




BEST INVESTMENT ACCOUNTS FOR KIDS

	Custodial Roth IRA	UGMA or UTMA	Fidelity Youth Brokerage Account	529 ESA	Coverdell ESA	CD's	ABLE Account
Best For?	Teens	17 and under	13 -17 years	17 and under	17 and under	17 and under	Special Needs, 26 years and younger
When does ownership transfer to child?	18 - 25 years	18 - 21 years	Child is the owner	Child is the beneficiary You may transfer beneficiaries, if needed.	Child is the beneficiary You may transfer beneficiaries, if needed.	18 - 21 years, varies by state	Child is beneficiary. May obtain full ownership upon adulthood
Are earnings & approved distributions taxable?	Not taxable after 5 years	No	Yes	No	No	Yes	No
Any withdrawal rules?	For education expenses & major life purchases only	None	Only the child can make withdrawals	For Education purposes only; Only 10K towards K-12 or graduate school	For education purposes only Must withdraw by age 30	Penalties if withdrawn before term limit ends	For a wide range of expenses that improve quality of life
Annual Contribution Cap	Equal to what the child earned that year	\$17K/ individual \$34K/ couple	None	Anything above \$17K/individual or \$34K/couple is subject to gift tax.	\$2K	None	\$17K/year
Fees?	Varies	Varies	None	Varies	Varies	No	Varies
Minimum Deposit?	None	None	None	None	Varies	Varies	Varies
Can impact financial aid?	No	Yes	Yes	Yes	Yes	Yes	Yes
Important Info?	Child must earn money to participate Contribution limited to a kid's yearly earnings	Once child is of age, funds belong solely to them A UTMA also holds physical assets like real estate	Only your teen can make withdrawals Teen can choose their investments and buy stocks	Usually able to transfer the 529 between states & beneficiaries	Low contribution cap & strict household income limits Freedom to pick your investments	FDIC insured Slow growing so use in addition to other options	Having over 100K may impact Supplemental Security Income (SSI)