

# What to Avoid When Using Self-Directed IRAs

*What should investors avoid when using Self-Directed IRAs? American IRA's most recent post tackles one of the most important topics in retirement investing.*

ASHEVILLE, NORTH CAROLINA, US,  
September 14, 2023 /  
EINPresswire.com/ -- A Self-Directed



**AMERICAN IRA**  
Self-Directed IRAs and 401Ks

[www.AmericanIRA.com](http://www.AmericanIRA.com)

IRA might open a lot of doors for investors, but it also introduces investors to the limits of all retirement accounts. That's the topic of a recent [post](#) at American IRA, where the Asheville-based Self-Directed IRA administration firm addressed what investors can't do when holding a Self-Directed IRA. And because these rules extend to all retirement accounts, it is worthwhile for investors to look at these limits and know them before getting started with a Self-Directed IRA.

The first point, as American IRA noted, was to understand who "disqualified persons" are. These are people who may be closely related or personally known to the Self-Directed IRA holder, such as a business partner or a sibling. A retirement investor has to avoid transacting with these disqualified persons, because failure to do so can mean that the investor is receiving a personal benefit—such as loaning money to a brother or a sister. And because retirement accounts are designed to avoid personal benefits until the investor takes distributions upon hitting retirement age, transacting with a disqualified person can result in taxes and penalties.

American IRA then developed this theme by exploring what constitutes a "prohibited transaction" within an IRA—namely, those transactions that are outside the bounds of a Self-Directed IRA. That includes any transaction between an IRA and a disqualified person in respect to the owner of the IRA. For example, an investor who owns an IRA with a piece of real estate in it could not then take on a sister or a brother as a tenant. That creates a personal benefit that violates the rules of the tax protections afforded by the retirement account.

American IRA further explored the concepts here by diving into deeper detail as to who a disqualified person is and what this all means for investors seeking a Self-Directed IRA. For those interested in learning more, the post is available at [www.AmericanIRA.com](http://www.AmericanIRA.com). Interested parties may also reach out to American IRA by dialing 866-7500-IRA.

Rebekah Schram  
American IRA, LLC

+1 828.257.4949

[email us here](#)

Visit us on social media:

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

[YouTube](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/655463518>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.