THE Wealth REPORT

Trump Accounts are a new type of tax-deferred savings account for children, funded in part by the federal government. While the rules are still taking shape, here's a high-level look at how they work and who they're for.

USING TRUMP ACCOUNTS TO SAVE FOR YOUR CHILD'S FUTURE

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Key Takeaways:

- Trump Accounts are custodial retirement accounts for children under 18. Kids born between 2025 and 2028 may qualify for a one-time $1,000 government contribution.
- Contributions to Trump Accounts are limited, investments are restricted to low-cost U.S. index funds and withdrawals are locked until the child turns 18.
- Many details are still being finalized, so treat early guidance as a starting point rather than the final word.

Overview

Trump Accounts, formally known as 530A accounts, are a new savings vehicle created to help American children build long-term wealth starting at birth. The accounts combine a potential one-time government contribution with ongoing private contributions, which grow tax-deferred until the child reaches age 18.

Although the program was established by the One Big Beautiful Bill Act of 2025, the program officially began on July 4, 2026.[1] Congress and the U.S. Department of the Treasury continue to issue guidance on how the accounts will work. While this overview covers the basics as of early July, check with your financial advisor for the latest details before opening or contributing to a Trump Account for your child.

Who Qualifies for Trump Accounts

Any U.S. citizen under 18 with a Social Security number can have a Trump Account opened in their name. Only one account is allowed per child.[2]

Children born between Jan. 1, 2025, and Dec. 31, 2028, are eligible for a one-time $1,000 contribution from the federal government. Children born before 2025 can still have an account and receive all the same benefits, but they don't qualify for the government contribution.[3]

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How Trump Account Contributions Work

Parents, family members and friends can contribute to a Trump Account with after-tax dollars. Total contributions are currently capped at $5,000 per year. (This amount will likely rise with inflation over time.)[4]

A parent's employer may also contribute up to $2,500 per year per employee on a pre-tax basis (meaning the parent won't pay taxes now on the amount contributed). This contribution can be made to one child's account or split among multiple children, and it counts toward each account's $5,000 annual limit. The government's contribution of $1,000 doesn't count against the cap.[5]

What Trump Accounts Can Be Invested In

Trump Accounts come with narrower investment options than many other savings vehicles. Funds can only be invested in low-cost mutual funds or exchange-traded funds (ETFs) that track a broad U.S. stock market index, with at least 90% of the fund's holdings in American companies.[6] This is to keep costs within the accounts low while also encouraging America-first investing.

How Trump Accounts Are Taxed

Money in a Trump Account grows tax-deferred, meaning no taxes are owed while funds remain invested. Once the child turns 18, contributions made with already taxed dollars come out tax-free, while government and employer contributions, along with any investment growth, are taxed as ordinary income when withdrawn.[7]

Withdrawals generally aren't available when the child is a minor. After age 18, early withdrawal penalties may apply before age 59½, though exceptions are expected for certain uses, such as a first home purchase or qualified education expenses.[8]

How Trump Accounts Compare to Other Options

Families already have several ways to save for a child's future, including 529 college savings plans, custodial UGMA/UTMA accounts and Roth IRAs for kids. Each serves a different purpose:

- A 529 plan remains the stronger choice for education savings, since qualified withdrawals are tax-free.[9]
- A custodial UGMA/UTMA account offers the most flexibility, with no contribution limit or restriction on how the money is used.[10]

- Roth IRA accounts are funded with after-tax money and future withdrawals are tax-free. However, certain limitations around opening and funding a Roth IRA for kids apply.[11]

A Trump Account is narrower by design. It's meant to build a retirement head start, not replace a family's broader savings strategy. It could also be used in conjunction with other savings vehicles for children.

What's Still Unfolding

Several important details are still being worked out. Many custodians don't yet hold or manage Trump Accounts directly, and there's no formal guidance yet on future rollovers. Families can open an account today through the Trump Accounts app or by filing IRS Form 4547, but broader access through more familiar channels will likely take time.[12,13]

Final Thoughts

Trump Accounts add a new option to the child savings landscape, with a modest government contribution and a straightforward, low-cost investment lineup. Whether one makes sense alongside your existing savings plan for a child depends on your family's specific situation.

Your financial advisor can help you weigh a Trump Account against other options. They can also help you stay current and informed as new rules are released.

Sources

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[4] *Fidelity. "530A Trump Account FAQs." https://www.fidelity.com/retirement-ira/530a-trump-accounts-faqs. Accessed July 9, 2026.*

[5] *Fidelity. April 28, 2026. "How to use Trump Accounts to save for kids." https://www.fidelity.com/learning-center/personal-finance/trump-accounts-vs-529-utma-ugma-roth-IRA. Accessed July 9, 2026.*

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