Planning Insights

Trump Accounts:

A New Savings Opportunity for the Next Generation

By Ryan McCarthy, CPA®, CFP®

The One Big Beautiful Bill Act (OBBBA) created a new tax-advantaged savings vehicle for children known as a Trump Account. Launched July 4, 2026, these accounts are designed to encourage long-term investing from an early age and provide families with another option for building wealth.

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What is a Trump Account?

A Trump Account is an IRA-like investment account available to children under age 18 with a valid Social Security number. Unlike a Roth IRA, a child does **not** need earned income to qualify.

The accounts grow tax-deferred and invest exclusively in diversified U.S. stock market index funds, providing broad market exposure through a simple, low-cost investment approach.

The $1,000 Federal Seed Contribution

The program's most attractive feature is a **one-time $1,000 federal contribution** for eligible children born between **January 1, 2025, and December 31, 2028**. Families must actively enroll using IRS Form 4547 or the online enrollment portal.

Families may also manage their accounts through the new Trump Accounts app, which allows users to enroll, monitor balances, and automate contributions.

Contribution & Withdrawal Rules

During the growth period, most contributions are subject to an aggregate annual limit of **$5,000**. Employer contributions may be up to **$2,500** annually tax-free, but generally count toward that **$5,000** limit. Certain government, nonprofit, rollover, and Treasury pilot contributions are excluded from the annual limit. Contributions to Trump Accounts do **not** count toward the contribution limits of other IRAs.

Before the end of the growth period, funds are generally unavailable except in limited circumstances. After age 18, the account functions similarly to a traditional IRA. After-tax contributions may be withdrawn tax-free, while investment earnings are generally taxed as ordinary income. The federal seed contribution and employer contributions will generally be taxable when withdrawn.

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Roth IRA Conversion Opportunity

Beginning January 1 of the year the beneficiary turns 18, the Trump Account generally becomes subject to traditional IRA rules and can potentially be converted, in whole or in part, to a Roth IRA. The conversion may create taxable income, but if completed during the beneficiary's late teens or early 20s, when taxable income may be relatively low, a Roth conversion may be a tax -efficient way to allow funds to thereafter grow tax-free for decades. Additionally, qualified Roth IRA withdrawals would be tax-free.

Comparing Savings Options

Each account serves a different purpose, and many families may benefit from using more than one.

	Trump Account	529 Plan	Roth IRA	UTMA Account
BEST FOR	Long-term savings	Education	Working child	Flexible gifting
TAX BENEFIT	Tax-deferred growth	Tax-free qualified education withdrawals	Tax-free qualified retirement withdrawals	Limited
EARNED INCOME REQUIRED?	No	No	Yes	No
EARLY ACCESS	Generally unavailable before 18	Qualified education expenses	Limited	Flexible
OUR VIEW	Good supplemental savings vehicle	Best for college savings	Best for working teenagers	Most flexible

No single account fits every goal. A thoughtful combination can help your family save smarter and build lasting financial security.

A Potential Long-Term Family Strategy

For families with the financial resources to save consistently, the planning opportunity could look something like this:

BIRTH	FIRST JOB	AGE 18	EARLY 20s	LONG TERM
Open Trump account Claim $1000 if eligible	Consider Roth IRA contributions	Evaluate potential Roth conversion	Consider partial Roth conversions	Potential decades of tax-free Roth growth

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MAM View

For eligible families, claiming the $1,000 federal contribution may be worth considering. Beyond that, additional contributions should be considered within the context of the family's overall financial plan. A 529 plan may remain preferable for education savings, while a Roth IRA may offer greater long-term tax advantages for a child with earned income. Trump Accounts may provide another useful savings option alongside these existing strategies.

As additional guidance becomes available, we will continue to evaluate how Trump Accounts may fit into a family's broader wealth-planning strategy

Have Questions About Trump Accounts?

Please contact our office if you would like to learn more.

McCarthy Asset Management, Inc.
Three Lagoon Drive, Suite 155
Redwood Shores, CA 94065
650-610-9540

Ryan McCarthy: ryan@mamportfolios.com
Steve McCarthy: steve@mamportfolios.com
mamportfolios.com