CLH CPAs & CONSULTANTS

Trump Account (530A) Guide

Establishing Lifelong Wealth for the Next Generation

The One Big Beautiful Bill Act (OBBBA) introduced a new tax-advantaged investment vehicle for children under age 18. Commonly known as "Trump Accounts," these accounts function similarly to a custodial Traditional IRA, but with unique "seed money" incentives from the government and the private sector.

Core Account Mechanics

- **Eligibility**: Any U.S. citizen child under age 18 with a valid Social Security number (SSN)
- **Annual Limit**: $5,000 total per child
- **No Earned Income Required**: Unlike standard IRA, child does not need a job to be able to receive contributions
- **Investment Mandate**: Funds must be invested in low-cost U.S. index funds or ETFs
- **Growth Period**: No withdrawals permitted until child turns 18, when child gains full ownership, and can keep the funds growing as a traditional IRA, convert to a Roth IRA, or withdraw money for expenses (subject to income tax)

"Seed Money" & Charitable Opportunities

Federal Pilot Program ($1,000)

- **Eligible**: Children born between January 1, 2025, and December 31, 2028
- **How**: Claimed by checking the box on IRS Form 4547 when filing taxes
- **Status**: A one-time, $1,000 government deposit
- **Note**: This seed money does *not* count toward annual $5,000 contribution limit

Michael & Susan Dell Foundation Gift ($250)

- **Eligible**: Children age 10 & under who are not eligible for the Federal Pilot Program
- **Required**: Must live in a ZIP code with a median household income below $150,000
- **Goal**: Provide funding for some older children who missed the newborn window
- **Note**: This seed money does *not* count toward annual $5,000 contribution limit

Employer Matching ($2,500)

- **Benefit**: Employers can contribute up to $2,500 per year to an employee's child's account
- **Tax Advantage**: Contributions are excluded from employee's gross income
- **Note**: This type of contribution *does* count toward the annual $5,000 contribution limit; $2,500 cap applies per employee, regardless of how many children they have

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Strategic Advantages for Older Children (11–17)

Clients often ask if it's worth opening an account for older children who missed the window to receive seed money. The answer is **Yes:**

- **Front of the Line**: Private foundations and some states (e.g. Pennsylvania, Connecticut) are launching regional "drops." Having an active, verified account ensures the child is eligible for these as they arise.
- **Employer Participation**: Even without a government seed, a $2,500 annual employer match, if offered, is a powerful "free money" benefit for working parents
- **Tax-Deferred Compounding**: Tax deferred growth of 3–5 years in a broad market index provides a significant "head start" than a standard savings account

Important 2026 Deadlines

- **Tax Season 2026**: Parents should file IRS Form 4547 now with their 2025 returns to "elect" and establish the account
- **May-June 2026**: Treasury Department will mail/email authentication instructions
- **July 4, 2026**: "Activation Day." This is the earliest date that federal, charitable, and personal contributions will be deposited into the accounts.
- **Portal Launch**: Official management and tracking will be available at TrumpAccounts.gov starting in mid-2026
- **After July 4**: Begin making personal contributions or set up payroll deductions with employer, if offered

DISCLAIMER: All information presented here is based on current proposed rules for Trump Accounts (IRC §530A) and is subject to change pending final regulations. This information is not to be construed as financial or tax advice. Consult a professional for your specific situation.