A FREE GUIDE FROM FIRST STEP WEALTH

The Parent's Investing Blueprint.

How to set up your child's first investment account in 30 minutes — and the math that lets it grow into millions.

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First Step Wealth

First, the *why.*

Before the steps, the math. Because the steps don't matter unless the math is real.

If you invest just **$50 per month** for your child from birth to age 18, you'll have contributed **$10,800** total over those 18 years.

At a 10% annual return (the S&P 500's long-term historical average), here's what that becomes:

At age 18	~$30,000
If they stop and let it grow (age 65)	~$2.6 Million
If they continue $50/month themselves (age 65)	~$5.4 Million

If you can stretch to **$100 per month**, the numbers double across the board: $60,000 at age 18, around $5.2M if they stop, and **$10.7M if they continue**.

> The gift isn't the dollars you contribute. It's the *habit you start* and the *math you let run*. The 18 years of contributions are the easy part. The decades of patience are the lever.

All figures assume a 10% nominal annual return, monthly compounding, no fees, no taxes. Past performance does not guarantee future results.

Pick the right account type.

Four account types are commonly used for investing on a child's behalf. Each has different rules, tax treatment, and trade-offs. Here's the short version.

ACCOUNT	BEST FOR	KEY TRADE-OFF
Custodial Roth IRA	Tax-free growth forever, if the child has earned income (babysitting, modeling, etc.)	Requires the child to have earned income. Limited to that amount or $7,000/year, whichever is lower.
529 Plan	Tax-free growth specifically for education expenses (college, K-12 in some cases).	Earnings used for non-education are taxed and penalized. Less flexible.
UTMA / UGMA	Maximum flexibility — can be used for anything when the child becomes an adult.	Becomes the child's legal property at 18–21. They can spend it however they want.
Custodial brokerage in your name	Full control. You decide when (or if) to transfer it to them.	Taxed at your rate. Doesn't legally belong to the child until you choose to give it.

> **The most common combination:** a 529 for education savings + a UTMA/UGMA for everything else. Many parents start with just one and add the second later.

A quick decision rule

If you're unsure where to start, ask one question: **what is the money for?**

- → For college specifically? Open a 529.
- → For anything (down payment, business, life)? Open a UTMA/UGMA.
- → For retirement, with a child who earns money? Open a custodial Roth IRA.
- → For maximum control until you decide? Use a brokerage in your name.

Pick a brokerage. Open the account in 10 minutes.

Three brokerages dominate this space. All three are reputable, low-cost, and offer custodial accounts. Pick whichever you already use, or whichever sounds easiest.

BROKERAGE	WHY IT'S GOOD	SMALL CAVEAT
Fidelity	Strong custodial Roth IRA options. No minimums. Great mobile app.	Defaults can include their own funds — look for the index funds explicitly.
Charles Schwab	Excellent customer service. Easy to manage as the child grows.	Web interface is more dated than Fidelity's.
Vanguard	The original low-cost index fund company. Loved by long-term investors.	App and onboarding aren't as smooth as Fidelity. Higher fund minimums on some products.

The 10-minute setup

1. Go to the brokerage's website (e.g., fidelity.com).
2. Click **"Open an Account."**
3. Select the account type you chose (UTMA, custodial Roth, etc.).
4. Enter your information, your child's information (name, date of birth, SSN), and your contact details.
5. Link your bank account for funding.
6. Verify your identity (driver's license photo, usually).
7. Submit. Most accounts are approved within 1–3 business days.

> You don't need to fund it immediately. The account can sit empty for weeks before you make your first contribution. The opening is just removing the friction for later.

Buy the *boring thing.*

Once the account is open and funded, you have to actually invest the money. The cash sitting in a brokerage account doesn't grow — only investments do.

For a child's account with a 20+ year time horizon, the math overwhelmingly favors **broad index funds**. Not individual stocks. Not actively managed funds. Not crypto. Not "the next big thing."

What a broad index fund actually does

A single share of an S&P 500 index fund means you own a tiny piece of all 500 of the largest U.S. companies — Apple, Microsoft, Amazon, Johnson & Johnson, Visa, all of them.

Over the last 90+ years, the S&P 500 has averaged around 10% per year. Not every year — some years are negative — but over 20+ year periods, every single rolling window has been positive.

What to look for

→ A broad U.S. index fund (S&P 500 or total stock market)

→ An expense ratio of **0.10% or lower** — ideally 0.03–0.05%

→ No transaction fees to buy it

→ Available at your chosen brokerage

> **How to find it:** log into your brokerage, search for "S&P 500 index fund" or "total stock market index fund." Compare expense ratios. Pick the cheapest one. Buy it. Move on.

Beyond an index fund, you don't need to do anything else. No timing. No picking. No watching the news. Just buy and let it sit.

This is general educational guidance, not a recommendation of specific securities. Past S&P 500 performance does not guarantee future results. Investing always involves risk, including possible loss of principal.

Automate it. Then teach the habit.

The hardest part of this entire system is not the account or the fund. It’s showing up for 18 years.

Almost every parent who quits this system quits because life happened, the market dropped, or they "forgot" for three months and then felt behind. The fix is the same fix as for adult investing: **automate it.**

The setup that survives 18 years

1. Set up a recurring monthly transfer from your bank to the brokerage account.
2. Set up an automatic investment instruction at the brokerage — the deposited cash gets invested into the index fund automatically.
3. Pick a small amount you can sustain — $50 is enough.
4. Never log in again, except to update the amount once a year.

The setup takes 10 minutes. The result — if you never touch it — is a child who reaches 18 with $30,000+ to their name and the financial literacy to keep going.

When they turn 18, teach this

The day you hand the account over (or simply show your child how it works), the message is simple:

> “I started this for you. The hard part is done. If you continue investing just $50–$100 per month from your own paycheck for the next 40 years, this account will pay for your retirement, your kids’ education, and choices most adults never get to make.”

That conversation, at age 18, is worth more than any single contribution you ever made.

Want the full system?

This guide covered the parent account. The Wealth Blueprint covers everything else: how to invest for yourself, options, hedging, technical analysis, and the complete 232-page system for building wealth from zero.

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