

Step-by-Step Guide to Opening a Roth IRA for a Child

This is an extra resource to go along with the original article:
Double Your Child's Retirement Savings with a Roth IRA

Use this step-by-step guide to open a Roth IRA account for your child.



CHOOSE A BROKERAGE

There are many brokers that offer children's Roth IRA accounts, but each offers different investment options and costs. When considering brokerages, it's important to look at both the upfront commissions and other fees, as well as any low-cost fund options available only to their clients.

OPEN THE ACCOUNT

Many brokers have simple online forms to open accounts and will guide you through the process. You will need some basic information about both the custodian and the child, such as their Social Security Number and address.



SETUP RECORD KEEPING

Create a separate area to store records of the child's work and payment amounts. Often times, it's a good idea to keep these records near your tax documents in a safe place. Record the child's work and pay using a standard invoice template each month where each line item is a job.

MAKE CONTRIBUTIONS

Start making contributions on a monthly, quarterly, or annual basis based on the amount of work they've completed.



INVEST THE PROCEEDS

Once enough contributions have been made, you can start making the initial investments. Note that you should avoid making these investments until the amount saved is high enough to mitigate transaction costs and meet any minimum requirements for mutual funds.