Jensen
Investment
Management®

How to Invest – Account Types

Individual

A regular, taxable account for investors over 18 years old and registered in one person's name.

Joint Tenant

A taxable account owned equally by two or more individuals and subject to the right of survivorship.

Custodial UGMA or UTMA

A taxable account funded by an irrevocable financial gift/transfer to a minor and controlled by an individual custodian. It is governed by the Uniform Transfer/Gift to Minors Act of the minor's or custodian's state of residence. The custodian and the donor of the gift need not be the same.

Traditional IRA

A tax-deferred retirement account that may be set up by a qualified individual with earned income. The annual maximum contribution for an IRA is the lesser of the individual's earned income compensation or $5,000 for tax year 2009. Investors over 50 can contribute up to $6,000.

Roth IRA

A tax-free retirement account that may be set up by a qualified individual with earned income. Contributions to Roth IRAs are not tax-deductible, but the earnings may be removed tax-free if certain conditions are met. The annual maximum contribution for a Roth IRA is the lesser of the individual's earned income compensation or $5,000 for tax year 2009. Investors over 50 can contribute $6,000.

Rollover IRA

A type of IRA that allows for transfers of money from employer-sponsored retirement plans.

Coverdell Education Savings Accounts

A tax-deferred account that may be funded by annual, nondeductible contributions not exceeding $2,000. Education Savings Account assets may be removed tax-free if used to pay the child's qualified education expenses.