

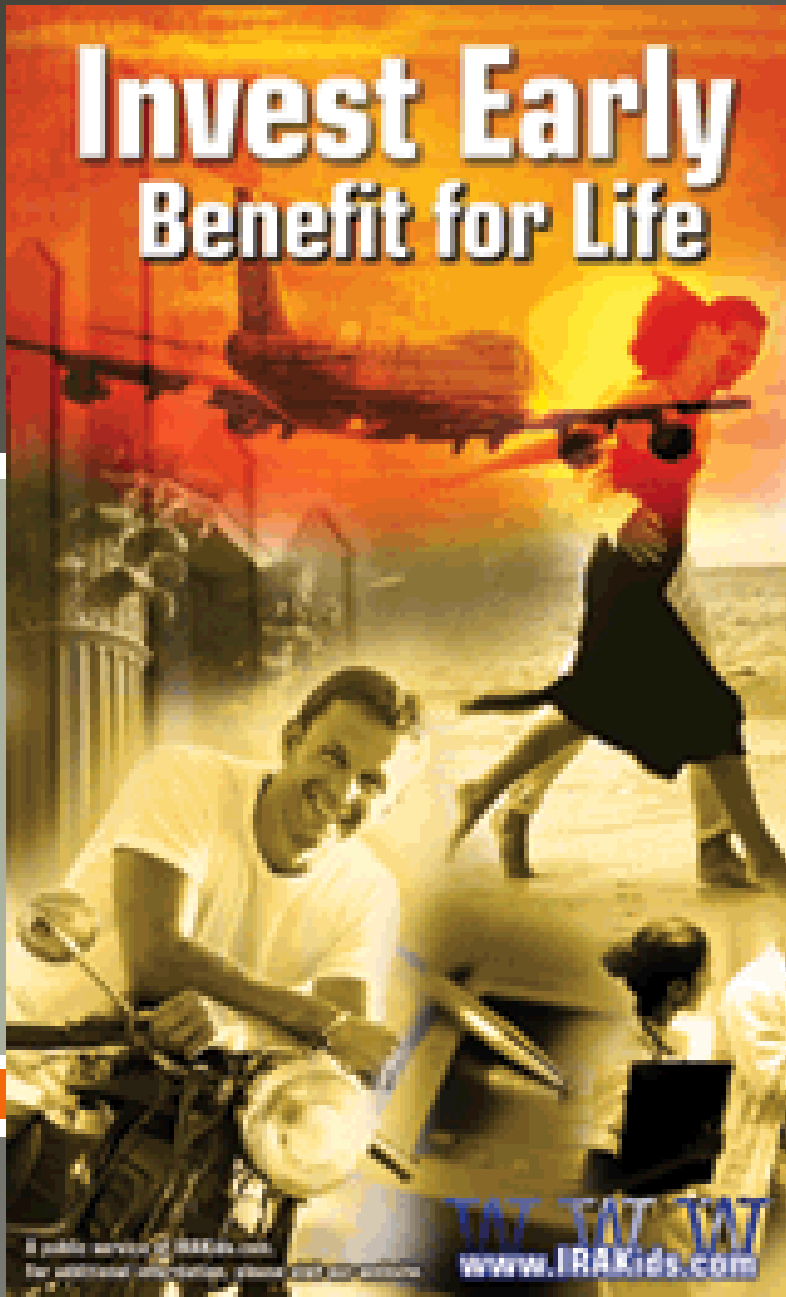
**Invest Early
Benefit for Life**

www.IRAKids.com

Roth IRAs for Kids

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Created By

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My Story

- ✎ With grandfather's encouragement, established a Roth IRA in 2008, when I was 13
- ✎ Ignored my Roth IRA account; moved on
- ✎ Started working at Park Bank in July 2010
- ✎ Finally understood the importance of saving for my future and society's lack of financial literacy
- ✎ Jump started my Roth IRA contributions
- ✎ Founded www.irakids.com with the help of my grandfather to teach kids about the benefits of Roth IRAs

What is Compound Interest?



...and how does it help?

Compound Interest

Google definition:
**Interest calculated on both the principal
and the accrued interest**

Think of it like...
A snowball

What is an IRA?



What is an IRA?

Individual Retirement Account

An IRA is a promise to the federal government that you are making investments for your retirement.

(Investment examples: baseball cards, antique cars,
MONEY)

IRA vs. Roth IRA

IRA

- ✎ Traditional
- ✎ Tax break on deposits
- ✎ Pay taxes on withdrawals
- ✎ Must start withdrawals at age 70 ½

ROTH

- ✎ Available since 1998
- ✎ Pay taxes on deposits
- ✎ No taxes on withdrawals
- ✎ Your money can grow for as long as you want

Benefits / Requirements

Roth Benefits

- ∞ Balance grows with compound interest
- ∞ Tax free interest
- ∞ Principal can be W/D penalty free
- ∞ W/D for first home
- ∞ “Hidden” asset on FAFSA forms
- ∞ Future financial stability

Roth Requirements

- ∞ Old enough to earn money
- ∞ Deposits must be EARNED INCOME (not an allowance)
- ∞ Deposits must be after-tax dollars
- ∞ Keep records: Pay taxes
- ∞ Interest cannot be touched until age 59 ½

So... Can This Help Me?



Hint: Um... Duh.

Our Generation

- ☞ Will social security benefits still exist? If so, will we have to be older to qualify? Or how will the benefits be reduced?

(Currently, social security is \$36,000/year for my grandparents. Could you live off even less?)

- ☞ Will our future employers contribute to our pensions or other retirement plans?

(Probably less than to our parents' and grandparents' plans.)

Our Generation

∞ Will taxes be higher for us in the future, compared to now?

(Inflation will probably take us into higher tax brackets and some deductions will be eliminated.)

**We need to prepare for the worst.
Now is the best time to start.**

How Do I Start?



Start Here

First...

Make earned income

- ☞ Get a job
- ☞ Babysit for neighbors
- ☞ Mow lawns
- ☞ Negotiate payment for chores

***Make sure you document your income**

Then...

Invest your income

- ☞ Go to your bank
(CDs, Savings Accounts)
- ☞ Go to a broker
(Mutual funds, stocks, bonds)

***Make sure you pay taxes before depositing in Roth (taxes could be about 15%)**

Grow Your Money

If investing in CDs or Savings Acct./Bonds...

- ☞ Watch the rates, and open up additional accounts as the rate increases
- ☞ Renew once they mature

If investing in the stock market...

- ☞ Watch how the market changes (Mad Money w/Jim Cramer, Yahoo Finance)
- ☞ Check your accounts at least quarterly; take profits and make changes when appropriate (all tax free)

Enjoy the Results

Before

Initial Deposit: \$500
Monthly Addition: \$50
Years to compound: 50
Yearly Rate #1: 1.5%
(CD rate)
Yearly Rate #2: 5%
(mutual funds)
Yearly Rate #3: 10%
(from individual stocks)

After

Principal - \$30,450.00
Rate #1 - \$45,698.35
(Interest \$15,248.35)
Rate #2 - \$139,492.29
(Interest \$109,042.29)
Rate #3 - \$938,904.50
(Interest \$908,454.50)

Thank You



For more
information,
please visit

www.irakids.com

(A link to a compound interest
calculator is located on the main
page)

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