Mistakes to Avoid in a Self-Directed IRA

What mistakes should investors avoid when using a Self-Directed IRA? American IRA recently took to its blog to point some out.

ASHEVILLE, NC, US, December 19, 2023 /EINPresswire.com/ -- When an investor uses a Self-Directed IRA, it means obtaining more control over one's finances, especially when it comes to retirement. That's why American IRA, a Self-Directed IRA administration firm based in Asheville, NC, recently took to its blog to highlight some of the key mistakes many retirement investors make—and how to avoid them.

For example, the post's first highlighted mistake was to explain how income limits work with many retirement accounts. American IRA says that many investors make the mistake of not taking the time to understand these income limits. The Roth IRA in particular is an account type that investors will have to better understand, as Roth IRA investing isn't quite as easy if investors run into income limit issues. American IRA further elaborated on this by explaining the income limits for Roth IRAs in the tax year of 2023.

In the second mistake, American IRA pointed out that people can sometimes over-contribute to an IRA, self-directed or not. This can create some problems in that it affects the planning of the investor. It's also indicative of a system in place where the investor might not have a good sense of their budget. American IRA recommended seeking out the advice of a tax professional to adequately plan for contributions to an IRA. In some cases, contribution limits are somewhat variable, such as the case for SEP-IRAs, which can change depending on the income of the investor.

Finally, American IRA pointed out a mistake that's particular to Self-Directed IRA investors, which is the possibility of violating prohibited transaction rules. These rules apply for all retirement accounts, but when an investor uses self-direction, that amount of control makes it more likely they can run afoul of these rules when failing to understand what they are.

American IRA regularly posts facts and information to its blog to help people who are looking for information about Self-Directed IRAs and retirement investing. To find that blog, visit www.AmericanIRA.com. Or to contact American IRA directly, call the Self-Directed IRA administration firm’s number at 866-7500-IRA.

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