
**Lcbs-2024-01-23-DifferencesinIRAs.pdf**

**DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are of my own and are not to used as professional advice. These are my findings and can hopefully help you to make informed decisions on investing. Consult a Broker or Lawyer before making any investment.**

**All of us have to start somewhere with investing. I have found that you can be successful in investing in many different ways. Some people want to simply put their money to work and do not want to be involved in any decisions. Let's begin by discussing how to invest in the stock market.**

## SIMPLE NO INVOLVEMENT

One of the easiest methods is to use a robo-type investment platform. One that my wife and I use is www.wealthfront.com

We both have Roth IRAs at Wealthfront, and they let you decide the level of risk you want to take. As money comes in, they set the percentages to allow you to have a diversified portfolio. As certain categories grow, they reallocate your money to keep so much in safe investments like Bonds or Dividend Stocks.

## SELF DIRECTED ROTH IRA

One of the best plans is to open an account at a brokerage that has no fees involved. We have accounts at Fidelity.com and Schwab.com, Each brokerage has its own advantages. One of the great things about having a self-directed account is that you are free to setup your own balances as to how much you want in stocks, bonds, and mutual funds.

We will go over each of these in a future article explaining some simple methods to get diversified to help offset turbulent waters in the market. In early 2024, some stocks have actually dropped in price, but it is crucial to stay invested.

According a recent article by Fidelity, the people who stay the course through the ups and downs of the market make the most money. Trying to time the stock market is virtually impossible. So full market indexes using ETF's are a great long-term strategy. People like Peter Lynch (Long time successful investor at Fidelity with the

**Magellan Fund) and Warren Buffet both have stated that when everyone else is selling, it is probably a good time to buy.**

**Dollar-cost averaging makes you have a bigger profit when the market starts back up.   We will cover all these topics in future articles.**

**Remember that you must have earned income to contribute to an IRA. You can contribute up to $6500 of earned income per year to either a Roth or Traditional IRA.  (More if you are over 60 years of age.)    The difference in the the two types of IRAs is that a Traditional IRA lets you have a tax advantage as you do not have to pay taxes on the contributions until you withdraw the money.**

**On a ROTH IRA, there is no tax advantage as you pay the taxes on the money contributed.   But it is really a far better plan as all distributions taken are tax-free if taken after you are 59 ½ years old. Also there are no RMDs on Roth IRAs.  RMDs are Required Minimum Distributions.    Check with a tax professional to determine what is best for you and your family.**

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