What Families Need to Know About Trump Accounts

As of July 4, 2026, families can establish a new type of tax-advantaged account for children, commonly referred to as a Trump Account. These accounts are designed to encourage long-term investing for minors by allowing contributions during childhood and tax-deferred growth until adulthood. Trump Accounts are intended to complement—not replace—existing savings strategies. When used thoughtfully, they can help families introduce children to the power of early disciplined investing, while supporting a broader long-term financial plan.

Families may now establish Trump Accounts and begin making contributions. Parents of eligible children can elect to establish an account using IRS Form 4547 when filing their federal tax return. The U.S. Department of the Treasury will initially administer these accounts, which may later be transferred to eligible private financial institutions serving as custodians.

Below are answers to some of the most common questions families are asking about Trump Accounts.

Who Is Eligible?

A child generally qualifies if they have a valid Social Security number and are under age 18 at the end of the calendar year in which the account election is made. The account must be opened on the child's behalf by a parent or legal guardian using IRS Form 4547, similar to the election process used for other custodial retirement arrangements.

Certain benefits, such as the government seed contribution described below, have additional eligibility requirements, including U.S. citizenship and a qualifying birth year.

How Much Can Be Contributed?

Parents, grandparents, family members, friends, and employers may contribute to a Trump Account, subject to an annual contribution limit of $5,000 per child (indexed for inflation).

Contributions count toward the federal annual gift tax exclusion, which is $19,000 per recipient in 2026. Under recent IRS guidance, however, contributions to a Trump Account that fall within the annual exclusion amount will not require donors to file a federal gift tax return (IRS Form 709). This guidance simplifies the contribution process but does not change the annual gift tax exclusion or other federal gift tax rules that may apply to larger gifts.[1]

Children born between January 1, 2025, and December 31, 2028, may also qualify for a one-time $1,000 government seed contribution, provided the account is properly established. This seed contribution does not count toward the $5,000 annual limit, but separate eligibility rules apply.[2]

Employer Contributions

Employers may contribute up to $2,500 per year per employee to Trump Accounts for their employees' children. Several large employers, including Nvidia, Chipotle, and Uber, have announced plans to offer contributions to eligible employees' children through these accounts.

These contributions:

- Are excluded from the employee's income
- Count toward the child's $5,000 annual contribution limit
- May be split among multiple children if the employee has more than one eligible child

Charitable and Government Contributions

Qualifying charitable organizations and government entities (such as states, tribes, or local governments) may also contribute to Trump Accounts on behalf of a "qualified class" of children, such as:

- All beneficiaries under age 18
- Beneficiaries under age 18 in a specific geographic area
- Beneficiaries born in a particular calendar year

These contributions are not subject to the $5,000 annual contribution limit.[3]

Important note: *Although Trump Accounts are structured similarly to traditional IRAs for tax purposes, individual contributions made during the growth period are not tax-deductible.*

How Are Trump Accounts Invested?

Trump Accounts may be invested only in eligible mutual funds or exchange-traded funds (ETFs) that track a major market index, such as the S&P 500. Investments must be unleveraged and are subject to a strict cost cap, with annual fees not exceeding 0.10%, reinforcing a low-cost, long-term investment approach.

What Are the Withdrawal Rules?

Trump Accounts are designed to remain invested throughout childhood.

- Withdrawals before age 18 are generally prohibited, with limited exceptions:
  - Trustee-to-trustee transfers to another Trump Account custodian
  - Certain permitted rollovers to an ABLE account in the year the child turns 17
  - Distribution upon the beneficiary's death[4]
- Beginning January 1 of the year the beneficiary turns 18, the growth period ends, and traditional IRA rules generally apply to the account, including standard rules governing distributions and taxation.

How Trump Accounts Complement Other Ways to Save for a Child's Future

Trump Accounts are best viewed as a complement, not a replacement, for existing child savings strategies.

- **Compared with 529 plans:** Trump Accounts are not education specific. While 529s remain the primary vehicle for college funding, Trump Accounts may serve as a longer-term investment tool that transitions into a retirement-style account at adulthood.
- **Compared with custodial Roth IRAs:** Compared with custodial Roth IRAs, Trump Accounts eliminate the earned-income requirement. However, unlike Roth IRAs—which provide tax-free growth and tax-free qualified withdrawals—Trump Accounts offer tax-deferred growth, and distributions are subject to ordinary income tax.
- **Compared with UTMA/UGMA accounts:** Trump Accounts offer stronger tax advantages and stricter guardrails on withdrawals, but less flexibility in investment choices and access to funds.

In practice, families may choose to use multiple accounts, such as a 529 plan for education, a Trump Account for long-term investing, and a Roth IRA once a child has earned income to address different financial goals over time.

conclusion

As you plan for your child's financial future, Trump Accounts can serve as a useful addition to a broader financial strategy. These accounts may help introduce children to the importance of saving and investing by offering a real-world example of how starting early and investing consistently can support long-term growth. Over time, this approach can help build a pool of assets your child may be able to draw from as they enter adulthood, while also providing an added layer of support for future goals such as education or even retirement. Whether you already use tools like a 529 plan or a custodial Roth IRA, or are just beginning to explore savings options for your family, now is a good time to reach out to your financial advisor for a deeper discussion about how Trump Accounts may complement your existing strategy and fit within your long-term financial plan.

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[1] Dickler, J. (2026, June 29). IRS says Trump Account contributions will not trigger annual gift tax reporting requirements. CNBC. https://www.cnbc.com/2026/06/29/irs-trump-account-contributions-will-not-trigger-gift-tax-reporting.html

[2] The White House. (2025, December 2). Landmark Dell gift supercharges Trump accounts for America's kids. https://www.whitehouse.gov/articles/2025/12/landmark-dell-gift-supercharges-trump-accounts-for-americas-kids/

[3] Trump accounts Explainer. (2025, December 5). Council on Foundations. https://cof.org/page/trump-accounts-explainer

[4] Adams, H. (2025, November 17). What to know about Trump accounts. Schwab Brokerage. https://www.schwab.com/learn/story/trump-accounts