracts and collectibles. Another, S-Corporations, are also restricted by virtue of the fact that IRAs, which are grantor trusts, cannot be a shareholder of an S-Corporation. There are also transaction rules that prohibit the use of retirement funds for self-dealing. As long as the investment is acceptable and there are no prohibited transaction rules being violated, an investment should be available to be held under a self-directed IRA.

The Entrust Group has been in the self-directed IRA administration for over 36 years. Recently, the owners of The Entrust Group founded a Trust Charter in the state of Tennessee. With its focus on technology, Entrust has the capability of integrating the information with investment providers and the Entrust recordkeeping platform through the use of Application Program Interface (API). This makes it easy to streamline the IRA plan establishment and investment funding process.

One of the main delineators of Entrust is its education capabilities. As a thought leader, monthly educational opportunities are provided to clients and partners dealing with topics related to retirement plans and investments. Education is also a big component in Entrust's success because of its knowledgeable staff, who clients can interact with. This retirement-plan education strength comes from an education division that not only educates internal staff, but also provides education to other retirement plan professionals.



For over 36 years, The Entrust Group has provided account administration services for self-directed retirement and tax-advantaged plans. Entrust can assist you in purchasing alternative investments with your retirement funds, and administer the buying and selling of assets that are typically unavailable through banks and brokerage firms. These assets include residential and commercial real estate, secured and unsecured notes, limited liability corporations, precious metals, mortgages and more.

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