Trump Accounts:
What Tax Professionals Need to Know

A new tax-advantaged savings account for American children

The basics

Trump Accounts are a new federal, tax-preferred savings vehicle for children created under the One Big Beautiful Bill Act. The account is a new type of traditional IRA with some special rules, and is also referred to as a Section 530A account. A Trump Account can be opened for any child with a Social Security number before the year the child turns 18. A parent, guardian, or other authorized individual may make the election to open the account by going to TrumpAccounts.gov and downloading the official Trump Accounts App.

The $1,000 federal contribution

Children who are U.S. citizens born on or after January 1, 2025, through December 31, 2028 are eligible for a one-time $1,000 pilot program contribution from the federal government. Households must elect to receive the federal pilot program contribution.

Contribution rules your clients will ask about

1. Activated accounts were open for contributions on July 4, 2026. Accounts could be activated earlier in the year, but no money could go in before that date, so families with open accounts may not have funded them yet.

2. For 2026, individual contributions are limited to $5,000 per year, per child, indexed for inflation for taxable years beginning after 2027. Qualified class contributions from donors and the one-time $1,000 federal pilot program contribution don't count toward the annual limit.

3. An employer may contribute up to $2,500 per year, per employee to the Trump Accounts of an employee or the employee's dependent(s). Employer contributions count against the $5,000 annual limit for each Trump Account.

4. Contributions are not limited to the beneficiary's taxable compensation, as they would be for other traditional IRAs, making saving viable for children with little or no income of their own.

5. Grandparents, family members, and friends can all contribute, subject to the annual limit for individual contributions.

How the money is invested

Contributions are automatically invested in the Treasury-selected default fund, a low-cost index fund tracking the S&P 500. Additional approved index funds tracking U.S. equity markets are expected to become available, along with the option to switch from the default.

Tax treatment

Individual contributions from parents, family members, and others are generally made with after-tax dollars and are not tax-deductible. Individual contributions themselves are not taxed upon withdrawal, but investment returns, which compound tax-free within the account, are taxed as ordinary income upon withdrawal. As with any traditional IRA, a 10% early distribution tax may apply if the beneficiary is under age 59 1/2 when the withdrawal occurs (unless an exception applies).

Employer contributions are not counted as taxable income for the employee, and the employer can deduct them as part of compensation expenses. Employers can facilitate pre-tax contributions by employees via salary reduction to a dependent's Trump account through a cafeteria plan. Contributions through a cafeteria plan are considered employer contributions.

Access and withdrawals

Amounts generally cannot be withdrawn before the child turns 18. After that point, the account is generally subject to the same rules as other traditional IRAs.

Talking to your clients

- Start the conversation early. Trump Accounts give your clients a simple way to begin long-term investing for every child in the family, seeded by the federal government for children who are U.S. citizens born 2025 through 2028.
- Contributions can be made now. This is the first year that families can fund the accounts, and activated accounts have been open for contributions since July 4.
- Clients with newborns. Confirm the election for the $1,000 federal contribution.
- Business-owner clients. Employers can contribute up to $2,500 per employee as a deductible, non-taxable benefit.

Trump Accounts:

The first

is on us.

Invest in your child's future from day one.

Begin today at trumpaccounts.gov

U.S. DEPARTMENT OF THE TREASURY