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Real Estate Investment with Self-Directed IRA by [Steven Corbett](#)

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Rather than having your retirement funds locked up in a retirement account, it makes sense to let it grow through wise investment decisions. A few years ago stocks, bonds and mutual funds were the most common choice to direct IRA funds. But with the stock market hitting southwards, real estate has become a popular choice. This is done through firms that offers self-directed IRA and deals with real estate investments. Here are a few reasons why this is a worthy choice:

The stock market isn't booming now. A recent analysis by the legendary Warren Buffet states that the stock market has not returned more than 5.3 per cent in the 20th century. This is despite the fact that the Dow Jones moved from 64 to 11,497 in 1999 and was considered the best time for the American stock exchange. Even if the market continues with the 5.3 per cent rate the market would close at 2,000,000 in 2099. By 2008, the market was around 8000 points. Would it be possible for the market to rise by 1,992,000 points? (Source) If there is one market that shall remain steady in its demand, it is the real estate market.

A lot many people saw their 401(k) savings dwindle because of their blind faith on the stock market. In fact, retirement accounts themselves were structured so as to make it easy for people to invest in the equities market. People trusted their years of hard earned money on tech stocks, mutual funds, and other IPO's. The tech bubble burst and accounted for about 35 percent of losses in 1999 and about 43 percent in 2008. Of course, the situation may not remain grim forever, but to what extent will it recover? That is a million dollar question!

Real estate has a proven track record of providing good returns on investment. Yes, there have been losses, but this is mainly due to the shortsightedness of investors and not because of an inherent fault with the market. You can be assured of a tax free monthly cash flow that can supplement your retirement income. The profit that is drawn from the IRA is based on the income on your tax rate upon withdrawal. If you were to invest in a Roth IRA, the cash flow and capital gain are tax free.

They are a great way to diversify your portfolio, but your choice of investment should be wise. Hence make sure to seek advice from a real estate investment broker.

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The author of this article writes about different investment options including a [self directed IRA](#) and a [commercial real estate investment](#).

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