

Retirement Money → Real Assets



Using a Self-Directed IRA or 401(k) to Invest in Multifamily Real Estate

(In Plain English)

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Convert Your IRA/401(k) into CASH FLOW POSITIVE REAL ESTATE (Without a Penalty)

The stock market was not designed for your retirement. It was designed to make fund managers wealthy—whether the market goes up or down. Seven stocks are responsible for nearly all the gains of the S&P 500. What happens when they fail?

This guide explains, in plain English, how a properly structured self-directed IRA or 401(k) can put your retirement dollars into real assets—multifamily real estate—where performance is driven by execution, cash flow, and operator discipline. Not by headlines.

I recently learned how to invest my retirement account into real estate without paying a penalty. This guide shows you how.

Important Disclosures (Please Read)

This ebook is for **educational purposes only**. It is not investment advice, tax advice, legal advice, or financial advice.

Nothing in this ebook is an offer to buy or sell any security. Investments can only be made through formal offering documents (Private Placement Memorandum, Operating Agreement, and subscription materials).

Real estate investing involves risk, including the potential loss of some or all principal. Any references to potential returns are illustrative only.

Tax rules change and apply differently to each person and account type. Consult your own qualified tax professional before investing through a retirement account.

Plain English: The IRS appreciates paperwork. It does not appreciate creativity.

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CHAPTER 1

Why Real Estate is the Perfect Retirement Account

There are many advantages to converting your 401(k)/IRA into real estate. In fact, investing directly into specific kinds of real estate can function like a retirement account—taking care of you throughout retirement without depleting the original capital.

Real estate has long been a stable investment that many people use to protect wealth, especially during troubling times. Now, you can utilize real estate to protect your retirement savings from market fluctuations and provide your family with monthly cash flow.

5 Benefits of Real Estate Over Stocks for Your Retirement Account:

- Cash flow **now**
- Cash flow **when you retire**
- Long-term appreciation
- Real estate values increase during inflationary periods
- Can't be easily replaced or destroyed

Unlike stocks, real estate is a tangible asset. A property cannot be easily built, replaced, or destroyed. Everyone needs a place to live.

CHAPTER 2

Stock Markets Are Risky

The stock market was not originally designed for retirement accounts. It was created as a way for companies to raise capital. Investors buy and sell shares with values that fluctuate based on sentiment, news, and factors entirely outside your control.

STOCK MARKET DUE FOR CORRECTION

While the stock market can be a valuable tool for some, it is inherently risky—especially at all-time highs. The last major correction fell 37%. It took retirement accounts 13 years to recover.

To manage risk, many IRAs and 401(k) plans offer mutual funds and ETFs. However, most people have **NO IDEA** what they are actually invested in. Many companies in these funds are “zombie companies”—generating no income and carrying no cash flow.

Zombie companies can be worth billions on paper today and worth nothing tomorrow. There's a very good chance your retirement account is exposed to them.

The stock market is not designed for you to win. It is structured in a way that ensures fund managers make money, regardless of whether you profit or not.

CHAPTER 3

Why You Should Invest in Real Estate for Retirement

When you convert your 401(k)/IRA to invest in real estate without penalty, the first benefit is that you now know exactly what you are investing in. For over a thousand years, real estate has been the primary vehicle used to protect and grow wealth.

The Main Reasons to Invest in Real Estate:



Cash Flow: Instead of living off the principal in your retirement account, you live off the cash flow. Real estate provides monthly distributions without reducing your invested capital.



Long-Term Appreciation: Real estate can appreciate in value over time, leading to potential capital gains. Our target is a 1.8x–2.0x return on investment in the form of cash flow plus appreciation over a 5-year hold.



Tangible Asset: These are real assets—not paper assets created by Wall Street. A property cannot be easily built, replaced, or destroyed. Everyone needs a place to live.



Inflation Beneficiary: If the Federal Reserve continues to print money, real estate benefits. Cash flow and property values both rise as inflation increases.

CHAPTER 4

Never Draw Down Your Principal: Live Off Cash Flow

Real estate allows ordinary investors to protect their hard-earned money throughout retirement, rather than depleting it through forced withdrawals imposed by the IRS. Because real estate generates positive cash flow, you can live off the distributions made by the property—without ever tapping into invested capital.

With traditional retirement accounts, the IRS requires you to withdraw approximately 4% each year whether you need it or not. That means at the end of 25 years, your account balance could be zero.

Real estate is different:

It provides a steady source of cash flow plus the potential for long-term appreciation, without the need to sell your investment. This allows you to maintain your wealth and have something to pass on to future generations.



Leverage: Financing allows investors to make positive use of debt, with debt service paid by the property's income, multiplying the return on investment and amplifying potential gains.



Principal Protection: Unlike traditional retirement accounts that deplete over time, real estate cash flow means you never have to sell your asset. You can pass wealth to future generations intact.

CHAPTER 5

Tax Advantages

The greatest tax advantages and loopholes in retirement investing are found in real estate. Stocks, bonds, gold, mutual funds, and ETFs provide **NONE** of these advantages.

A self-directed IRA or 401(k) benefits from significant tax advantages when invested in real estate. This is one of the primary reasons wealthy investors favor real estate—they can borrow against it, without selling, and **NOT PAY TAXES** on the borrowed funds.

T

Tax-Deferred Growth: With a traditional IRA, income or capital gains generated by real estate are not taxed until funds are withdrawn in retirement. Significant tax savings over time.

R

Tax-Free Withdrawals: With a Roth IRA, funds have already been taxed, so income or capital gains generated by the investment can be withdrawn tax-free in retirement.

D

Depreciation Deductions: Many real estate investors utilize depreciation deductions to offset rental income and reduce overall tax liability—a benefit unavailable in stock market investments.

CHAPTER 6

How to Convert Your IRA/401(k) to Real Assets

Converting retirement accounts into real assets is now possible, and the process is simpler than most people think. Real estate-based IRA and 401(k) investment programs have long been a well-guarded strategy used by wealthy investors to take back control of their retirement.

An Overview of the Process:

1

Set Up a Self-Directed Account

Open a self-directed IRA or 401(k) with a custodian or administrator who specializes in this account type. See Appendix A for a comparison of five top custodians.

2

Transfer or Rollover Your Funds

Move funds from your existing retirement account into your self-directed account. This is typically done by transfer, rollover, or contribution—subject to IRS limits. Paperwork accuracy matters.

3

Invest in Institutional-Quality Real Assets

Use those funds to invest in cash-flow-producing multifamily real estate. Your custodian sends the funds directly to the investment; income flows back into your retirement account.

It is important to note that self-directed retirement accounts are subject to rules and regulations, including prohibited transactions and the requirement that assets must be held by the custodian or administrator.

CHAPTER 7

The Retirement Money Checklist

When retirement funds are involved, your goal is simple: **protect downside and avoid landmines.**

1) SPONSOR — Who Is Driving the Bus?

- Track record in the same strategy (not just “real estate experience”)
- Systems for budgeting, renovations, leasing, and investor reporting
- Clear communication when results are below plan

2) DEBT — Where Deals Break

- Fixed vs. floating rate; hedging strategy; extension options
- Reserves: operating, capital, and debt service buffers

3) BUSINESS PLAN CLARITY

- Exactly how NOI will be improved: income up, expenses down, upgrades
- Renovation scope, unit cost, and realistic timeline

4) ASSET REALITY CHECK

- Deferred maintenance and major capital systems (roof, HVAC, plumbing)
- Reputation and resident experience friction points

5) DOCUMENTATION DISCIPLINE

- Read the PPM. Understand fees, alignment, and reporting cadence.
- Confirm investor protections in the operating agreement

CHAPTER 8

Common Mistakes to Avoid

1

Picking structure before strategy.

Deciding on the account type before understanding what you're investing in leads to misaligned structure and sometimes irreversible tax consequences.

2

Assuming the custodian protects you from bad deals.

Custodians are processors, not underwriters. They will send your money to a bad deal just as efficiently as a good one. Your diligence is the only protection.

3

Getting sloppy with retirement-account rules.

One prohibited transaction can disqualify an entire account. When in doubt, consult your tax attorney before acting.

4

Chasing returns without understanding downside.

A 20% IRR projection is meaningless without understanding the path to get there and the risks that could prevent it. Always stress-test the downside.

CHAPTER 9

Hypothetical Example: Market vs. Multifamily

This is a simple illustration only. It is not a promise of performance.

<p style="text-align: center;">SCENARIO A</p> <p style="text-align: center;">Market Portfolio 8% avg annual return 5-year hold</p> <p style="text-align: center;">\$100,000 → \$146,933</p>	<p style="text-align: center;">SCENARIO B</p> <p style="text-align: center;">Multifamily Target 15% IRR 1.8x–2.0x Equity Multiple 5-year hold Cash flow: \$30,000</p> <p style="text-align: center;">\$100,000 → \$180,000– \$200,000</p>
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Multifamily Cash Flow Ramp (5-Year Hold):

Year	Cash-on-Cash %	Cash Flow on \$100,000
1	4%	\$4,000
2	5%	\$5,000
3	6%	\$6,000
4	7%	\$7,000
5	8%	\$8,000
Total	Avg 6%	\$30,000

Total cash flow over 5 years: \$30,000. At a 1.8x multiple, total return ≈ \$180,000. At a 2.0x multiple, total return ≈ \$200,000. A 1.8x outcome illustrates roughly a 13–14% IRR; a 2.0x outcome illustrates roughly a 15–16% IRR (illustrative).

Disclaimer: Hypothetical example for education only. Real estate and market investing both involve risk, including loss of principal. Targets and projections are not guarantees. Consult your advisors before investing retirement funds.

APPENDIX A

Custodians: What They Are + 5 Options to Compare

A custodian is the company that holds your self-directed IRA/401(k) and processes the official steps: paperwork, sending funds, receiving funds, and recordkeeping.

Piggy bank analogy:

Your IRA is a locked piggy bank. The custodian is the keeper. You choose the investment; they process the transaction and keep records. Most custodians do NOT evaluate deal quality.

Five Custodians to Compare (not endorsements):

Custodian	Known For
Equity Trust Company	One of the largest SDIRA custodians; broad asset support across account types.
The Entrust Group	Strong educational resources; focused on real estate investors.
STRATA Trust Company	Competitive fee structure; responsive service model.
Directed IRA	Investor-friendly flat-fee structure; fast processing timeline.
IRA Financial	Solo 401(k) specialist; strong compliance and legal support.

How to Choose — Mini Checklist:

- Account types offered (Traditional/Roth SDIRA, Solo 401(k), etc.)
- Funding and transaction process (document requirements, wire timelines)
- Full fee schedule (setup, annual, transaction/wire fees)
- Service model (who helps you when you're on a deadline)
- Role clarity (confirm what they do and do not do)

APPENDIX B

Custodian FAQ: Simple Answers

Q: Does my custodian pick my investments?

No. In a self-directed account, you direct the investment and the custodian processes it.

Q: Will the custodian tell me if a deal is good or bad?

Usually, no. Custodians don't underwrite the deal for you. That's on you and your advisors.

Q: Why do people get in trouble with self-directed accounts?

Most issues come from breaking retirement-account rules—personal benefit or prohibited relationships.

Q: Can I use a property my IRA buys?

Generally, personal use creates serious compliance problems. Always confirm with a qualified professional before acting.

Q: What's the safest mindset?

Clean structure, clean compliance, conservative downside planning, and rigorous sponsor diligence.

APPENDIX C

Retirement Money → Multifamily Checklist

Use this before investing IRA/401(k) dollars in any private placement.

1) SETUP

- Confirm you have the correct self-directed account structure and a custodian.
- Compare custodians for real estate experience, fees, and service model.
- Shortlist: Equity Trust, Entrust, STRATA, Directed IRA, IRA Financial.

2) FUNDING

- Confirm transfer/rollover/contribution path and complete paperwork correctly.
- Verify contribution rules and limits with your tax professional.

3) COMPLIANCE — DO NOT SKIP

- Avoid personal use of retirement-account assets.
- Avoid prohibited relationships/transactions (ask if unsure).
- Consult your tax professional before investing.

4) DEAL QUALITY

- Identify clear NOI levers: income up, expenses down, targeted upgrades.
- Confirm renovation scope, cost, timeline, and realistic rent assumptions.

5) SPONSOR + DOWNSIDE

- Sponsor has a track record in the same strategy with strong reporting.
- Debt terms are understood and stress-tested; reserves exist.
- A Plan B exists if rents or occupancy miss projections.

Educational only; not investment/tax/legal advice. Returns are illustrative only. Consult your advisors.

Your Retirement Dollars On Your Terms.

Your IRA or 401(k) is supposed to fund retirement—but most people are stuck hoping the market behaves at exactly the right time. This guide explains, in plain English, how a properly structured self-directed IRA or 401(k) can expand your options to include multifamily real estate—where performance is driven by execution, NOI, and operator discipline.

You've learned the basics, the rules you cannot ignore, a simple hypothetical comparison, and a checklist to help you vet sponsors and protect your retirement dollars.



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STRENGTH UNITY AND INTEGRITY

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