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# Investing in a Private Placement With a Self Directed IRA FAQs



**1. Can an IRA Account invest in a Private Placement?**

Answer: YES, you simply need to open a Self Directed IRA.

**2. What is the advantage of using IRA funds as compared to making the same investment using my Personal Funds?**

Answer: When using personal funds any dividend income is taxable at your Ordinary Income tax rate in the current period. As the earnings may become substantial the income tax bill can be quite large.

However, if you invest using IRA funds all income earnings are tax deferred till you choose take a distribution (or buy using a ROTH IRA you may never pay income tax on earnings). This leaves more dollars in your IRA to invest in future opportunities.

**3. What type of IRA is best for Private Placement investing?**

It depends on your situation; generally you would use a low cost Custodial Self Directed IRA. Typically, there is no need for an extra IRA LLC.

**4. Are there Restriction?**

A few. Your IRA should not invest in a company you or a family control. Your IRA should not invest in a company that will provide you a current benefit (such as a salary). For more complete information on Prohibited Transactions contact your IRA provider or The IRA Club at 888-795-7950

**5. If I use IRA funds must I invest only in my State?**

There is no restriction on the location of the business.



**6. Who owns the investment?**

The investment is made by your IRA and not by you. Hence, your IRA will hold title to the asset.

**For more information**

- For more information on Self Directed IRAs call The IRA Club 888-795-7950
- The IRA Club offers no investments
- All investments have risk
- Consult your Tax Professional and Attorney before making any investment