



Ways to Save for Your Cub

Here are some options to consider:

Buy and HODL (Buy and Hold) Fiercebabycoins (We love this one)

Create a children's savings account.

A simple savings account opened at a bank in the child's name.

Leverage a 529 college savings or prepaid tuition plan.

A 529 plan is a tax-advantaged savings plan that helps individuals and families save for the costs of higher education, including tuition, fees, books, room and board and other qualified expenses. Most 529 plans are sponsored and administered by individual states, with each state having its own set of rules and investment and contribution limits.

Use a Roth IRA.

A Roth IRA for Kids is a tax-advantaged retirement account opened for a child who has earned income. The account is managed by an adult (the custodian) and then transferred to the child at a certain age (typically between 18 and 25, depending on the state). Time is on the child's side—a little saved today has a lifetime to potentially grow.

Open a health savings account.

Health Savings Accounts (HSAs) are one of the most popular savings vehicles because of their triple-tax advantage: account owners can take an above-the-line tax deduction for eligible contributions, growth in the account is tax-deferred, and withdrawals are tax-free if they are used for qualified healthcare expenses. Notably, funds in an HSA that are withdrawn for any reason other than for qualified medical expenses before age 65 are subject to a 20% early withdrawal penalty. After age 65, though, there is no penalty, and funds can be used for any reason (but are treated as taxable ordinary income if not used for qualified medical expenses).

Look into an ABLE account if a child or parent has a disability.

Visit the ABLE National Resource Center



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Open a custodial IRA account.

A Custodial IRA is an account that a custodian (typically a parent) holds for a minor with earned income. Once the Custodial IRA is open, all assets are managed by the custodian until the child reaches age 18 (or 25 in some states). All funds in the account belong to the child, allowing them to start saving money early. In addition to reaping the benefits of compounded growth, your child may be able to use the funds for future expenses like college tuition or even to buy a first home. You can open either a Custodial Roth IRA or Custodial Traditional IRA, and the respective account benefits and rules apply.

Set aside money in a trust fund.

You don't have to be rich to open up a trust — an estate planning measure that holds on to assets on behalf of a beneficiary — and just because you get a trust fund for your child doesn't mean they'll end up spoiled. Setting up a trust fund for a minor beneficiary can help make sure an inheritance you leave for your child is put to good use. Since the person who opens the trust gets to set the terms, you can detail conditions for how your child uses the money and assets, including how much they get and how often.

Use tools that teach the value of saving money.

- Savings calculators

- Various Savings Apps

- Budgeting tools