private real estate · passive income · real assets

HOW TO CONVERT YOUR 401(k) / IRA INTO REAL ESTATE

without penalty

A Massive Capital Investor Guide

with Michael Bailey

Partner & Chief Investment Officer, Massive Capital

A note from Michael Bailey

I spent years in oil & gas — good money, but a life tied to a volatile industry. What changed everything was learning how real assets could build a future that didn't swing with the cycle.

Most people never realize the money already sitting in their 401(k) or IRA can be put to work in real estate — legally, and without penalties. This guide is the roadmap I wish someone had handed me years ago.

— Michael Bailey

What's inside

Why this isn't what your broker told you about

The rules have let retirement money own real estate for decades — most people are simply never told

- Most retirement accounts sit at big brokerages built around stocks, bonds, and funds

- Those are the products they custody, trade, and earn fees on
- Real estate rarely appears on the menu — it doesn't fit that model
- Standard custodians seldom mention self-direction — it moves assets off their platform
- Knowing your options is the first step to taking control of your retirement

Why real assets belong in your retirement

Real estate brings something paper assets rarely do

Cash Flow
Income while you wait for the asset to grow

Appreciation
Value that tends to rise over the long term

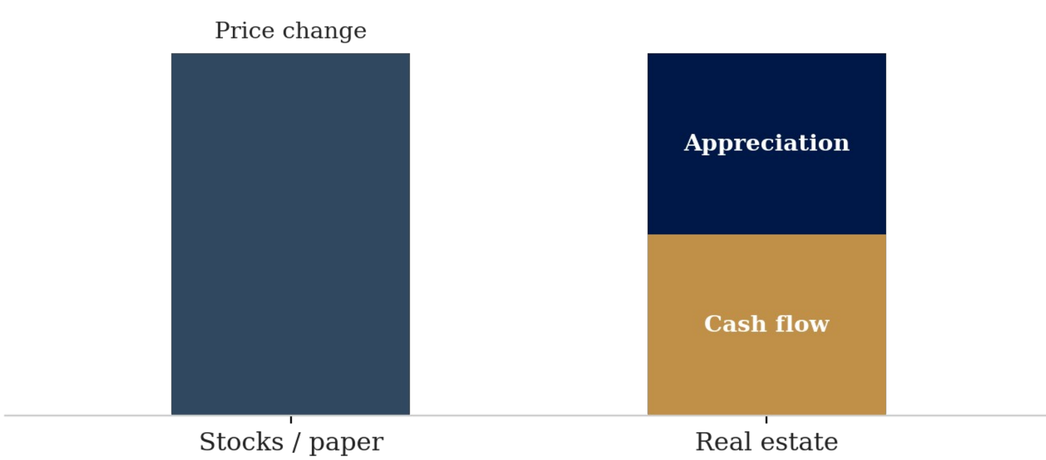
Tax Benefits
Deductions that paper assets can't offer

Leverage
Financing expands what your capital can reach

Tangibility
A real asset — not a line on a statement

Inflation Hedge
Rents and values climb with the cost of living

Where the return comes from



Illustrative — sources of return, not a forecast or performance claim

What is a Self-Directed IRA (SDIRA)?

An IRA that can hold real assets — not just stocks

- A retirement account held with a specialized, self-directed custodian
- Directs your funds into real estate, private funds, secured notes, and more
- Same tax treatment as any IRA — Traditional (tax-deferred) or Roth (tax-free)
- You choose the investments — the custodian handles administration and reporting
- Standard IRA contribution limits apply

What is a Solo 401(k)?

You don't need a full-time business — any self-employment income qualifies

- Any legitimate self-employment activity qualifies — even a part-time side business
- Keep your W-2 job — the plan attaches to your self-employment income
- Only staffing rule: no full-time employees, other than a spouse
- Much higher contribution limits than an IRA — you contribute as both employee and employer
- Can offer checkbook control — you direct investments directly
- Roth option available, and it can hold real estate and other real assets
- A strong fit for 1099 earners, consultants, and professionals with side income

Contributing to a 401(k) at work too? Some limits coordinate — confirm with your advisor

SDIRA vs Solo 401(k) — which fits you

Self-Directed IRA

- Anyone with IRA or rollover funds
- Standard IRA contribution limits
- Custodian-directed investments
- Broad access to alternative assets

Solo 401(k)

- Any self-employment income — even a side gig
- Much higher contribution limits
- Checkbook control available
- Generally exempt from UDFI tax on financed real estate

How the conversion works — 5 steps

1

Know your plan's rules

confirm what your current 401(k) or IRA allows — many employer plans don't permit alternatives

2

Open the right self-directed account

an SDIRA or a Solo 401(k), with a qualified self-directed custodian

3	**Fund it — contribute, roll over, or transfer** move funds from an old 401(k), 403(b), or existing IRA without a taxable event
4	**Choose and fund your investment** direct the custodian with a Direction of Investment form and supporting documents
5	**Your account owns the asset** all income and expenses flow through the account — never your personal funds

The rules & prohibited transactions

Doing it right keeps the tax advantages intact

- **No disqualified persons** — you, your spouse, and lineal family can't transact with the account
- **No personal use** — you can't live in or personally use the property the account owns
- **Keep it separate** — all income and expenses run through the account, not your pocket
- **Mind debt-financed income** — leverage inside an IRA may trigger UBIT / UDFI; a Solo 401(k) is generally exempt
- **Use the right team** — a qualified custodian and your own tax advisor

The tax advantages

Tax-deferred growth (Traditional) gains compound untaxed until you withdraw

Tax-free growth (Roth) qualified gains come out tax-free in retirement

Depreciation offsets rental income and lowers taxable income

Treatment depends on your account type — confirm with your tax advisor

The bottom line

The money to start may already be in your retirement account

- Self-direction has been allowed for decades — most people are simply never shown
- An SDIRA or Solo 401(k) puts real assets within reach, with the same tax benefits

- The right custodian and advisor make the process straightforward

About Massive Capital

Massive Capital was founded on a simple principle — create solid returns without speculation. We partner with passive investors and local operators across multiple markets and asset classes, acting as a true CFO for our investors and investing side by side with them.

Michael Bailey

Partner and Chief Investment Officer at Massive Capital. After a career in oil & gas, he now helps professionals create predictable, tax-efficient passive income through real assets.

Ready to put your retirement funds to work?

Schedule a Massive Wealth Call

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