Trump Accounts for Families with Young Children

A New Federal Savings Opportunity for Children

Trump Accounts are a new kind of retirement account for children, giving kids an early start on long-term investing. Contributions began on July 4, 2026.

The Biggest Opportunity for New Parents

A child may qualify for a one-time $1,000 contribution from the U.S. Treasury if the child is:

- a U.S. citizen
- born between January 1, 2025, and December 31, 2028
- issued a valid Social Security number

If you have an eligible baby, it is generally worth claiming the $1,000 — even if you do not plan to add anything else right now.

Who owns the account, and how do you open one?

The account is set up in the child's name, with a parent, guardian, or other authorized person managing it while the child is a minor. You can open one using IRS Form 4547, including through your IRS online account. SSA is also working with states and hospitals to incorporate Trump Account enrollment into the newborn Social Security number process.

How much can be contributed?

- Up to $5,000 per year total from family, friends, employers, and others (scheduled to rise with inflation after 2027).
- An employer may add up to $2,500 of that $5,000. Through a qualifying employer program, these contributions may be excluded from the employee's taxable income.
- The government's $1,000 and certain other public or charitable gifts do not count against the $5,000 limit.
- The child does not need a job or earned income to receive contributions while young.

How is the money invested?

Before age 18, the money goes into low-cost funds that track a broad index of mostly U.S. companies, with annual fees capped at 0.10% and no borrowing allowed. In short, the account is built for long-term growth, not short-term savings.

When can the child use the money?

The account is intentionally locked up while the child is young. During this growth period, distributions are generally prohibited except in limited circumstances set by law. Beginning January 1 of the year the child turns 18, traditional IRA rules generally apply — so withdrawals before age 59½ may be taxed and may face an extra 10% penalty, unless an IRA exception applies (such as certain higher-education costs or a first home).

Family contributions generally create after-tax basis; the government's $1,000 and certain other contributions do not. Because IRA rules control how withdrawals are taxed, we should review the account together before any money comes out.

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Trump Account or 529?

For many families the answer is both — they solve different problems.

	Trump Account	529 Plan
Primary purpose	Long-term wealth building	Education
Government seed money	$1,000 for eligible 2025-2028 births	None
Child needs a job to contribute	No	No
Growth is tax-deferred	Yes	Yes
Education withdrawals	Follow IRA rules	Usually federal tax-free
Access before age 18	Generally not allowed	Parent controls
Investment choices while young	Limited (index funds)	Broader menu

Our view: A Trump Account should not replace a well-designed 529 when education is the goal. Think of it as a second layer of long-term family wealth.

How We Would Generally Prioritize It (for a newborn)

1. Claim the $1,000 Treasury contribution.
2. Keep an emergency fund and insurance in place.
3. Keep your own retirement savings on track.
4. Fund a 529 based on your education goals.
5. Add Trump Account contributions if it fits.
6. Check if an employer offers a program.

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