

Top 9 Alternative Investments To Make With a Self-Directed IRA

Thomas Young · May 05 2023

Self-Directed IRA Alternative Investing



Investing in alternative assets can be a great way to diversify your portfolio and potentially achieve higher returns. One way to invest in these assets is through a self-directed Individual Retirement Account (IRA). Unlike traditional IRAs, self-directed IRAs allow you to invest in a wider range of assets beyond just stocks, bonds, and mutual funds. Here are the top 10 alternative assets to consider investing in with a self-directed IRA:

- 1. Real Estate.** Investing in real estate is a popular choice for self-directed IRA investors. You can purchase rental properties, commercial properties or even invest in real estate through a crowdfunding platform. The income generated from rental properties can be tax-deferred or tax-free, depending on your IRA type.
- 2. Private Equity.** Private equity refers to investments in privately held companies. This can include startups, small businesses, or even larger private companies. Investing in private equity can be risky, but it can also lead to high returns if you choose the right companies.

3. **Precious Metals.** Investing in precious metals like gold, silver, and platinum is a popular choice for self-directed IRA investors. These assets can provide a hedge against inflation and economic uncertainty. You can invest in physical metals or through exchange-traded funds (ETFs) that track the price of these metals.
4. **Cryptocurrencies.** Bitcoin and Ethereum have become increasingly popular in recent years. While they can be volatile, they can also provide high returns. Many self-directed IRA custodians now allow investors to invest in cryptocurrencies through their IRAs.
5. **Private Debt Private.** debt refers to investments in debt instruments like private loans, notes, or bonds. These investments can provide regular income and potentially higher returns than traditional fixed-income investments.
6. **Timberland.** Investing in timberland can provide both income and capital appreciation. Timber can be harvested and sold for profit, and the land can also appreciate over time.
7. **Farmland.** Investing in farmland can provide regular income from farming operations and potential appreciation in the value of the land. You can invest in farmland directly or through a farmland REIT.
8. **Energy.** Investing in energy assets like oil and gas wells, renewable energy projects, or energy infrastructure can provide regular income and potential capital appreciation. These investments can also provide a hedge against inflation.
9. **Intellectual Property.** Investing in intellectual property like patents, trademarks, and copyrights can provide regular income from licensing fees and potential capital appreciation. This is a unique asset class that is not often considered by traditional investors.

Before investing in any alternative assets with a self-directed IRA, it is important to do your due diligence and work with a reputable custodian. These investments can be complex and carry additional risks, so it is important to understand the potential rewards and risks before investing.

TAKEAWAY

Investing in alternative assets with a self-directed IRA can uniquely diversify your portfolio and potentially achieve higher returns. Real estate, private equity, precious metals, cryptocurrencies, private debt, art and collectibles, timberland, farmland, energy, and intellectual property are all viable options for self-directed IRA investors.

Researching and working with a reputable company to set up your account is essential before investing in any of these assets.