

Ultimate SDIRA Checklist

1. ****Understand SDIRA Basics****

- Familiarize yourself with the differences between a standard IRA and an SDIRA.
- Learn about contribution limits and distribution rules.

2. ****Choose an SDIRA Custodian****

- Research potential custodians based on fees, customer reviews, and services.
- Ensure the custodian is registered and regulated.

3. ****Determine Your Investment Strategy****

- Define your investment objectives: Are you looking for growth, income, diversification, or a combination?
- Decide on the types of assets you're interested in: real estate, private equity, precious metals, etc.

4. ****Know the Prohibited Transactions and Assets****

- Understand the IRS rules regarding prohibited transactions to avoid tax penalties.
- Stay away from collectibles, certain metals, and certain real estate transactions.

5. ****Due Diligence on Investments****

- Thoroughly research any potential investment.
- If investing in real estate, conduct property inspections, review neighborhood comps, and calculate expected ROI.
- For private equity, study the business model, financial projections, and risk factors.

6. ****Set Up an LLC (Optional)****

- Some SDIRA holders set up a checkbook LLC to have more direct control over their funds.
- Consult with a legal professional before setting this up.

7. **Open and Fund Your SDIRA**

- Complete all required paperwork with the custodian.
- Roll over funds from existing retirement accounts or make a new contribution.

8. **Direct the Investment**

- Once funds are in your SDIRA, instruct your custodian to make the desired investment on your behalf.

9. **Regularly Review and Adjust**

- Check on your investments at least annually.
- Adjust your strategy based on performance and changing goals.

10. **Maintain Proper Record Keeping**

- Keep thorough records of all transactions, statements, and related documents.
- Report the fair market value of your SDIRA assets to your custodian annually.

11. **Stay Updated on Tax Rules**

- Understand the tax implications of your investments.
- Regularly check for changes to IRS regulations and contribution limits.

12. **Plan for Distributions**

- Know the rules for taking distributions to avoid penalties.
- Ensure you take Required Minimum Distributions (RMDs) if necessary.

13. **Consult Professionals**

- Regularly consult with financial advisors, accountants, or legal professionals to ensure compliance and make informed decisions.

Disclaimer:

Remember, while an SDIRA offers more flexibility, it also comes with increased responsibility. Always conduct thorough research and consult with professionals before making any investment decisions.

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