Investment Insights: Trump Accounts

October 2026

Trump Accounts: IRAs For Children

As part of the One Big Beautiful Bill Act, a new type of savings account called "Trump Accounts" were officially added as a provision of the Internal Revenue Code (IRC section 530A). We thought it would be beneficial to review these accounts, as many of our clients, especially those with newborns, have the opportunity to take advantage of them.

Who Are They For?

Trump Accounts are tax-deferred investment accounts created for U.S. children under 18 years old. Any minor with a valid social security number can have one opened by any parent, grandparent, adult sibling, or legal guardian.

As in the past, IRA and Roth IRA accounts can be funded for children, provided those children have earned income. With Trump Accounts, no earned income is necessary - meaning a child who was just born can have a Trump Account opened and funded for them immediately.

How They Work

These accounts effectively work like Custodial IRAs for a minor. Annually, up to $5,000 (combined) can be deposited into the accounts by anyone, even parents' employers (although no tax deduction comes with it). Importantly, children born from 2025-2028 qualify for a one-time $1,000 deposit from the government.

For children that were age 10 and under on January 1, 2025, there are other smaller free deposits for which they may qualify: From the Michael & Susan Dell Foundation, $250 for children in low-income zip codes who also meet other requirements; and from Dalio Philanthropies, $250 for Connecticut residents in low-income zip codes.

Funds deposited are currently invested in one broad low-cost S&P 500 ETF, although additional U.S.-focused ETFs should be rolling out later in 2026. There are no cash or bond options, as the account is meant to have a 60+ year retirement runway.

All funds are locked up until the child turns 18. At that point, the account automatically rolls over into a regular IRA for the child as the current custodian. As with any IRA, there is a 10% penalty for any early withdrawal before age 59½, and all the funds withdrawn, before or after that age, are taxed as ordinary income.

The accounts can be opened and monitored on the "TrumpAccount.com" website and on the TrumpAccounts official app.

What Are They Good For?

Trump Accounts should be viewed as long-term retirement accounts for children, ones that can be opened much sooner than would otherwise be the case*. They are a poor vehicle for other purposes:

- College Savings - 529 Plans or Coverdell ESA accounts would be far better suited for this purpose, as some states offer tax deductions and the funds can be withdrawn tax-free if used for schooling.
- Flexible Spending - Funds that are meant to be used in adulthood for home purchases or other purposes can be instead invested in Uniform Gifts to Minors Act or Uniform Transfers to Minors Act (UTMA/UGMA) accounts or specific trusts, which require payment of taxes only on capital gains and interest/dividends when using funds.

- Tax-Free Retirement - If the child has earned income, a Roth IRA would be a better retirement account to open for them. Withdraws in retirement are tax-free, and contributions can still be withdrawn at any time without tax consequences.

Bottom Line

Regardless of one's political views, from a financial viewpoint Trump Accounts are a "no brainer" for children born from 2025-2028. Even if the only contribution ever made is the initial $1,000 government deposit, at an 8% compounded return it could grow to over $4,000 in 18 years and a six-figure amount by retirement. Not bad for free money!

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**In October of 2026 the U.S. Department of the Treasury announced automatic enrollment of Trump Accounts for all children under the age of 18 with a valid Social Security Number. Parents or guardians must claim the account to manage it, as well as to receive the one-time $1,000 seed contribution if applicable.*