

MAIN TYPES OF INVESTMENT ACCOUNTS

Learn how you can use different accounts in your portfolio. Brokerage and Cash accounts don't have a special purpose. Retirement, College Savings and Health Savings accounts offer tax advantages but have some restrictions on how and when you can spend your assets.

Retirement

There are many different types like IRA, 401K, 403b, SEP. Tax advantages when you wait till 59.5yrs old

Brokerage

No tax advantages. Buy stocks, bonds, mutual funds, ETFs

College Savings

Invest specifically for college and other education costs in a 529 for tax advantages.

Health Savings

Experts recommend investing with your HSA to pay for future medical costs.

Cash

Usually higher interest rates and no fees. Like a savings account at a brokerage instead of a bank

Roth / Traditional: Only for retirement accounts. With Traditional, you save taxes when you put money in. With Roth, you save taxes when you pull money out.

401K, 403b, SEP, SIMPLE: Retirement account sponsored by employers.

IRA: Retirement account someone establishes for them self (also rollover 401K and 403b into IRAs)

UGMA / UTMA: Investment accounts on behalf of minors. Transfers to the child at age 18.

529: Investment accounts with tax advantages when paying for tuition, room, board, books and some technology.