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TRUMP ACCOUNTS FOR CHILDREN

In early 2026, the U.S. government introduced a new federally backed investment vehicle for children called "Trump accounts" (sometimes referred to as Trump investment accounts for kids or Invest America Accounts). These are long-term, tax-advantaged investment accounts designed to help children start building savings from an early age and benefit from compound growth over many years. The program was created through recent federal tax legislation, championed by Donald Trump and signed into law as part of the broader One Big Beautiful Bill Act.

What Trump Investment Accounts Are

A Trump account is a custodial-style investment account held in a child's name. The accounts are overseen by the U.S. Department of the Treasury and are invested in diversified, low-cost U.S. stock index funds or exchange-traded funds (ETFs). The idea is that money invested early in life has time to grow significantly through compound returns, potentially becoming substantial by the time the child reaches adulthood.

These accounts are similar to other savings vehicles like 529 college savings plans or custodial brokerage accounts (UTMA/UGMA), but with unique tax advantages and specific rules on investment and use.

Who Is Eligible?

Any child under the age of 18 who is a U.S. citizen with a valid Social Security number may have a Trump account established for them. While any eligible child can have an account, only those born between January 1, 2025, and December 31, 2028 will receive the one-time $1,000 federal seed contribution from the U.S. Treasury.

There are also **p**hilanthropic contributions from private donors — for example, the Michael & Susan Dell Foundation pledged billions to add about $250 for certain children under age 10 who don't get the full federal seed.

How Trump Accounts Work

Here's how these accounts function in practice:

- **Tax Advantage:** Investments grow tax-deferred, meaning you don't pay taxes on gains each year as long as the money stays in the account. When your child withdraws funds after age 18, earnings are taxed at ordinary income or long-term capital gains rates depending on the use.
- **Investment Restrictions:** By law, the funds must be invested in broad, low-cost U.S. equity index funds or ETFs with very low fees (generally no more than 0.10% annually).
- **Contributions:** Beyond the seed money, parents, guardians, relatives, friends, employers, and qualified organizations can contribute up to $5,000 per year per child. This cap includes contributions from a child's employer (which may include up to $2,500 per year not counted as taxable income for the employee).
- **Custodial Control:** A parent or guardian manages the account until the child turns 18. After that, the child gains full control.

- **Restricted Access:** The funds are generally not accessible until age 18. Once the child is legally an adult, they can decide how to use the accumulated money — for education, buying a first home, starting a business, or other purposes allowed under the rules.

How to Set One Up

Setting up a Trump investment account involves several steps, and the process is rolling out in phases:

1. **Obtain a Social Security Number:** Ensure the child has a valid U.S. Social Security number, which is required to open a Trump account.
2. **Complete IRS Form 4547:** Parents or guardians will need to file IRS Form 4547 to elect to open a Trump account for their child. Currently, you can file it when submitting your federal tax return. In the future, you will be able to establish an account through an official portal when it launches. (https://www.irs.gov/forms-pubs/about-form-4547)
3. **Account Establishment:** After filing the form or application, the Treasury Department or its designated agent will open the account and deposit the seed money if the child is eligible.
4. **Manage Investments:** Initially, the account will be created with a Treasury-approved trustee. Different opportunities are expected in the future.

Key Considerations

While Trump accounts offer a new way to help children build long-term financial assets, families should also consider how they fit into broader savings strategies. Other options like 529 plans (for education) and custodial Roth IRAs (for retirement savings) may provide additional benefits depending on your goals.

Finally, because this program is new and the rules are still being finalized, it's recommended that you consult a financial advisor or tax professional before establishing and funding one of these accounts. Please call us for assistance.

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