



# Self-Directed IRA (SDIRA) Tax Guide for CPAs

Help your clients discover investment opportunities in Real Estate, Private Equity, Private Debt, Small businesses and Startups, Commodities, and more

using tax-advantaged accounts



# Asset Classes



Real Estate



Small Businesses &  
Startups



Hedge Funds



Commodities



Private Debt



Private Equity



# Why to Diversify?



- Alternative assets lower volatility and provide better risk-adjusted returns than traditional investments.
- The endowment model, focused on diversification with alternative assets, boosts long-term performance.
- “Bring your own investment” advantage



# Tax Advantaged Accounts



Traditional IRA



Roth IRA



SEP IRA



Simple IRA



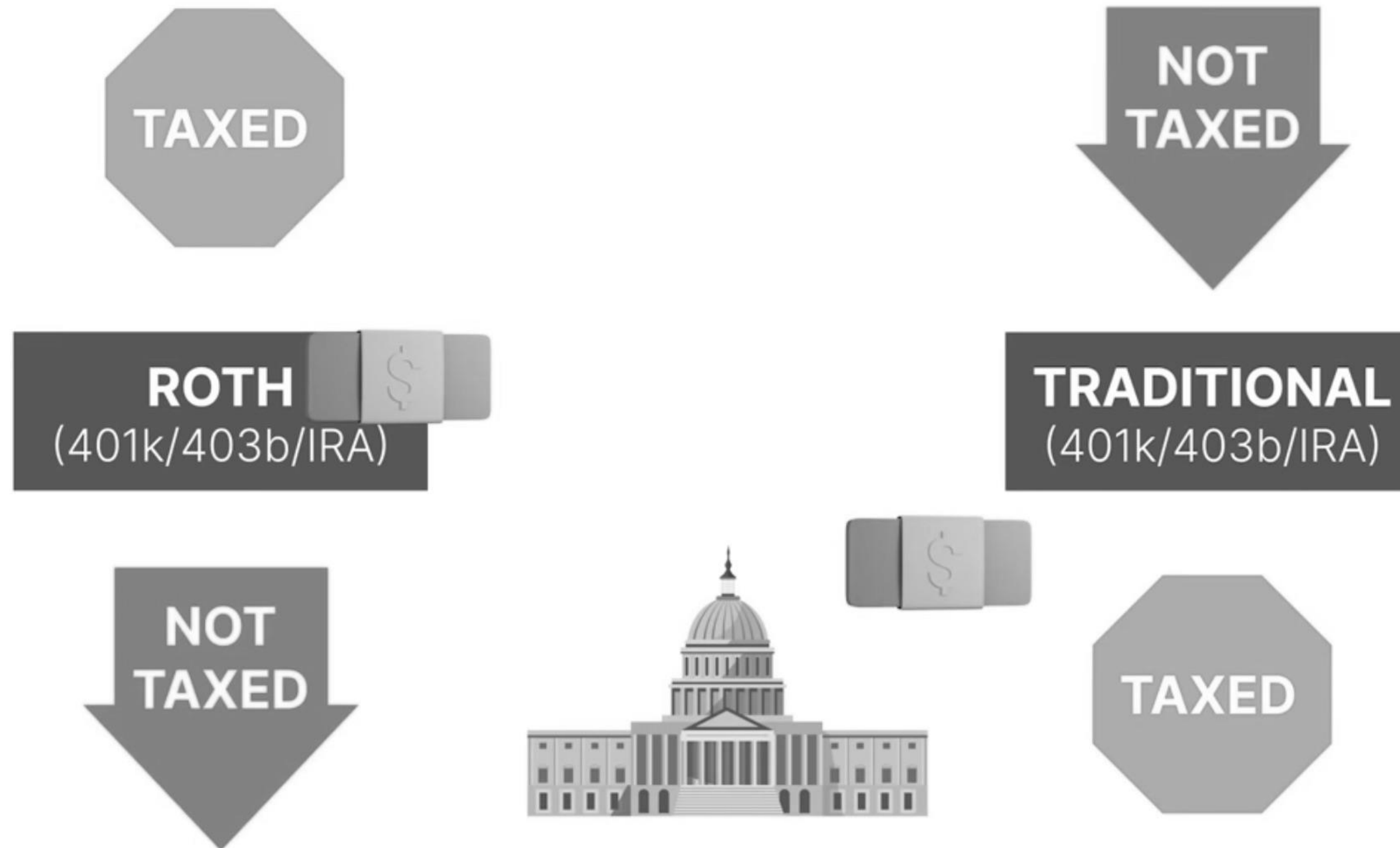
HSA



Solo 401k

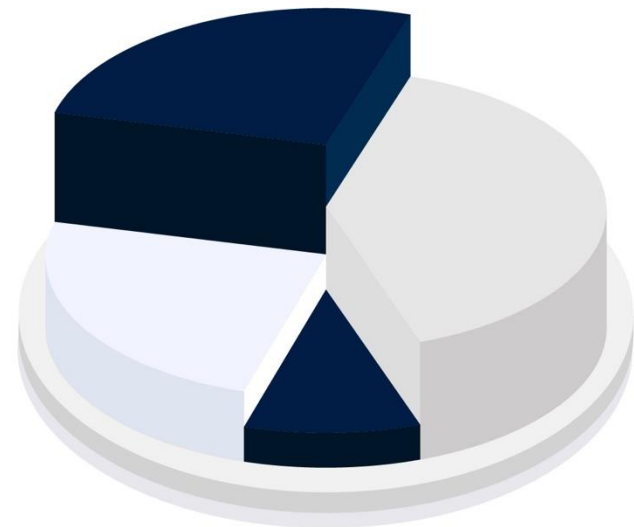


# ROTH vs Traditional IRA





# How Are SDIRAs Funded?



- **IRA-to-IRA Transfer** – Moving funds from an existing traditional or Roth IRA to a self-directed custodian without tax consequences.
- **401(k) Rollover** – Rolling over funds from a previous employer's 401(k) into a self-directed IRA. This can be done tax-free if handled properly.
- **Annual Contributions** – Clients can contribute up to IRS limits each year (e.g., \$7,000 for individuals under 50 and \$8,000 for those 50+ in 2024).
- **Employer Plan Rollovers** – SEP IRAs and SIMPLE IRAs can also be rolled into SDIRAs for self-employed clients or small business owners.



# Unrelated Business Income Tax

## What is UBIT?

- **Operating Businesses :**
  - Income from an active business (e.g., owning a restaurant or factory) generates UBTI.
  - Investment in private equity funds or LLCs involved in active businesses can also trigger UBTI.
- **Debt-Financed Income:**
  - Income from investments made using borrowed money (e.g., leveraged real estate or margin accounts)
  - UBTI is proportional to the percentage of the investment financed with debt





# Prohibited Transactions

**!** Be aware of  
**Prohibited  
Transactions**

- **Disqualified persons:**
  - Spouse, ancestors, descendants, and their spouses
- **Prohibited transactions with disqualified persons include:**
  - Selling or exchanging property.
  - Lending money or extending credit.
  - Providing goods, services, or facilities.
  - Using IRA assets for personal benefit.
- **Penalties for Prohibited Transactions:**
  - Immediate Distribution
  - Taxes and Penalties





# Recordkeeping & Compliance

**Tracking  
SIDRA  
investments  
to ensure  
proper tax  
reporting**

- **Forms 5498 reports:**
  - SIDRA contributions.
  - Fair market value (FMV).
- **Form 990-T:**
  - Filed if an SDIRA incurs UBIT
- **Form 1099-R – SDIRA Distributions:**
  - Distributions may be taxable or penalty-free, depending on factors like age, ROTH vs Traditional, and exceptions
  - Required Minimum Distribution (RMD) for Traditional SDIRA begin at age 73



# Contact Us

<https://www.altscustodian.com>

[team@altscustodian.com](mailto:team@altscustodian.com)



# Custodial Fees Comparison



\$250

per position



BNY MELLON  
PERSHING

\$300

per position



\$180

per account

We offer a fully integrated custody solution at a significantly reduced fee



# Alts Custodian Service Portfolio

## Recordkeeping

- Proprietary Trust recordkeeping system
- Alternative assets tax lot accounting
- Contributions limits
- Transfers / Rollovers
- Income accounting
- Distribution types and limits
- Asset expenses and fees

## Administration

- Beneficiary, IPD, Fiduciary designation
- Cash management
- Escrow
- Paperless execution
- Electronic and physical document vaulting
- ROTH conversion
- Required minimum distribution (RMD)
- Street name asset protection

## Reporting

- Mandatory 1099 and 5498 tax reporting
- Unrelated business income tax (UBIT)
- Account statements