

Ep15 – Roth IRA for Minors



The image shows a podcast player interface. On the left is a square thumbnail with a man speaking at a podium, with a microphone icon and the text 'MORTON PODCAST' and 'FINANCIAL PLANNING FOR ENTREPRENEURS'. To the right of the thumbnail, the title 'Ep15 – Roth IRA for Minors' is displayed in a large, bold font. Below the title, smaller text reads 'Episode 15 • 25th May 2021 • Financial Planning for Entrepreneurs and Tech Professionals • Mike Morton, C...'. Below this is a play button icon, a progress bar showing '00:00:00' on the left and '00:43:00' on the right, and volume controls. At the bottom right of the player are links for 'NOTES', 'TRANSCRIPT', 'LINKS', 'FOLLOW', and 'SHARE'.

You don't often think of a retirement account for your children, but the Roth IRA is too appealing to pass up. Once you get money into a Roth IRA, it grows tax-free forever, which is a very long time for a young child!

[Megan Russell](#) from [Marotta Wealth Management](#) joins me to discuss the myriad of benefits of this amazing account.

Tips covered in this episode include:

How Young?: You can start this anytime that your child can independently do tasks that you're willing to pay her for. You can open up a Roth IRA for any age child and contribute any amount (yes, as little as a \$1!)

Earned Income: Your child has to have earned income to contribute to a Roth IRA. That income can come as a household employee which has a lot more relaxed rules from the IRS. All those chores that you already give your child can count.

Keep Records: The IRS can be a stickler for records, so make sure that you keep track. Record when the job was done, how long it took and how much you paid. File that spreadsheet along with your regular tax information each year.

Contributions: Do you think your child will contribute the money that you gave him to his own IRA or spend it on candy? The parent actually wears two hats: the employer gives money to the child (who is going to spend it!) and the parent gifts money to the child who puts it into his Roth IRA (of course, you can transfer it directly).

Other topics include:

- What it takes to actually open the Roth IRA (custodial account)
- What investments to choose in the Roth IRA
- Benefits beyond contributions – such as your child learning about money, investing, working, etc
- Tax implications (none if your child makes less than \$1,100 from all sources)

Resources

- [Marotta On Money](#)
- [Megan Russell](#)
- [Do Children Need to File a Tax Return to Fund Their Roth IRA?](#)

Find out more about Mike at <https://www.mortonfinancialadvice.com> and connect at <https://www.linkedin.com/in/mwsmorton/>