

# CAPITAL RAISING

## *Are You Getting Your Share?*



## PRIVATE PLACEMENT INVESTMENTS IN SELF-DIRECTED IRAs

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Are you raising capital for Reg D, private equity or debt investment deals from high net worth or accredited investors? Here are some compelling reasons why you may want to consider allowing investors the option to enjoy tax efficient investing. Giving investors the option to invest through a self-directed IRA can be smart for you and your investors— you get to tap an often overlooked source of funding for your investment deals, while your investors can leverage the power of tax-advantaged growth in their retirement account.

At STRATA, we work with financial advisors, investment platforms and other professionals nationwide to expand the awareness of using self-directed IRAs for investing in nontraditional and alternative assets such as— real estate, private equity LPs, LLCs, company stock, hedge funds, private debt, investment crowdfunding, structured settlements and more. By having an established relationship with an IRA custodian like STRATA, you'll have an edge when it comes to capital raising by inspiring existing and prospective investors to invest.

### **The IRA Market Is Now \$12+ Trillion – And Self-Directed IRAs Are the Fastest-Growing Segment**

At \$12.2 trillion, IRAs are the largest pool of assets in the \$34.9 trillion U.S. retirement market<sup>1</sup> – and are projected to grow to \$12.6 trillion by the end of 2022<sup>2</sup>. One-third of U.S. households owned IRAs in 2020, and of these households, more than eight in 10 had workplace retirement plans or IRAs<sup>3</sup>. Every year more and more investors are seeking alternative investment IRA options to diversify their portfolios and take control of their retirement.

### **\$19.2 Trillion Will Be Flowing Into the Rollover IRA Market Over the Next 6 Years<sup>4</sup>**

IRA asset values will continue to grow rapidly as investors rollover money balances from workplace retirement plans, namely 401(k) plans. Rollovers help workers consolidate and preserve these tax-advantaged balances. By mid-2020, six in 10 of all U.S. households that owned Traditional IRAs included rollover balances<sup>5</sup>. Switching jobs is one of the most common reasons that prompts an IRA rollover – and today's average worker changes jobs 12 times during his or her career. As investors move their savings from workplace retirement plans to IRAs, they will increasingly look to diversify some of their monies into alternative investments.

### **Show Your Investors the Benefits of Tax-Advantaged IRA Investing**

How taxes are applied to an investment can make an incredible difference for an investor. IRAs enjoy tax-deferred growth (in a Traditional IRA) or tax-free growth (in a Roth IRA). The decision of whether to invest on a taxable or tax-advantaged basis will often depend on to the investor's personal tax situation. The higher their marginal tax bracket, the more they stand to gain by avoiding investment taxes.

Use our convenient [Taxable vs. Tax-Deferred \(or Tax-Free\) Calculator](#) to help compare a normal taxable investment to the two most common tax advantaged situations: (1) an investment where taxes are deferred until withdrawals are made (Traditional IRA), and (2) an investment where taxes are paid on money that goes into the account, but all withdrawals are tax free (Roth IRA). This calculator is available on our website, [www.stratatrust.com/calculators](http://www.stratatrust.com/calculators), and the results may be downloaded and printed for your investors.

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<sup>1,3,5</sup> ICI Research Perspective, "The Role of IRAs in US Households' Saving for Retirement, January 2021"

<sup>2,4</sup> Cerulli Associates, "The Cerulli Report: U.S. Retirement Markets 2019"

# HOW IT WORKS FOR INVESTMENT SPONSORS

## Step 1: Create a Private Placement Fund Appropriate for IRA Investors

Work with your attorneys and tax advisors to ensure that your investment's offering agreement or document has the appropriate language for IRA investors, including suitability statement, leverage and tax implications, prohibited transactions, disqualified persons, administrative responsibilities, and plan asset rules. Consult with your professional advisors to ensure that you understand the tax, legal or investment issues related to the use of IRA funds in private placement investments. You may find it helpful to refer to IRC 4975, Prohibited Transaction and DOL Plan Asset Rules, IRS 590 and IRS 598.

## Step 2: Request Your Investment Be Added to STRATA Trust's Platform

Submit the items shown on STRATA's Private Equity Investment Checklist or Private Debt Investment Checklist, available in the Forms section of our website, [www.StrataTrust.com/resource-center/forms](http://www.StrataTrust.com/resource-center/forms).

Email the following checklist items to STRATA's [New Investments Team](#) for administrative review and setup:

- Completed Private Issuer Investment Representation Letter
- Investment Operating Agreement or Private Placement Memorandum
- Investment Subscription Documents or Partnership Agreement
- Copy of the filed Articles of Incorporation/Organization

# HOW IT WORKS FOR INVESTORS

It's Easy for Investors to Get Started



## ABOUT STRATA TRUST

- A national leader with over 350 combined years of industry expertise
- IRA Custodian regulated by the Texas Department of Banking - Texas Trust Charter
- Specializes in the custody of alternative investments and non-exchange traded investments
- Serving investors and investment professionals
- Responsive and accessible
- Unmatched personalized service and dedication
- Robust regulation and compliance safeguards

## QUESTIONS

If you're interested in using our services for your investors or investment platform, connect with one of our Self-Directed IRA experts today!



**866.461.9284**

[BusDev@StrataTrust.com](mailto:BusDev@StrataTrust.com)  
[StrataTrust.com](http://StrataTrust.com)



*Carve your own path to retirement.*