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Investing your IRA through a Check Book IRA by James Stanley

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We all know that the IRA can be used as an excellent tool for investment to help you retire early. But not many know the various options available to an average IRA investor. People looking to invest in real estate can either do so through a self directed IRA or a check book IRA.

The former refers to the setting up of a self directed IRA with a custodian who offers real estate as an option. You would need to direct the custodian to a purchase property of your choice. Now this is easier said than done, because every time you make an investment, youâ€™ll need to get approval from the custodian that holds your investment funds. Besides, since profits from, and expenses towards the investment are to be drawn from and directed towards the investment account only, the custodian is likely to charge you every time there is a transaction. And if youâ€™re looking to buy a property through a financing option, The custodian needs to also approve the loan terms

A good option is to start a check book IRA. Through this account, you establish an LLC and act as a manager for your company. The company that you own can make investments and manage them on your behalf. You can also rent or lease properties for income or long-term gains. And returns from that investment can be used to pay management fees to a professional if you donâ€™t want to do the task yourself. There are some, who take this a step further to set up a 401k for the employees of the company (via yourself)! The money obtained can be used for investment in additional real estate or any other asset allowed under the rules.

There are others who use the money to build their dream home and then rent it out. And when they reach the age of retirement, the property can be distributed to them. But they would be liable for taxes, since the property was originally an asset in the IRA; hence, if youâ€™re looking to invest in a retirement property make sure you speak to a professional about the possible tax ramifications.

Thus, thereâ€™s more control over your property, which wouldnâ€™t have been possible through a self directed IRA through a custodian. Rather than having to wait for permission from the custodian every time you have to make an investment, you can directly write a check for the property. And of course, the fees will be lower.

For those who arenâ€™t very sure of their retirement plan investments, they can always seek help from a professional dealing in real estate IRAs, to help them with the real estate investment. The company can help you make wise and timely investment decisions.

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James Stanley - About Author:
A a check book IRA is beneficial for investors looking to control their own destiny while investing in real estate and other Hard Assets. James Stanley is an expert in retirement investment options and has written several articles to help people choose between the different IRA options including a real estate IRA and a self directed IRA.

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