

What is a Trump Account?

A Trump account is a type of a traditional individual retirement account (IRA) established for the benefit of an eligible beneficiary. Trump accounts are aimed at helping young people accumulate an asset designed to be used in adulthood for funding retirement or major milestones (such as higher education, launching a business, or helping acquire a first home).

Who is eligible, who can contribute, and what are the rules towards contributions and limits?

An eligible beneficiary is any U.S. citizen with a valid Social Security number (SSN), aged 18 or younger in the year the election to form a Trump account is made, that has at least one parent with a valid SSN. Children born between January 1, 2025, and December 31, 2028, will be eligible for a \$1,000 seed payment directly from the U.S. Treasury. Children born before January 1, 2025, under the age of 18 are also eligible, but not privy to the seed payment.

Starting July 4, 2026, five different types of contributions can be made to the Trump accounts:

- 01** The original seed payment “pilot program” from the Treasury (\$1,000)
- 02** Qualified general contributions (additional state/federal government payments, Indian tribal governments, or §501(c)(3) tax exempt organizations)
- 03** Employer contributions
- 04** Qualified rollover contributions from other established Trump accounts or ABLE accounts
- 05** Contributions from other sources (parents, relatives, friends, etc.)

Total contributions are limited to \$5,000 annually per child (indexed annually for inflation starting in 2027), until the child reaches the age of 18. The Treasury Payment is not included in the contribution limit in the year it is received. Additionally, qualified general contributions and rollover contributions are not subject to the limit. Annual employer contributions are limited to \$2,500, subject to inflation adjustments beginning in 2027, but any contributions are not considered taxable income to the employee.

\$1,000 TREASURY SEED Children born 2025-2028	\$5,000 TOTAL ANNUAL LIMIT Per child, indexed from 2027	\$2,500 EMPLOYER LIMIT Annual, indexed from 2027
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Are contributions subject to gift tax?

When Rev. Proc. 2026-25 was issued on June 29, 2026, a gift tax safe harbor was created, which treats a donor's contributions to one or more Trump accounts as completed gifts of a present interest, rather than a future interest. Gifts of a present interest make the contributions eligible for the annual gift tax exclusion (\$19,000 per beneficiary for 2026) and does not require the donor to file a gift tax return.

All of the following conditions must be met to be treated as completed gifts of a present interest:

- The donor is an individual
- The donor's only taxable gifts for the year are cash contributions (cash, check, money order, or EFT) to one or more Trump accounts, made before the beneficiary turns 18
- The donor's total gifts to any one beneficiary for the year, including the Trump account contribution, do not exceed the annual exclusion amount (\$19,000 for 2026)

* If a donor's gifts to any one beneficiary do exceed the annual exclusion in a given year, the safe harbor is lost for that donor's Trump account contributions to all beneficiaries that year—not just the one exceeding the limit. The safe harbor is all-or-nothing and applied on a per-donor, per-year basis.

- The contributions do not generate a gift or generation-skipping transfer (GST) tax liability after applying the donor's remaining lifetime exclusion
- No gift tax return is otherwise required to be filed by the donor for that year for any purpose

What type of investments can Trump Accounts fund?

Funds in Trump accounts may only be invested in eligible investments. Eligible investments are generally exchange traded funds (ETFs) or mutual funds that track an index (generally of U.S. based companies), do not use leverage or have annual fees or expenses of more than 0.1% of the balance.

Are withdrawals permitted?

Withdrawals from the Trump accounts are generally not permissible until the child has reached the age of 18, with the exception of rolling over the balance into another account, correcting overpayments to remove excess contributions, or distributing the account if the beneficiary dies. After the child reaches the age of 18, the accounts and rules largely mirror those of a traditional IRA. Importantly, once the child turns 18, he or she would typically take over the account (i.e., the parent / guardian would no longer have control over investments or distributions).

How is basis tracked and what happens at age 18?

Contributions from parents, other family members, or friends, create basis in the account, while the Treasury pilot payment, qualified general contributions, and employer contributions do not. Basis is tracked on Form 8606, similar to a traditional IRA, and existing basis reduces the taxable portion if the account is later converted to a Roth IRA. Trump accounts aggregate only with other Trump accounts for basis purposes, not with the beneficiaries of other IRAs. Further, there is no federal income tax deduction under Internal Revenue Code Section 219 for contributions made to a Trump account.

Once the beneficiary turns 18, the account converts to, and is governed by, the rules of a traditional IRA (such as adopting a tax-deferred status, and subject to the applicable early-withdrawal penalties). Clients considering a Roth conversion for these accounts around the time that their children are college aged should also be aware that the taxable (earnings) portion of the conversion may be subject to the kiddie tax if the beneficiary is a full-time student.

In the news...

On July 4, 2026, the U.S. Department of the Treasury announced the official launch of the full Trump Accounts app, which gives families the ability to view and manage their accounts in real time along with interactive financial education modules for parents and children.

Planning strategies for these accounts have focused on the potential growth opportunities and long-term balance sheet implications of contributing to these accounts. Many financial advisors note the following math: a Trump account seeded with \$1,000 from the Federal government plus \$5,000 contributions annually from birth through age 18 would lead to \$91,000 of total contributions by the time the child reaches age 18. Assuming a 7% annual return on these contributions, the account could grow to approximately \$185,000 by age 18, which if left untouched without further contributions, could grow to more than \$1 million by age 45, and nearly double by the time the child reaches the age of 60.¹

Important planning considerations

One planning strategy many families are considering is the possibility of funding a Trump Account annually with the intention of converting the account to a Roth IRA once the child / beneficiary reaches the age of majority. As noted previously, a Trump account funded with annual \$5,000 contributions could grow to roughly \$185,000 by age 18 (with \$90,000 of basis). Once the child reaches the age of majority (either while in college or shortly after graduation), they gain the discretion to convert the account to a Roth IRA. If converted, all growth within the account would be subject to tax at the child's tax rate; however, once converted to a Roth IRA, all future growth would be free from income tax under current law. Pairing annual contributions with early-career Roth conversions can help build substantial tax-free savings for retirement.

¹This illustration presumes compounding growth of 7% which relies on a fixed market performance and does not factor in additional deposits after age 18 or market downturn. Returns are for illustrative purposes and are not intended to predict or project actual investment results. Actual returns will vary and may be substantially lower or higher. The example assumes a constant annual return, which does not reflect actual market conditions, fees, taxes, periods of negative performance, inflation, or changes in contribution levels.

Conversely, Trump Accounts may not be the best option as a higher education savings vehicle. 529 plans remain the most effective for education planning since growth within the 529 account avoids income tax if the funds are used for qualified education expenses. Last, for those looking to save to provide a head start for a child (e.g., home purchase), the Trump account may also not be the best fit. All growth within the Trump Account is subject to ordinary income tax rates up to 37% Federally. By opening a brokerage account or UTMA, growth within the investment account may be subject to preferential long-term capital gains rates (up to 23.8% Federally). Additionally, because the Trump Account becomes an IRA, distributions are more limited in a Trump Account than they otherwise would be in a brokerage account or UTMA.

**Current as of July 2026.

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