



Investing in Debt or Equity: Passive Income Strategies for Real Estate



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Today's *Agenda*

- ❖ Understanding Equity vs. Debt
- ❖ Defining Real Estate Debt Funds
- ❖ Key Factors to Consider for Each
- ❖ Analyzing Market Cycles
- ❖ Key Questions to Ask Yourself
- ❖ How to Invest in a Real Estate Debt Fund
- ❖ Q&A Time





Meet *Your Host*



Rachel Stolrow



Over 9 Years at Entrust



Educates investors and professionals
on tax-preferred retirement accounts



About Entrust



Self-Directed IRA Administrators



Knowledgeable Staff with
CISP Certifications



Monthly Educational Webinars

About Entrust



\$6B

Assets Under
Administration



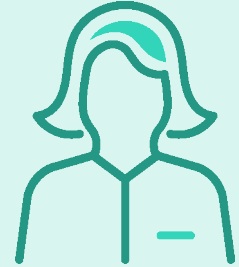
24k+

Active
Investors



45

Years of
Service



1

Point of
Contact

How to Get Debt & Equity Allocation Right in Your Self-Directed IRA in 2026

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PassiveInvestingwithWhitney.com

This information is for educational purposes only and you should consult with your financial, legal and tax team before making any investment decision.



A Little About Me...

- A partner in \$800MM+ in real estate — 6500+ residential units, 15 express car washes, 2200+ self-storage units
- Flipped \$5M+ of residential real estate
- Director of Investor Education at PassiveInvesting.com
- Founder of AshWealth.com
- Author of *Money for Tomorrow: How to Build and Protect Generational Wealth* with [BiggerPockets](https://BiggerPockets.com)
- Host of the *Passive Investing Made Simple* YouTube show and podcast





My results...

100%

FREEDOM OF CHOICE

IN HOW I SPEND MY TIME

Educational Purposes Only

Not financial advice

General information, not personal financial recommendations.

Not legal advice

Review legal strategies with qualified professionals before acting.

Not tax advice

Tax implications require consultation with a certified tax professional.

Consult your team

Discuss major financial decisions with your trusted advisors.

Why This Matters Right Now

What investors are doing

Need income → buying equity

Want growth → sitting in debt

Using IRA → without a real strategy

What's happening in markets

Capital sitting idle

Income harder to find consistently

Equity returning — but timing matters

Markets shifting quickly

📌 A good deal in the wrong role becomes a bad outcome.

Debt vs. Equity: What Job Does Each Do?

☐ Debt = Income Engine

- Predictable income
- Lower position risk
- Shorter duration
- Limited upside

Stabilizes your portfolio

☐ Equity = Growth Engine

- Appreciation-driven returns
- Delayed cash flow
- Higher volatility
- Longer hold periods

Grows your portfolio

You need both — but for entirely different reasons, at different times, in different positions.

The Capital Stack: Where Risk Actually Lives

Stack position drives income reliability, downside protection, and when you actually get paid.

1

Senior Debt

Lowest risk · Lowest return · First paid

2

Mezzanine / Preferred Equity

Moderate risk · Middle position

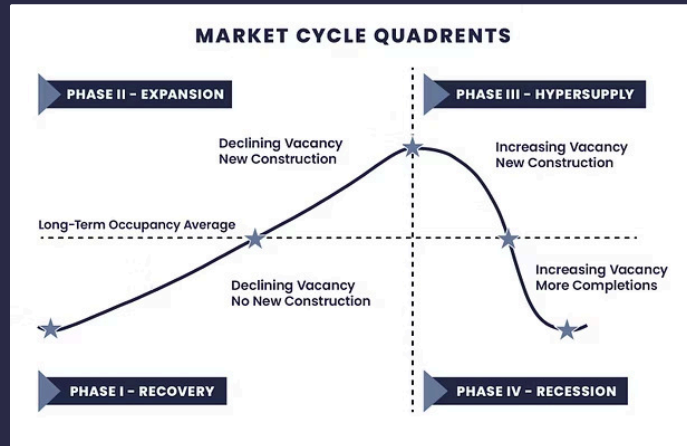
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Common Equity

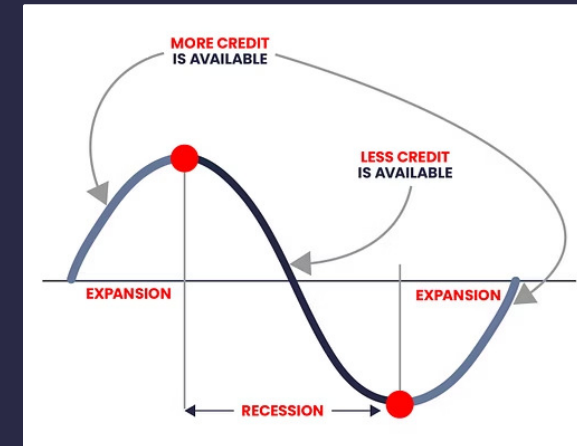
Highest risk · Highest return · Last paid

Understanding Market & Credit Cycles

Where you are in the cycle should directly shape whether you lean toward debt or equity — and how aggressively you position.



Aligning with current market cycles to identify optimal entry and exit points.



Understanding credit cycles helps in assessing risk and opportunity in debt investments.

The Market We're In — Plain English

This is not a normal cycle

We're likely moving into a **1970s-style environment** — and most investor playbooks aren't built for it.

Inflation

Not done yet

Energy

Driving costs higher

Fed

May raise into slowdown

Credit

Tightening fast

Why This Matters for Passive Investors

As a passive investor, you rely on three things to get paid:



Operators to Execute

Business plans depend on reliable teams. Stress tests operator quality.




Debt Markets to Refinance

Refinancing windows are narrow. Rates have changed the math.



Exit Markets to Return Capital

Buyers are cautious. Valuations are compressed. Timing is uncertain.

 All three are under pressure right now. This is not a "maximize returns" environment — it's a build resilience environment.

How to Invest in Today's Market

1

Multifamily / Real Estate Equity

- Underwrite higher expenses: insurance, taxes, labor
- Model slower rent growth
- Plan for longer holds and less exit certainty

2

Private Credit / Debt Funds

- Avoid borrowers with tight margins
- Be cautious with mezzanine positions
- Expect slower deal flow and some defaults

3

Investor Behavior Risk

- Overconcentration in one operator or asset type
- Chasing yield instead of durability
- Assuming liquidity that isn't there

How to Use Your Self-Directed IRA Correctly

The Mistake Most Investors Make

Treating the IRA as a **holding account**

Loading it with equity because it's **"tax advantaged"**

Ignoring **income needs** and investment timing

📌 Your IRA Should Be

Your Compounding Engine

Every dollar placed inside should be working at its highest tax-efficiency for you — not just parked.

Best Uses of Your SDIRA

Debt Strategies (Underrated)

Normally taxed as **ordinary income** — the highest rate bracket.

Inside an IRA: compounds without current tax drag.

- Debt funds
- Promissory notes
- Income-focused strategies

Long-Term Equity

Works best when you **don't need near-term liquidity** and can let the investment compound over time.

- Multifamily real estate
- Private equity
- Long-hold investments

The IRA's edge isn't just in equity — it's in shielding high-income strategies from ordinary income tax drag.

What Doesn't Belong in Your IRA

The Common Mistake

All equity inside the IRA

Because "it's tax advantaged" — without considering access or timing.

Income and timing ignored

The tax benefit is real.
The liquidity trap is also real.

Capital you may need access to

Short-term strategies

Anything requiring flexibility or liquidity

If timing matters, it likely doesn't belong in your IRA.

In This Market, Liquidity Is the Hidden Risk

Exits are less predictable

Buyers are cautious. Hold periods extending.

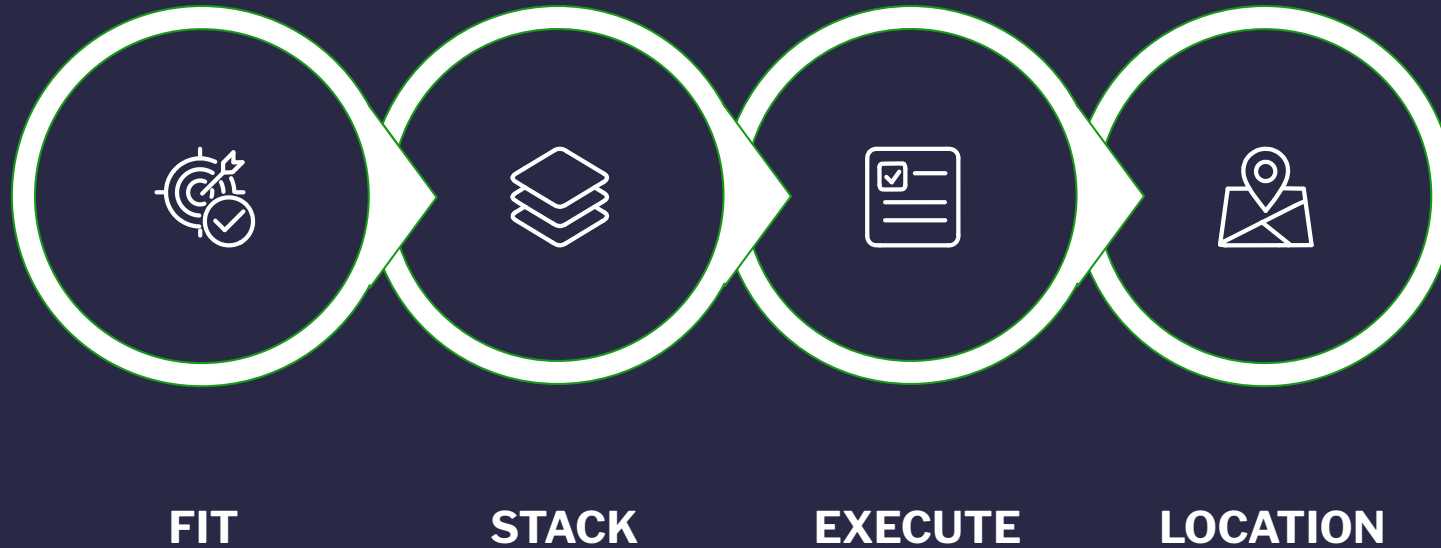
Income timing matters more

Cash flow reliability is a feature, not a luxury.

If all your IRA is equity...

You're waiting, illiquid, and hoping — not investing strategically.

The Allocation Framework



Once a deal passes your FIT, STACK , EXECUTE criteria, ask: Does this belong inside my IRA or outside it? Am I placing it where it compounds best?

☐ Your IRA shouldn't just hold investments. It should hold the **right type** of investments.

Same Deals. Different Outcomes.

1

Investor A

- All equity inside the IRA
- No income while waiting
- Fully dependent on exits
- Illiquid and exposed

2

Investor B

- Debt + equity balanced in IRA
- Income flowing while equity grows
- Flexibility to act when deals appear
- Resilient across market conditions

Same deal access. Same IRA structure. The only difference is how they allocated — and that difference compounds over time.

Choosing the Deal for Your SDIRA

Decision Factor	Real Estate Debt Fund	Promissory Note	Multifamily Equity
Accreditation Status	Accredited	Accredited	Accredited
Primary Goal	Income (monthly) + diversification + monthly compounding	Predictable current cash flow or Yield maximization on patient capital	Growth + diversification + income + tax benefits
Time Required	Very low	Very low (reinvestment strategy)	Very low (quarterly reviews)
Risk Concentration	Low (highly diversified across loans)	Higher (single asset)	Higher (single asset)
Liquidity	Limited (redemption windows)	None until maturity	None until maturity
Return Profile	Fixed, higher for larger investment	Fixed, Higher if deferring cashflow	Variable, Higher for for larger investment
Return Range	~6-10%	~10-12%	~12-17%
Best Life Stage Fit	Busy professionals, portfolio stabilizers	Investors needing current income or Investors prioritizing growth over cash	Experienced investors comfortable with longer holds
Common Mistake	Over-allocating to chase yield only	Treating notes like liquid income or Over-allocating without liquidity plan	Chasing yield and tax benefits without understanding illiquidity
Example	PIC Debt Fund (CashFlowBonds.com)	Holiday Inn Express Promissory Note Mariner Grove Promissory Note	Encore at Murrell's Inlet Multifamily

Recap: A Better System

What

Debt and equity serve entirely different roles in a portfolio

Why

Misallocation creates stress, illiquidity, and poor outcomes

How

FIT → STACK → EXECUTE → LOCATION

📄 You don't need more deals. You need a better system — and now you have one.

UNLOCK YOUR INVESTING POTENTIAL

Join the Passive Investing Club

Personalized 1-on-1 to discuss
your passive investing goals

Exclusive access to vetted
investment opportunities

Comprehensive investor resources to accelerate your growth

Join me at PassiveInvestingwithWhitney.com



Let's Wrap Up





Getting Started With an IRA in 3 steps



Open an
Entrust Account

Fund Your
Account

Direct Custodian
to **Purchase**
Your Asset



What's **Next?**

Sending you replay & additional resources

Our follow-up email will include video replay, slides, and more education

Register for June's Webinar

2026 Gold and Silver Outlook: Risk or Opportunity for Your IRA Investments?





What's Next?

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Question & Answer Session





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