Self-Directed Investing: A Wealth of Opportunity Beyond Securities

When most investors consider their investing options, they may automatically think of exchange-traded securities, bonds and annuities. To diversify is to incorporate a broad mix of these types of assets. There is, however, a lesser-known path to greater diversification that includes a range of investment options outside the securities world: the Self-Directed IRA.

American IRA, one of about 30 companies of its kind nationwide, is an established firm offering investors the opportunity to pursue more unique paths to diversification through Self-Directed IRAs and 401(k) accounts. “Awareness of this opportunity is limited,” according to Hitt, who says “only about 4% of all IRAs are invested in nontraditional assets. But more and more investors, and the independent advisors who serve them, are exploring these avenues.”

“This is not an all-or-nothing proposition,” Hitt says. “It is a great way to achieve true diversification—to complement securities with hard assets. Our role is to empower individual investors and help advisors further their clients’ financial goals.”

Hard Assets: A Great Addition to Any Portfolio

American IRA clients’ investments run the gamut: real estate of all kinds, private IRA lending, private entities in need of capital, precious metals stored in depositories, and more. “Real estate is a popular option,” says Senior Vice President Sean McKay. Investors can own different types of properties, from raw land to single-family homes to portions of large commercial buildings.

“Our clients have the opportunity to invest in something they are very familiar with,” McKay says. “In the event of a market downturn, they will still have the potential for cash flow through property rentals. Hard assets like these offer distinct benefits and safeguards, and our clients understand the value they bring to a well-rounded portfolio.”

Clients benefit from these alternative assets not being correlated to the stock market. If the securities portion of their portfolio takes a dip, their hard assets may not reflect a similar decline.

Keeping Things Simple for Investors and Advisors

Whether they have tens of thousands or many millions in investible assets, American IRA clients can open their own Self-Directed accounts. As a passive third-party administrator and custodian, American IRA does not offer advice, nor does it manage assets. It simply acts as an account administrator, keeping records on its clients’ asset vehicles to ensure timely reporting to the IRS.

“We charge a low, set annual fee for our services, since we are not advising or contributing to the growth of the account—unlike traditional advisors, who charge investors a sliding-scale fee based on assets under administration,” Hitt says. “We charge the same rate for each account, regardless of size. As such, we are able to focus on providing the same high level of service to all our clients.”

“We have had great continuity here,” McKay says. “Dealing with us is like dealing with a local bank where the employees know you well. We have ongoing relationships with our clients, which simplifies the process for them. They understand and appreciate what our business is all about. Our unique platform allows our clients to be recognized as an individual instead of just an account number.”

American IRA, LLC was founded in 2004 by CEO Jim Hitt, who has over 40 years of personal experience in all aspects of investing. Today, the firm has almost $400 million in assets under administration and thousands of clients nationwide.

Sean McKay is the Senior Vice President of American IRA and has been with the firm for 10 years. He received his B.A. Degree in Economics from the University of South Florida. Sean has been investing in real estate for the last 15 years.