



Trump Accounts: Key Considerations for Families

Trump Accounts are a new investment savings vehicle designed to help families invest for a child's future. While similar in some ways to custodial IRAs, Trump Accounts have different features and rules for eligibility, contributions, withdrawals, and investment options. They may be funded through personal, employer-sponsored, or charitable contributions, each with its own tax considerations. Like any long-term savings strategy, it's important to evaluate how these accounts may fit into your family's broader financial goals and needs.

Key Details

Eligibility

US citizens under age 18 with a valid Social Security number may qualify.

2026 Annual Contribution Limits

Up to \$5,000 per child account (with future cost-of-living adjustments).

Government Seed Contribution

Children born between January 1, 2025, and December 31, 2028, may qualify for a one-time \$1,000 government contribution when an account is opened on their behalf. This initial federal contribution will not count toward the \$5,000 annual limit.

Who Can Contribute

- **Individuals** can contribute to a Trump Account, and there is no requirement for the child to have earned income. Contributions are made with after-tax dollars and are not taxed again upon withdrawal.
- **Employers** may contribute up to \$2,500 annually on behalf of employees or their children. Pre-tax employee contributions may also be available through cafeteria plan arrangements.
- **Charitable organizations and local governments** may contribute on behalf of eligible children within qualified states or geographic areas. Qualified contributions from these entities do not count toward the annual \$5,000 contribution limit. Philanthropist donations may have varying qualification requirements. Visit TrumpAccounts.gov for the most up-to-date information on philanthropist donations and to confirm eligibility requirements and application guidelines.

How It Works

Opening an Account

IRS Form 4547 is used to establish a Trump Account and elect the one-time \$1,000 government seed contribution for eligible children. The form may be submitted with a tax filing or completed online at TrumpAccounts.gov.

Accounts are expected to become available beginning July 4, 2026. Once an election is processed, the Treasury Department will provide account activation instructions.

This material should be used as helpful hints only. Each person's situation is different. You should consult your investment professional or other relevant professional before making any decisions.

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Investment Options

A Trump Account may invest in eligible mutual funds or ETFs that:

- Track the S&P 500 or other qualifying equity indexes
- Invest at least 90% of assets in U.S. companies
- Carry an expense ratio of 0.10% (10 basis points) or less

Growth Period and Withdrawals

Funds generally remain invested until the beneficiary reaches age 18, except for qualified rollovers. Beginning January 1 of the year the beneficiary turns 18, withdrawals may be used for qualified purposes without penalty, including:

- Higher education expenses
- The purchase or construction of a first home (subject to a \$10,000 limit)
- The birth or adoption of a child (subject to a \$5,000 limit)
- Certain medical expenses that qualify for the medical expense deduction

ABLE Account Rollovers

The only early withdrawal allowed during the growth period is a full rollover into an ABLE account (accounts for disabled individuals). The rollover must occur in the year the beneficiary turns 17, be done directly trustee-to-trustee, include all account assets (no partial rollovers), and is not subject to ABLE annual contribution limits.

Options at Age 18

Trump Accounts do not automatically convert into another IRA account and may require additional action.

- **Maintain the Trump Account:** The account may continue to be managed under applicable IRA rules. While generally aligned with traditional IRA guidelines, it may remain a distinct account type. Trump Accounts are not aggregated with other IRAs when determining the taxable portion of a withdrawal.
- **Rollover or convert:** A Trump Account does not automatically convert into a traditional IRA. Action may be required to complete a rollover to a traditional IRA or a conversion to a Roth IRA.

Tax Considerations

Trump Accounts generally follow the tax framework of traditional IRAs.

- Pre-tax contributions and investment earnings are taxed as ordinary income upon withdrawal.
- After-tax contributions may be withdrawn tax-free, though earnings remain taxable.
- Early withdrawals before age 59½ may be subject to a 10% early withdrawal penalty.
- The “kiddie tax” applies to a child’s unearned income — such as interest, dividends, and certain withdrawals from pre-tax funded accounts (but not wages) — and may result in part of that income being taxed at the parent’s tax rate instead of the child’s lower rate.

Possible Gift Tax

Contributions to Trump Accounts from individuals are generally considered gifts for purposes of the federal gift tax. Givers must report to the IRS their total annual gifts made to one individual that exceeds a threshold (\$19,000 in 2026). Gifts become taxable only once these reported amounts exceed the taxpayer’s lifetime combined estate and gift tax exclusion (\$15 million for unmarried individuals in 2026).

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Comparing Account Types

The following table shows savings vehicles commonly used for children.

FEATURE	TRUMP ACCOUNT	529 PLAN	CUSTODIAL ROTH IRA	UTMA/UGMA
Purpose	Long-term savings (not education-specific)	Education savings	Retirement savings	General savings for child
Earned Income Required?	No	No	Yes	No
Tax Treatment (Growth)	Follows IRA tax rules after age 18	Tax-deferred growth	Tax-free growth	Taxable (kiddie tax rules apply)
Tax-Free Withdrawals	Based on IRA rules	Yes (qualified education expenses)	Yes (qualified withdrawals)	No
Access to Contributions	Subject to IRA-style withdrawal rules	Penalties/taxes if not used for education	Contributions withdrawable anytime tax- and penalty-free	Fully accessible for child's benefit
Contribution Limits	Subject to IRA-style limits	High lifetime limits (state-based)	Annual Roth IRA limits apply	No annual limit (gift tax rules apply)
Investment Flexibility	Certain ETFs and mutual funds tracking stocks of US companies	Limited to plan options	Broad investment choices	Broad investment choices

Trump Accounts may offer families one way to begin saving and investing for a child's future. When considered alongside broader education, retirement and tax strategies, this type of account may help support long-term financial planning. It's important to review all your available options and consider how they fit within your broader financial strategy. Working closely with your financial advisor or investment professional can help ensure each strategy supports your family's specific needs and long-term goals.

Sources

www.congress.gov/crs-product/R48910

trumpaccounts.gov

"4 million children have been signed up for Trump Accounts with 1 million claiming the \$1,000 pilot program contribution," March 31, 2026, IRS.gov.

"Trump Accounts: The Defining Policy of America's 250th Anniversary," January 28, 2026, US Department of Treasury.

Trump Account and other savings account rules are subject to change. Please consult a tax professional before opening accounts.

Keep in mind that no investment strategy, including allocate, diversify and rebalance, can guarantee a profit or protect against a loss. Also, all investments, including mutual funds, carry a certain amount of risk, including the possible loss of the principal amount invested.

The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, consult an investment professional.

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