Trump Account Basics

July 28, 2026

The highly-publicized Trump Accounts (technically 530A accounts) are now available to families with children under the age of 18. If the child was born in the U.S. between the start of 2025 through the end of 2028, their account will be seeded with $1,000 from the government. Otherwise, the accounts can be opened for any children with a valid Social Security number who are under 18 years of age.

Starting on July 4, 2026, a family can contribute up to $5,000 to each account per year. (The government's $1,000 contribution in the first year for very young children does not count against the limit.) Unlike IRA contributions, the money put into a Trump account does not qualify for a tax deduction; however, in an interesting quirk, employers can, if they wish, contribute $2,500 per employee through a Section 125 Cafeteria plan, which would count toward that $5,000 limit, but would qualify as a pre-tax (deductible) contribution.

The account would grow tax-free until, at age 18, it turns into a traditional IRA and becomes the child's property. At that point, it can be converted into a Roth account, so long as the 18 year old pays tax in the balance of the account. Many tax planners would recommend this rollover because the 18-year-old's income tax rate is almost certainly lower than it will be when he or she retires.

People can sign up on the official Trump accounts portal (https://trumpaccounts.gov/, telling us "The American Dream Starts Now"), or they can download the Trump Accounts app on the Apple App Store. But to open the account, you'd need to either submit IRS Form 4547, which is a formal election of eligibility for children to participate, or by verifying their identity, creating login credentials and entering names, dates of birth and Social Security numbers as they would appear on IRS Form 4547.

Parents, legal guardians, grandchildren and adult siblings can make the application. Once the IRS processes the election, the individual who completed the activation process becomes the responsible party to manage the account until the child reaches age 18.

Critics have noted that the Trump Account funds are unavailable to be distributed until age 18, and earnings and matching contributions are taxed as ordinary income upon withdrawal, unlike Roth IRA withdrawals (not taxed at all) or taxable accounts (where withdrawals often qualify for long-term capital gains tax rates). A brokerage account invested in a low- or no-dividend mutual fund could potentially outperform a Trump account. And brokerage accounts don't come with contribution limits.

Finally, there isn't a lot of flexibility in how Trump accounts are invested. The U.S. Treasury Department, which is in charge of rolling out the program, has announced that all contributions for all accounts will be invested, initially, in the State Street SPDR Portfolio S&P 500 ETF—a conservative index fund with a low expense ratio of 0.2%. Over time, the government will allow account holders to select from a Blackrock S&P 500 ETF, a State Street S&P 1500 ETF, and/or an iShares Total Stock Market ETF or a Vanguard ETF that also invests in all available public shares.

Sources:

https://bipartisanpolicy.org/explainer/what-to-know-about-trump-accounts/

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https://finance.yahoo.com/markets/stocks/articles/open-trump-account-everything-parents-233258534.html

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number (215) 325-1595 or you can click here to schedule a meeting.

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