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How Non-Traditional Self-Directed IRAs Are Opening the Door to Alternative Investments



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For decades, retirement investing has largely followed a familiar formula: public equities, mutual funds, and bonds held within traditional retirement accounts. These vehicles have served many investors well, but the investment landscape is evolving—and so are investor expectations around diversification, control, and access to new asset classes.



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One development enabling this shift is the rise of **non-traditional Self-Directed IRAs (SDIRAs)**.

At Octave Holdings & Investments, we often speak with investors who are surprised to learn that retirement accounts can be structured to access certain **alternative investments**, including private equity and real estate strategies. This article provides a high-level overview of how non-traditional SDIRAs are commonly used in that context.

Beyond the Traditional IRA

A standard retirement account typically limits investors to publicly traded securities—such as stocks, bonds, ETFs, and mutual funds. While these remain core components of many portfolios, they represent only part of the broader investment universe.

A **non-traditional Self-Directed IRA** expands that universe by allowing retirement capital to be allocated to a wider set of **alternative assets**, which may offer different risk profiles, return drivers, and diversification characteristics.

In practical terms, this can mean exposure to opportunities such as **private equity funds, real estate**, and other investments in non-public markets—areas that have historically been harder to access through traditional retirement accounts.

Understanding the Different SDIRA Structures

Not all Self-Directed IRAs are administered the same way. In practice, investors most often encounter three structures:

Custodian-Controlled SDIRAs are the most common. In this model, a professional custodian (for example, Madison Trust Company or a similar institution) administers the account and processes investment transactions based on the investor's direction. While this structure can involve processing fees and slower turnaround times, it may also provide additional administrative oversight and compliance support.

Another structure gaining popularity is the **Checkbook-Control SDIRA**, where an IRA-owned LLC is used to facilitate investments. Because the investor often serves as manager of the LLC, transactions can sometimes be executed more quickly without waiting for a custodian to process each step. The tradeoff is increased responsibility for documentation, controls, and careful adherence to IRS rules.

Finally, some investors opt for a **Trust-Based SDIRA**, which uses a trust structure rather than an LLC. Depending on the investor's objectives and advisors, this approach can offer different

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governance features, but it also requires careful legal structuring and ongoing administration to remain compliant.

Regardless of structure, SDIRAs are generally held at a **qualified IRA custodian or trustee** for tax reporting and required IRS filings. In some “checkbook-control” or trust-based arrangements, the investor may gain more day-to-day transaction flexibility, but the account still needs to be set up and maintained in a way that satisfies IRS rules and custodian/trustee requirements.

It’s also important to note that while SDIRAs can hold a wider range of assets, they are still subject to IRS restrictions—including rules on **prohibited transactions** and **disqualified persons**. Investors typically work with qualified tax and legal advisors to help ensure the structure and the underlying investment activity remain compliant.

Technology Is Simplifying Access

Historically, using retirement accounts to access alternative investments could be difficult to navigate. Paperwork-heavy workflows, limited transparency, and manual processes created friction for investors seeking exposure beyond public markets.

Today, some technology platforms aim to streamline parts of this process and improve access to information and documentation.

At Octave, our investor portal is designed to help organize key steps and materials related to retirement-account investing in alternatives. Investors can create and manage IRA profiles, submit indications of interest, and access available investment documentation in one centralized place.

For custodian-controlled SDIRAs, the process typically includes verifying IRA details, submitting investment interest, completing required signatures, and then sharing final documentation with the custodian. For checkbook-control or trust-based structures, certain steps may be handled directly by the investor’s entity, which can reduce turnaround time.

While the mechanics differ by IRA structure, the objective is the same: a clearer process for using retirement capital to access alternative investments.

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A Broader View of Portfolio Construction

For many investors, diversification is less about replacing traditional assets and more about considering a broader range of approaches for long-term portfolio construction.

Alternative investments can complement public markets by providing exposure to different economic cycles, income sources, and asset types. As more investors consider multi-asset portfolios, retirement accounts are increasingly part of that broader allocation discussion.

This shift reflects broader changes in how individuals approach retirement planning and long-term investing. In some cases, improved access to information, education, and supporting infrastructure has made it more practical for investors to evaluate opportunities that were previously harder to pursue through traditional retirement accounts.

Looking Ahead

The continued growth of non-traditional SDIRAs signals a broader transformation in the retirement investment landscape. Investors are more informed and increasingly interested in opportunities beyond public markets.

As this ecosystem matures, service providers and platforms that focus on operational process, documentation, and investor education may help reduce friction between investors and alternative asset managers.

For readers seeking to understand how retirement accounts can be used to hold certain alternative investments, non-traditional Self-Directed IRAs are one of the structures that may be discussed with qualified professionals.

At Octave, we focus on providing education and infrastructure intended to support investor understanding of alternative investments within retirement-account frameworks.

This article is for informational purposes only and does not constitute tax, legal, or investment advice. SDIRA rules can be complex, and investors should consult qualified professionals regarding their specific circumstances.

Outreach and Key Information:

- Get in touch: schaudhary@octavehi.com
- [Click here to access the OVA pitch deck](#)
- Scan below barcode to access the Investor Portal

