DISCOUNT SOLO401K

SELF-DIRECTED WITH CHECKBOOK CONTROL

Checkbook Control: A Comprehensive Guide

Full control. Lower cost. No custodian standing between you and your money.

What Is Checkbook Control?

Two ways to self-direct your retirement funds

Most people who look into alternative investments (real estate, private lending, precious metals, private equity) assume there's one way to do it inside a retirement account. In reality there are two, and the difference between them affects your speed, your costs, and how much of the decision-making stays in your hands.

Path 1: Custodian-Controlled

Your retirement funds sit with a specialized custodian who allows alternative investments, but every transaction has to pass through that custodian for review first. Depending on the custodian, that review can take several days, and most charge a fee for each transaction and each transfer along the way.

> Think of it like needing a manager's sign-off before every purchase. The purchase still happens, but on someone else's timeline, and usually at a price.

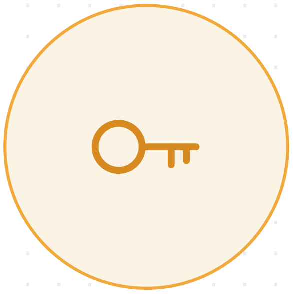
Path 2: Checkbook Control

Your retirement account creates and owns a dedicated legal entity, either a trust or an LLC, and that entity opens its own checking account. As the trustee or manager, you hold the checkbook. When you find a deal, you write the check or send the wire yourself, the same day if needed, with no outside approval in the way.

> This is the difference between asking for the keys every time and simply having your own set. When a deal has a short window, that difference is often the deal.

The bottom line

Both paths can legally get your retirement dollars into the same kinds of assets. What changes is who controls the timing, and how much of your return gets absorbed by fees along the way.



YOUR KEYS, YOUR TIMELINE

The Checkbook Control Structure

The structure looks more complicated on paper than it feels in practice. Here is the flow, step by step:

Existing retirement funds
Old employer plan, IRA, or other retirement account

▼ **transfer or rollover**

Self-directed retirement account
Solo 401k, Traditional IRA, Roth IRA, or SEP

▼ **creates and owns**

Your dedicated entity
Trust or LLC

▼ **you manage**

Checking account
You hold the checkbook

▼ **invest directly in**

Real estate	Private lending	Precious metals	Private equity

How money moves

Once the account is funded, income from your investments flows back in, and expenses flow out, directly through that checking account. Everything stays organized under one structure, and your retirement funds keep their tax-advantaged status the entire time, provided the rules on page 8 are followed.

Where Discount Solo 401k fits in

We handle the parts of this structure that require specialized documentation: drafting your plan or entity paperwork, obtaining an EIN, and keeping everything compliant year over year. You handle the parts that make this worth doing in the first place: finding the deal, writing the check, and managing the investment on your own timeline.

YOU SET THE DIRECTION

Three Paths to Checkbook Control

Discount Solo 401k offers three structures, and each one unlocks checkbook control in a slightly different way. Here's the short version of each, before we go deeper on the following pages.

Structure	Best suited for	Key advantage
Solo 401k	Self-employed individuals and owner-only businesses with no full-time employees	Highest contribution limits, built-in checkbook control, no need for a separate custodian
Checkbook IRA Trust	Investors who want privacy and the lowest ongoing cost	No public registration, no annual state filing in most states
Checkbook IRA LLC	Investors buying real estate or anything with liability exposure	Formal liability protection between you and the investment

> There's no universally "best" option. The right one depends on how you're already saving, what you plan to invest in, and how much liability protection matters to you. We'll walk through each on the next three pages.

What's included with every structure

Regardless of which path you choose, Discount Solo 401k drafts your custom plan or entity documents, obtains your EIN, and keeps your paperwork updated and compliant going forward. The difference between the three is the structure itself, not the level of support behind it.

Solo 401k
Built-in, no extra entity

IRA Trust
Private and low-cost

IRA LLC
Liability protection

> Not sure which one fits your situation yet? That's exactly what the next three pages are for; each structure gets its own deep dive, including who it tends to suit best.

Solo 401k: Built-In Control

The Solo 401k is the only one of the three structures where checkbook control comes standard, without needing to layer a separate trust or LLC underneath it. If you're self-employed with no full-time employees other than a spouse, this is usually the simplest and least expensive way in.

Why self-employed investors choose it

- **Higher contribution limits** than an IRA, since you're contributing as both employer and employee
- **Direct trustee control** over the plan's bank account, no separate entity required
- **Loan option** — many Solo 401k plans allow you to borrow from your own balance, something IRAs cannot do
- **Roth or traditional** — you can typically choose how contributions are taxed

How it gets set up

1. Confirm eligibility (self-employment income, no full-time non-spouse employees)
2. Custom plan and trust documents are drafted in your name, along with an EIN for the plan
3. Open a checking or brokerage account in the name of the plan, with you as trustee
4. Roll over existing retirement funds and begin contributing going forward
5. Invest directly from the plan's account, no outside approval needed per transaction

One thing to know

Because you're acting as trustee, the recordkeeping responsibility sits with you. Discount Solo 401k keeps your plan documents updated and compliant, but day-to-day investment decisions and documentation are yours to manage.

This is likely a fit if...

- You have self-employment or small business income
- You have no full-time employees other than a spouse
- You want the fewest moving parts, without a separate trust or LLC

Consider a different path if...

- You have full-time, non-spouse employees
- Your retirement savings are entirely in an existing IRA with no self-employment income

Checkbook IRA Trust: Privacy & Simplicity

For investors who already have an IRA (rather than self-employment income), the IRA Trust is often the fastest, most private way to get checkbook control. Your IRA becomes the sole beneficiary of the trust, and you serve as trustee.

Why investors choose it

- **No public registration** in most states, since a trust agreement is a private document
- **Lower ongoing cost** — no state LLC filing fees or registered agent required
- **Straightforward setup** — fewer moving parts than an LLC structure

How it gets set up

1. Open a self-directed IRA with a custodian that supports alternative assets
2. A trust agreement is drafted naming you as trustee and your IRA as beneficiary
3. A checking account is opened in the trust's name; you have direct signing authority
4. Your custodian transfers funds from the IRA into the trust, ready to deploy

A quick example

An investor in a state with a high annual LLC franchise tax wants to fund a private mortgage note and take a small equity stake in a friend's startup. Because a trust doesn't need to register with the state, they avoid that recurring fee entirely and keep their name off public filings. Their custodian still requires an annual valuation of the illiquid assets to properly report the account's value to the IRS, a routine but necessary compliance step.

This is likely a fit if...

- You already have IRA funds and want the simplest way to add checkbook control
- Keeping your name off public state registries matters to you
- Your planned investments carry lower liability exposure, like private lending or equity stakes

PRIVACY BY DESIGN

Checkbook IRA LLC: The Liability Shield

The IRA LLC gives you the same checkbook control as the Trust, with one major difference: formal liability protection. Your IRA becomes the sole member of the LLC, and you act as manager.

Why investors choose it

- **Liability protection** — claims are generally limited to what's inside the LLC, keeping your personal assets and other retirement holdings separated
- **Widely recognized** by title companies and lenders, which matters for real estate closings
- **Built for scale** — useful if you plan to hold multiple properties or deals under one umbrella

A quick example

An investor spots a distressed property at auction and needs to wire funds same-day to secure the winning bid, faster than a custodian could act. Because their IRA LLC checking account is already funded, they wire the deposit directly and close on schedule. The property is titled precisely in the LLC's name, with language identifying the IRA as the true owner, and every dollar of rental income and eventual sale proceeds flows back into the LLC account, tax-deferred, with no personal funds ever mixed in.

Which to choose: Trust or LLC?

If keeping costs low and staying private matter most, the Trust is usually the simpler path. If you're buying real estate or anything with real liability exposure, the extra setup cost of the LLC is usually worth it.

This is likely a fit if...

You're buying physical real estate or other assets with real liability exposure

Title companies or lenders you work with expect a formal, state-recognized entity

You're building a larger portfolio and want everything organized under one entity

A LEGAL WALL AROUND YOUR INVESTMENT

Compliance: The Rules That Protect Your Plan

Checkbook control is powerful, and the IRS has clear rules to make sure it's used correctly. None of these are complicated once you know them, and staying inside them is what keeps your account's tax-advantaged status intact.

Three things to never do

Personal use. You can't live in, vacation in, or personally use any asset your plan or entity owns.

Commingling. Personal money and plan/entity money must always stay completely separate.

Self-dealing. You can't pay yourself a salary, fee, or commission for work connected to your own investments.

Disqualified persons

You, your spouse, and your parents, children, and their spouses

Fiduciaries and service providers to the account (advisors, custodians, attorneys)

Businesses majority-owned by any of the above

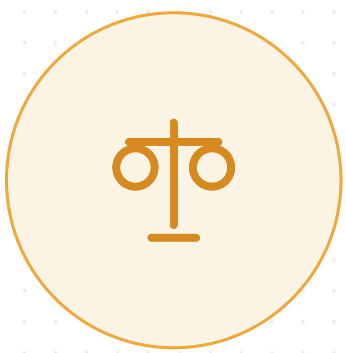
Not disqualified: siblings, aunts/uncles, cousins, nieces/nephews

Two forms worth knowing

Form 5498 — reports the fair market value of your account's assets to the IRS each year, which is why independent valuations of illiquid assets are sometimes required.

Form 990-T — required if your entity generates Unrelated Business Taxable Income (UBIT), most commonly triggered by using debt financing, such as a mortgage, on a property.

> If a prohibited transaction happens and can't be corrected, the IRS can treat the entire account as distributed as of January 1 of that year, triggering immediate taxation and, if you're under 59½, early withdrawal penalties. Staying inside these rules is what keeps that from ever being a concern.



STAY INSIDE THE LINES

Which Plan Is Right for You?

By now you know the two paths inside self-directed investing, and the three structures we offer to get you checkbook control. The last step is matching the right one to your situation.

Consider the Solo 401k if...

You have self-employment income and no full-time employees other than a spouse, and want the highest contribution limits with the simplest built-in structure.

Consider the IRA Trust if...

You already have IRA funds, want to keep costs and public exposure low, and your investments are lower in liability, like private lending or startup equity.

Consider the IRA LLC if...

You're buying real estate or anything with real liability exposure, or you're working with title companies and vendors who expect a formal business entity.

Ready to take control of your retirement?

Schedule a free introduction call and we'll help you choose the right structure.

Schedule Your Free Call

What happens after you reach out

We'll talk through what you're investing in, where you live, and what you're rolling funds over from, then recommend the structure that fits. From there, we draft your documents, obtain your EIN, and walk you through opening your account, so you're ready to invest on your own terms as soon as your funds land.

LET'S GET STARTED