

# 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

- It's an investment account that allows investors to buy, sell, and hold financial securities.
- You can use your funds whenever and however you want.
- No contribution limits
- Pay taxes before you contribute
- Pay taxes on the gains you make
  - If you held your security for less than a year it's taxed as income
  - If you held your security longer than a year it's taxed as long-term capital gains

### HEALTH SAVINGS ACCOUNT - HSA

#### OVERVIEW

- It's a tax-advantaged savings account that allows you to set aside money to pay for qualified medical expenses.
  - Deductibles
  - Copayments
  - Coinsurance
  - Some dental, drug, and vision expenses
- No taxes when you withdrawal even if there's gains from interest
- Must be enrolled in a HSA-eligible plan
  - AKA High Deductible Health Plan (HDHP)

### TRADITIONAL

### INDIVIDUAL RETIREMENT ACCOUNTS - IRA'S

### ROTH

#### OVERVIEW

- It's a tax-advantaged investment account that helps you save for retirement.
  - Acts like a brokerage account
- Earnings and gains are taxed **when** you withdrawal from your IRA at 59 1/2 years old.
- Current year contributions are tax deductible
  - Assuming you do not have an employer-sponsored plans
- Withdrawals are mandatory after age 72
- A 10% penalty on any early withdrawals
- \$7,000 annual contribution limit for 2024
  - Could change per year

#### OVERVIEW

- It's a tax-advantaged investment account that allows you to save for retirement while growing your money tax-free
- Earnings and gains are **not** taxed when you withdrawal from your IRA at 59 1/2 years old.
- Contributions are not tax deductible
  - Meaning you will have to pay taxes before you contribute
- Can pull out \$10,000 penalty and tax free for a first time home purchase when the account older than 5 years
- \$7,000 annual contribution limit for 2024
  - Could change per year



# WEALTH BUILDING

## INVESTMENT SECURITIES

- IT IS A TRADABLE 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 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.

### Derivative



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

### EFT



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

### Mutal Fund



You're buying an ownership stake in a publicly-traded company. As the companies 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

