

Disqualified Parties in a Self-Directed IRA



If you are considering a self-directed IRA plan, you should be aware that the IRS has a set of stringent rules governing how self-directed IRAs must be managed.

Disqualified parties are banned from doing any business or engaging in financial transactions with the self-directed IRA. This is to avoid conflict of interest, and to ensure that the sole purpose of the IRA is indeed to safeguard and grow a retirement fund.

DISQUALIFIED PARTIES INCLUDE:

Family

- > IRA Account Holder
- > Their Spouse (if married)
- > Lineal Antecedents, such as parents or grandparents
- > Lineal Descendants, such as children or grandchildren
- > The spouse of a descendant

Non-Family

- > Plan Fiduciaries, such as financial advisors and CPAs
- > Business Entities & Trusts, such as any entity that is owned or controlled by a disqualified party (ownership would be more than 49% equity by one or more disqualified parties).
- > A key employee of a company that is owned by a disqualified party, such as having 10% ownership personally, or an officer of a company or a "highly compensated employee"
- > A person who is a joint venture or partner with a disqualified party, if they have at least 10% interest in some joint venture with a disqualified party

■ Disqualified Parties

