

# Are My Funds Eligible for a Self-Directed IRA?

A self-directed IRA is a great way to boost your retirement savings. Investing in real estate, mortgage notes, or private placements can require significant capital, however. As such, most investors start a self-directed IRA or Solo 401(k) with a rollover from a prior plan.



The following 4 points will help you determine whether your retirement funds are eligible for a self-directed IRA.

## ✓ CAN YOU MOVE YOUR FUNDS?

First, you'll want to make sure that the funds you wish to self-direct are available to be moved. In some cases, investment funds might be locked into a current retirement plan and unavailable for transfer. For example, any IRA funds will be eligible for transfer, whereas funds from a current employer 401(k) may not be able to be transferred.

## ✓ ARE YOUR FUNDS COMPATIBLE?

If you have multiple retirement plans, it's important to ensure that they can be consolidated. In general, funds with the same owner and tax status can be consolidated. However, certain plans such as traditional IRAs and Roth IRAs cannot be combined.

## ✓ IRA SPECIFIC CONSIDERATIONS

IRA accounts are typically more flexible in regards to transfers and rollovers. The only exception is a SIMPLE IRA, which must be 2 years old before it can be transferred to a tax-deferred IRA other than another SIMPLE IRA.

## ✓ SOLO 401(K) SPECIFIC CONSIDERATIONS

A Solo 401(k) plan can hold both Roth and tax-deferred funds, and tax-deferred funds from a prior employer plan can be rolled over into a Solo 401(k) plan. However, only the Roth sub-account of a prior employer 401(k) can be rolled over into a new Solo 401(k). An existing Roth IRA may not be rolled over into a Solo 401(k).

**Contact a retirement planning expert to help you navigate your investments and find out if your retirement funds are eligible to be rolled over to a self-directed IRA.**