



TRUMP ACCOUNTS

SECTION 530A CHILD RETIREMENT ACCOUNTS

A Trump Account (**AKA, Section 530A account, or §530A**) is a new kind of Individual Retirement Account the federal government created for children. Money grows tax-deferred inside a **low-cost US stock index fund**, and **children born from 2025 through 2028 can receive a one-time \$1,000 government seed deposit to start it off.**

The Rules at a Glance

Annual Contrib. Cap	\$5,000 per child, all private sources combined (2026 and 2027; indexed for inflation after 2027)
Gov. Seed Deposit	\$1,000 one-time, for a US-citizen child born Jan. 1, 2025 through Dec. 31, 2028
Contribs. Can Start	July 4, 2026
Who Can Open One	Any child not yet 18 at the end of the year you file. For a 2026 filing, a child born in 2009 or later qualifies. • <i>Example: a 17-year-old could open one but no \$1,000</i>
Employer Contribution	Up to \$2,500/yr , tax-free to the worker (counts inside the \$5,000 cap)
Required Investment	Mutual fund or ETF tracking the S&P 500 or another mostly-US equity index; fees capped at 0.1%; no leverage
Earliest Access	Jan. 1 of the year the child turns 18
Income Limits	None. Unlike a Roth IRA, any family income qualifies

✓ **Gift-Tax Note:** Contributions **do count** toward your \$19,000 (2026) annual gift exclusion per child.

Who Can Fund the Account

- **Parents & Family:** After-tax dollars. **Grandparents, relatives,** and **friends** may all contribute within the shared **\$5,000** cap
- **Employers:** Up to **\$2,500** pre-tax per employee under a Trump Account contribution program
- **Charities & Governments:** May make qualified general contributions to a defined group of children; these do not count toward the **\$5,000** cap
- **Federal Government:** The one-time \$1,000 pilot seed (*doesn't count toward the cap*)



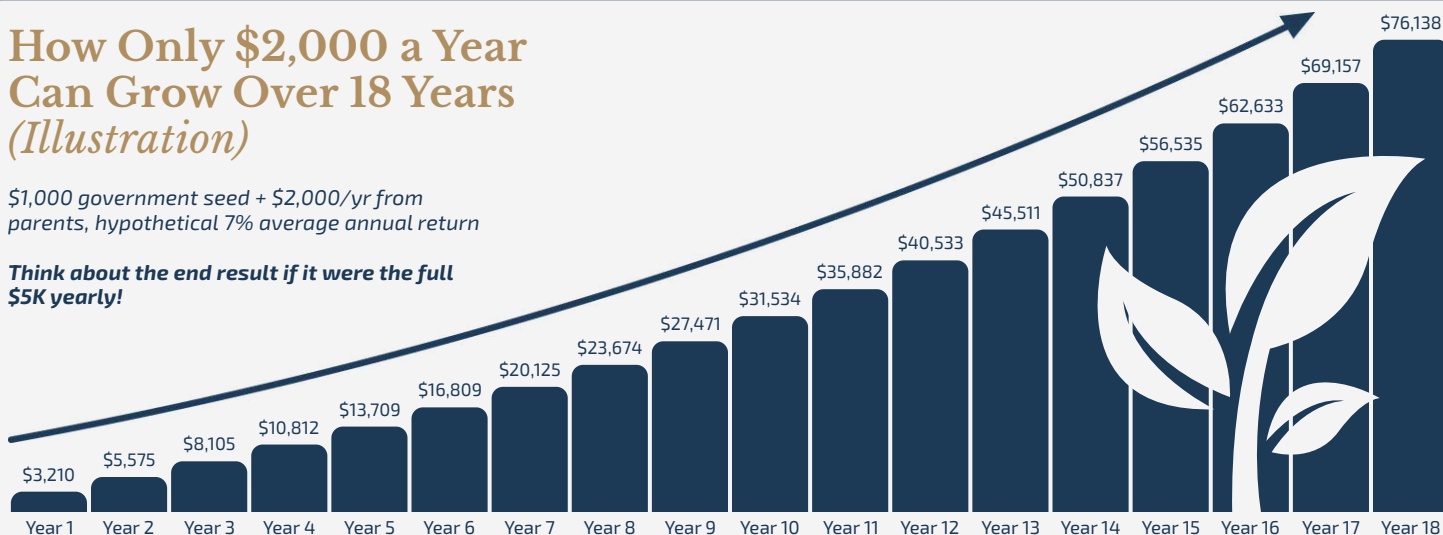
The \$5,000 Cap Is Shared, Not Per-Person

Every private dollar counts against one **\$5,000** pool. If parents put in **\$3,000**, a grandparent can add only **\$2,000**. Over-funding triggers a **6% annual excise tax** until corrected. Communicate with each other or appoint one family coordinator.

How Only \$2,000 a Year Can Grow Over 18 Years (Illustration)

\$1,000 government seed + \$2,000/yr from parents, hypothetical 7% average annual return

Think about the end result if it were the full \$5K yearly!



Hypothetical illustration only. 7% is an assumed rate used for math, not a promise or an IRS figure. Actual results depend on market returns and are not guaranteed. Investing involves risk, including loss of principal.

The Account Lifecycle

1) The Growth Period

Birth – Dec. 31 Before Age 18

Contributions go in and grow tax-deferred in a US index fund. No withdrawals are allowed during this window (except for the account holder's death / correcting over-contribution).

2) The Handoff at 18

Jan. 1 of the Year Child Turns 18

The child takes control. The account converts and is then treated as a traditional IRA under the standard IRA rules.

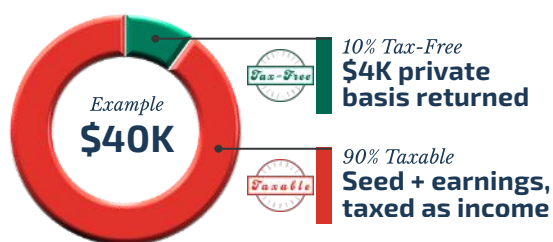
3) The Traditional IRA Phase

Age 18 and Beyond

Standard IRA rules apply. A **10% penalty** may hit withdrawals before age 59½, with exceptions for qualified higher education and a first-home purchase.

How It's Taxed

Growth is **tax-deferred**, not tax-free. When money finally comes out (as a traditional IRA), only the **basis** comes back tax-free. Basis means **after-tax dollars from private contributors only**. The government seed, employer money, and charitable gifts have no basis and are fully taxable on withdrawal, along with all earnings.



Planning Angle for Age 18!

A young adult with little income **may convert the account to a 'Roth IRA'** at a low tax cost, locking in decades of tax-free growth.

Trump Account vs. The Alternatives

Feature	Trump Account	529 Plan	Roth IRA
2026 Limit	\$5,000	Gift-Tax Driven	\$7,500
Free Seed Money	\$1,000 (If Applicable)	None	None
Child Needs Income	No	No	Yes
Income Limits	None	None	Yes
Tax-Free Growth	Deferred	Yes (School)	Yes
Investment Menu	US Index Only	Broad	Broad
Best Used For	Retirement Seed	Education	Retirement

Case Scenario: The Johnson Family

Sarah and Dan Johnson welcome Ava in 2026. After claiming her as a dependent and filing the election, Ava receives a **\$1,000** federal seed. Let's say they then contribute **\$2,000 annually** through age 18 to a low-cost S&P 500 index fund.

- Federal Seed (One-Time): **\$1,000**
- Family Contributions (18 yrs × \$2,000): **\$36,000**
- Total Contributed: **\$37,000**
- Hypothetical Value at Age 18 (7%): **~\$76,100**
- If Untouched to Age 66 (7%): **~\$1.95M**

\$1.95M

Potential retirement value from \$37,000 in if left to compound to age 66

\$0

Out-of-pocket cost of the \$1,000 government seed

Ava's **\$36,000** family contributions are **tax-free**, while the seed and growth are taxable. A **Roth conversion at 18** could make future growth tax-free. Again, think about the end result if it were the full \$5K yearly!

How to Open a Trump Account

Make the Election

File IRS Form 4547 / apply online to open an account and claim a seed. The Treasury's designated custodian is currently BNY Mellon. Families transfer it later to a private IRA provider of their choice.

Fund

Contributions begin July 4, 2026, and must be made by December 31.

Learn More

Go to <https://www.irs.gov/trumpaccounts> or ask Asset Strategy how it fits your plan.

Call: (781) 235-4426

Email: info@assetstrategy.com

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