

# WEALTH BUILDING

## INVESTMENT ACCOUNT TYPES

- Different accounts accommodate different goals
- An investment account is a place to hold, buy, and sell securities and other investments.
- They are different from bank accounts because the value of the assets in an investment account can change, and sometimes go down; however, investments can also offer the potential for greater rewards, especially over time.

### BROKERAGE ACCOUNT

#### OVERVIEW

- An investment account that allows investors to buy, sell, and hold financial securities.
- You can use your funds whenever and however you want.
- There are no contribution limits.
- Contributions are made with **after**-tax money.
- You pay taxes on any gains you make.
  - If you hold a security for less than one year, it is taxed as income.
  - If you hold a security for longer than one year, it is taxed as long-term capital gains.

### HEALTH SAVINGS ACCOUNT - HSA

#### OVERVIEW

- A tax-advantaged account that allows you to save funds to pay for qualified medical expenses.
  - Deductibles
  - Copayments
  - Coinsurance
  - Some dental, drug, and vision expenses
- Contributions are tax-deductible, growth is tax-free, and withdrawals for qualified expenses are tax-free.
- Must be enrolled in a HSA-eligible plan.
  - AKA High Deductible Health Plan (HDHP)

### TRADITIONAL

### INDIVIDUAL RETIREMENT ACCOUNTS - IRA'S

### ROTH

#### OVERVIEW

- A tax-advantaged retirement account that helps you save for retirement.
  - Acts similar to a brokerage account.
- Contributions are made **before** taxes (tax-deductible).
  - Assuming you do not have an employer-sponsored plan.
- Earnings and gains **are** taxed when withdrawn, typically after age 59 ½
- Early withdrawals may face taxes and a 10% penalty
- Minimum withdrawals are mandatory at age 73
- \$7,500 annual contribution limit for 2026
  - Could change per year

#### OVERVIEW

- A tax-advantaged retirement account where contributions are made **after** taxes.
- To withdraw earnings tax-free and penalty-free, you must meet both conditions:
  - You've reached age 59½ AND your account has been open for at least five years.
- Contributions (not earnings) can be withdrawn at any time, tax-free and penalty-free.
- Up to \$10,000 of earnings may be withdrawn penalty-free for a first-time home purchase if the account is at least 5 years old.
- \$7,500 annual contribution limit for 2026
  - Could change per year



# WEALTH BUILDING

## INVESTMENT SECURITIES

- IT IS A TRADEABLE FINANCIAL ASSET THAT CAN BE BOUGHT OR SOLD IN A PUBLIC MARKET OR EXCHANGE
- EACH SECURITY HAS ITS PROS AND CONS. BE SURE TO RESEARCH AND DIVERSIFY



You're essentially lending money to an entity. Once it matures you'll get principal and interest back.

### Bonds



You loan money to a bank for a predetermined amount of time and interest. When that time is up, you get your principal and interest back.

### Certificate of Deposit - CD



A collection of investments that tracks a market index. Their price fluctuates throughout the trading day, unlike a mutual fund

### ETF



A pool of many investors' money that's invested broadly in a number of companies.

### Mutual Fund



A financial contract between 2+ parties that derives its value from an underlying asset. The price, risk, and term structure are all determined by the value of this asset.

### Derivatives



You're buying an ownership stake in a publicly-traded company. As the company's evaluation changes, so does the value of your stock.

### Stocks

## DIVERSIFICATION

- Allocating your assets among different securities, market caps, and industries to reduce your risk in asset portfolio

