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## Trump Accounts: Are they right for your family? A guide to the new child investment account

by Matt Doran, Leader of Advanced Planning, &Partners

### Key takeaways

- Trump Accounts (530A IRA) are federal investment accounts for children that are managed by a parent or guardian until age 18.
- Eligible U.S. citizen children born between January 1, 2025, and December 31, 2028, can receive a \$1,000 seed deposit.
- There is an annual per-child contribution limit of \$5,000 of funds from family and friends.
- After the child turns 18, the account functions like a traditional IRA.

### What are Trump Accounts?

New investment accounts for children are being rolled out on July 4, 2026. All children with valid Social Security numbers (SSNs) are eligible. These accounts are designed to help families start early long-term investing through a structured, custodial account that offers tax-deferred growth.

The account is owned by the child and managed by a parent or guardian until the child reaches age 18. After age 18, the account functions like a traditional IRA with similar withdrawal restrictions.

Trump Accounts can be used alongside other family savings tools such as 529 education plans, custodial Roth IRAs, and Uniform Transfers to Minors Act (UTMA)/Uniform Gifts to Minors Act (UGMA) accounts.

## Does the government provide a seed deposit?

The government plans to provide \$1,000 starter deposits for U.S. citizen children born between January 1, 2025, and December 31, 2028. Families are not required to contribute their own money to receive the seed funding.

Children born outside that window may still have an account opened for them. The only difference is that they will not be given the seed contribution.

## What are the investment rules?

Trump Accounts are structured for diversified, long-term investing. Investment options are generally limited to broad, low-cost funds such as index funds, diversified mutual funds, and exchange-traded funds (ETFs). Individual stock picking and speculative investments are typically not permitted. Families can choose from the approved investment menu offered by the custodian.

## How do contributions work?

Contributions are made through the account custodian, the child's parent or guardian. Anyone can add money up to the annual contribution cap of \$5,000 per child.

Contributors could include:

- Parents or guardians
- Grandparents and other relatives
- Family friends
- Nonprofit or community organizations (treated as a pretax contributor)
- Employers (treated as a pretax contributor; has a \$2,500 annual limit)

## How do I start an account?

To create a Trump Account, parents and guardians should complete and file IRS Form 4547. The U.S. Treasury will then send you the instructions for activating your account.

You can read more and sign up here: [trumpaccounts.gov](https://trumpaccounts.gov).

## Comparing Trump Accounts to other children's accounts

Trump Accounts (530A IRAs) are one of several ways to invest for a child's future. So how do they compare to 529 plans, custodial Roth IRAs, and UTMA/UGMA accounts? Each serves a different purpose and has its own eligibility rules, contribution limits, and restrictions. They may be useful in combination, and tax treatment is a major consideration.

Trump Accounts offer tax-deferred growth, meaning contributions from individuals are made on an after-tax basis, and the account grows without annual tax drag (contributions from other sources are made on a pretax basis). Withdrawals after age 18 are taxed like a traditional IRA. That's a meaningful distinction from a 529 plan, which offers tax-free growth and tax-free withdrawals for qualified education expenses, and from a custodial Roth IRA, where growth and qualified withdrawals are entirely tax-free. UTMA/UGMA accounts offer the most flexibility but the least tax efficiency — earnings are taxable each year, and kiddie tax rules may apply.

|                                          | Trump Account                                                                                      | 529 Plan                                                                      | Custodial Roth IRA                                                               | UTMA/UGMA                                                                |
|------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Who can open it?</b>                  | Parent or guardian; child must be under 18 with a valid SSN                                        | Anyone on behalf of a beneficiary                                             | Parent or guardian; child must have earned income                                | Any adult on behalf of a minor                                           |
| <b>Earned income required?</b>           | No                                                                                                 | No                                                                            | Yes — contributions capped at the lesser of earned income or \$7,000/year (2025) | No                                                                       |
| <b>Annual contribution limit</b>         | \$5,000 per child (indexed for inflation after 2027); employer contributions up to \$2,500         | Varies by state; many allow \$300,000–\$550,000+ lifetime                     | Lesser of child's earned income or \$7,000 (2025)                                | No annual limit; gift tax exclusion of \$19,000 per donor applies (2025) |
| <b>Government seed contribution</b>      | \$1,000 one-time for U.S. citizen children born Jan. 1, 2025–Dec. 31, 2028, (election required)    | None                                                                          | None                                                                             | None                                                                     |
| <b>Are contributions tax-deductible?</b> | No federal deduction; employer contributions excluded from employee's income                       | No federal deduction; many states offer partial deductions for in-state plans | No                                                                               | No                                                                       |
| <b>Tax treatment of growth</b>           | Tax-deferred (traditional IRA treatment)                                                           | Tax-free if used for qualified education expenses                             | Tax-free (Roth treatment)                                                        | Taxable annually; kiddie tax rules may apply                             |
| <b>Investment options</b>                | Restricted to low-cost U.S. equity index funds or ETFs; expense ratio capped at 0.10%; no leverage | Broad menu of mutual funds, ETFs, age-based portfolios                        | Broad — stocks, bonds, mutual funds, ETFs                                        | Broad — stocks, bonds, mutual funds, ETFs; real estate (UTMA only)       |

|                                    | Trump Account                                                                                                                                                      | 529 Plan                                                                                                                  | Custodial Roth IRA                                                                                            | UTMA/UGMA                                                                                 |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>Education restrictions</b>      | None — not an education account                                                                                                                                    | Designed for education; penalty-free withdrawals for qualified expenses; also covers K–12, apprenticeships, student loans | None required, but 10% early withdrawal penalty on earnings may be waived for qualified education expenses    | None                                                                                      |
| <b>Withdrawal rules</b>            | No withdrawals before age 18; after age 18, traditional IRA rules apply to any gains (ordinary income tax + potential 10% early withdrawal penalty before age 59½) | Penalty-free for qualified education expenses; 10% penalty + income tax on earnings for nonqualified withdrawals          | Contributions can be withdrawn any time tax-free; earnings subject to rules based on age and account duration | No restrictions once child reaches age of majority (typically 18–21, varies by state)     |
| <b>Who controls the account?</b>   | Parent/guardian as custodian until child turns 18; then child assumes control                                                                                      | Account owner retains control; beneficiary can be changed                                                                 | Parent/guardian as custodian; transitions to child at age of majority                                         | Parent/guardian as custodian; irrevocably transfers to child at age of majority           |
| <b>Is the gift irrevocable</b>     | Pending final rules                                                                                                                                                | No — owner retains control                                                                                                | No — contributions can be withdrawn by contributor                                                            | Yes — assets belong to the child the moment contributed                                   |
| <b>FAFSA/ financial aid impact</b> | Pending final rules                                                                                                                                                | Reported as parental asset; assessed at max 5.64% of value                                                                | Not reported as an asset on FAFSA; withdrawals may count as income                                            | Reported as student asset; assessed at up to 20% of value — highest impact of any vehicle |
| <b>What happens at age 18?</b>     | Account converts to a traditional IRA                                                                                                                              | Beneficiary can take control (if allowed by plan); account remains                                                        | Child assumes control of the account                                                                          | Child assumes full, unrestricted control                                                  |
| <b>Best for</b>                    | Long-term wealth building; families who want a low-cost, market-linked account without education restrictions                                                      | Families prioritizing tax-free education savings with flexibility                                                         | Children with earned income; maximizing tax-free retirement growth                                            | Maximum flexibility; gifting assets with no restrictions on use                           |

**Sources:** Internal Revenue Service, One Big Beautiful Bill Act



**Matt Doran**, Leader of Advanced Planning at &Partners, brings over 20 years of experience as a CFP professional to support advisors and clients with sophisticated financial and tax strategies. His experience includes holistic planning roles at Sage Wealth Planning and Edward Jones. Matt holds a master's in taxation and an estate planning certificate from Villanova University.

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