

Don't Make These Prohibited Transaction Mistakes in a Self-Directed IRA

American IRA recently detailed common prohibited transaction mistakes to avoid when using a Self-Directed IRA for retirement investing.

ASHEVILLE, NORTH CAROLINA, USA, April 17, 2023 /EINPresswire.com/ -- A

prohibited transaction can be a quick way to erase a lot of good work done

with an IRA. That's because a Self-Directed IRA—or any IRA—offers tax protections to the investor, but only if the investor uses these accounts properly. However, if the investor in question uses the freedom of a Self-Directed IRA to undertake what the IRS deems a prohibited transaction, it can end up costing a lot in fees and penalties, making the retirement benefits moot. To that end, American IRA recently released a [post](#) detailing how investors can avoid these prohibited transactions in a Self-Directed IRA.



The first mistake American IRA highlighted was buying property for personal use. This is a key distinction: using a Self-Directed IRA means that the investor will have to keep retirement investments and personal investments separate. This is, after all, what enables investors to enjoy the tax protections of retirement accounts. But if an investor uses the property for personal gains, such as living in a property or renting that property out to someone the investor knows, that can erase this work via taxes, penalties, and fees.

In the second mistake, American IRA mentioned that investors should also not use the IRA to lend money or extend credit to a "disqualified person." A disqualified person can be anyone close to the account holder, such as a business partner, spouse, or family member. Lending money out this way would create a personal benefit for the investor, which also means penalties and fees. Investors should avoid all transactions between IRAs and disqualified persons, as well—not just issuing loans or credit from an IRA.

American IRA used the opportunity of this post to highlight two more mistakes that investors should avoid when using a Self-Directed IRA. Understanding these mistakes helps investors see what the better paths for retirement accounts are, especially when investing with a Self-Directed IRA.

For more [information](#), visit the post by clicking to www.AmericanIRA.com. Interested parties may also reach out to the Self-Directed IRA administration firm American IRA by dialing 866-7500-IRA.

About:

"American IRA, LLC was established in 2004 by Jim Hitt, Founder in Asheville, NC.

The mission of American IRA is to provide the highest level of customer service in the self-directed retirement industry. Jim Hitt and his team have grown the company to over \$600 million in assets under administration by educating the public that their Self-Directed IRA account can invest in a variety of assets such as real estate, private lending, limited liability companies, precious metals and much more.

As a Self-Directed IRA administrator, they are a neutral third party. They do not make any recommendations to any person or entity associated with investments of any type (including financial representatives, investment promoters or companies, or employees, agents or representatives associated with these firms). They are not responsible for and are not bound by any statements, representations, warranties, or agreements made by any such person or entity and do not provide any recommendation on the quality profitability or reputability of any investment, individual or company. The term "they" refers to American IRA, located in Asheville and Charlotte, NC."

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