Trump Accounts for Kids: The Complete Parent Guide (From a Dad Who's Nerding Out About It)

When I first read about Trump Accounts, I did what every normal dad does with new tax law: I opened three tabs, made coffee, and started muttering at my laptop.

My older kids wandered in while I was reading about pilot program contributions, qualified indexes, and something called Form 4547. My youngest asked if we were rich now. My wife asked if this was going to be "another one of those things like I Bonds."

So, let's make this simple.

Trump Accounts are a brand-new tool. They're powerful, a bit confusing, and very time-sensitive if you have kids. In this guide, I'll walk through what they are, who gets the free money, how the index-fund investing works, what the catches are, and why starting early matters more than almost anything else.

I'll also show you exactly how much a single $1,000 deposit can grow at different ages using a 9% example return, so you can see what waiting actually costs your child.

And yes, I'll give you honest pros, cons, and unknowns. No politics. Just "How do I use this to help my kids?"

What Is a Trump Account?

Trump Accounts are a new type of tax-advantaged savings and investment account for kids, created by the One Big Beautiful Bill Act and implemented through the Working Families Tax Cuts package in 2025.[1]

They're structured in the tax code as a special kind of traditional IRA for children under 18, with a defined "growth period" that lasts until the year before they turn 18.[2]

Here's the big idea:

• The federal government gives certain kids $1,000 once, up front.

• The Dell family is giving $250 once to millions of other kids.

• Parents, grandparents, employers, and charities can add money every year.

• That money must be invested in ultra-low-cost U.S. stock index funds.

• It grows tax-deferred until adulthood, then becomes a traditional IRA.

If you've ever wished someone had set up an index fund for you at birth and just left it alone, this is basically that — but for your kids.

The goal is to give the next generation a jump start on saving and investing from day one.[3]

Who Qualifies — And Who Actually Gets the "Free" Money?

This is where most parents get confused, so let's go slowly and clearly.

Basic Eligibility: Who Can Have a Trump Account at All?

A child is eligible for a Trump Account if:

• They have not turned 18 before the end of the year the election is made.

• They have a valid Social Security number.

Citizenship is crucial for the $1,000 federal contribution, not for the existence of the account itself. The pilot program money is for U.S. citizen children with Social Security numbers.[4]

So:

• Your 3-year-old with an SSN? Eligible for an account.

• Your 16-year-old with an SSN? Eligible for an account.

• Whether they get free money is a separate question.

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The $1,000 Federal Seed: Babies Born 2025–2028

The headline feature is the one-time $1,000 “pilot program contribution” from the U.S. Treasury.

Your child gets this $1,000 if:

• They are born between January 1, 2025 and December 31, 2028.

• They are a U.S. citizen with a valid SSN.

• You (or another authorized adult) file Form 4547 to establish a Trump Account and request the contribution.

There is no income limit for this $1,000 — every eligible baby receives it.[5]

Trump Account elections begin with the 2025 tax return, and the first $1,000 deposits will not occur before July 4, 2026.[6]

The Dell $250 Gift: Kids 10 and Under, Born Before 2025

To help older children who missed the federal window, Michael and Susan Dell pledged $6.25 billion to seed up to 25 million children’s accounts with $250 each.[7]

A child qualifies for the Dell contribution if:

• They are age 10 or under.

• Born before January 1, 2025.

• Live in a ZIP code with median household income below $150,000.

• They are not eligible for the $1,000 federal seed.

This ZIP-code targeting focuses the funds toward low- and middle-income communities.[8]

No extra form is required. If the account is opened and the child qualifies, the $250 is automatically deposited.

“What If We Make Too Much?”

Here’s the twist: your personal income is irrelevant.

• High-income families still receive the $1,000 for babies born 2025–2028.

• High-income families in wealthy ZIP codes may not receive the Dell $250.

• Contribution limits apply equally to everyone.

The structure is universal in design but tends to benefit families who can afford regular contributions.[9]

What About Kids Born Outside the 2025–2028 Window?

Many families (like mine) have kids both inside and outside the eligibility years.

Example:

• A child born in 2023

• A baby due in 2026

In this case:

• The 2026 baby gets the $1,000.

• The 2023 child might get the $250 if your ZIP code qualifies.

• If not, they can still have a Trump Account — it just starts from $0.

So far, only the 2025–2028 birth cohort is guaranteed the $1,000 pilot seed. Any expansion would require new legislation.[10]

How to Open a Trump Account (Form 4547, Explained Like a Human)

Trump Accounts begin with Form 4547, a tax form whose number references Trump’s position as the 45th and 47th president.[11]

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Step 1: Make Sure You're an "Authorized Individual"

The IRS sets an ordered list of people who may open the account:

1. Legal guardian
2. Parent
3. Adult sibling
4. Grandparent

Once a Trump Account is established, no one else may open a second one.[12]

Step 2: File Form 4547

You may:

• File it with your 2025 tax return,

• File it separately in 2026, or

• Submit it online at trumpaccounts.gov beginning mid-2026.[13]

On the form you will:

• Elect to establish the Trump Account.

• Elect to receive the $1,000 (if your child qualifies).

Step 3: Complete Treasury's Authentication Process

Around May 2026, Treasury will initiate an identity verification process before the account becomes fully active.[14]

Step 4: Choose Where the Account Lives

Initially, all accounts reside with a Treasury-designated financial agent.

Later, you may move the account via trustee-to-trustee rollover to an approved brokerage firm of your choice.[15]

Only one Trump Account can exist for a child at a time — if you move it, you move the full balance.

Contributions: Family, Employers, and Charities

Beginning July 4, 2026, families and eligible organizations can begin adding money.

Annual Contribution Limits

During the growth period:

• Up to $5,000 per year total may be contributed.

• Limit rises with inflation beginning after 2027.

• Contributions are after-tax and not deductible.[16]

Employer Contributions

Employers may contribute up to $2,500 per year per employee:

• These contributions count toward the $5,000 limit.

• They do not count as taxable income for the parent.

• They must follow nondiscrimination rules similar to dependent-care plans.[17]

Charities and Governments

States, municipalities, and qualified charities may make "qualified general contributions" to groups of children:

• These do not count toward the $5,000 annual limit.[18]

How Trump Accounts Invest: It's All Index Funds

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This is the part that makes me smile.

By law, investments inside a Trump Account during the growth period must:

• Be mutual funds or ETFs.

• Track a broad U.S. equity index (like the S&P; 500).

• Not use leverage.

• Have fees of 0.10% or less.

• Meet all Treasury eligibility rules.[19]

This is Boglehead heaven.

Trustees must also:

• Pick a default fund.

• Invest incoming money promptly.

• Replace funds that become ineligible (e.g., if fees rise above 0.10%).[20]

Long-term S&P; 500 returns historically average around 9–10% per year before inflation.[21]

That's why starting early matters so much — compounding needs time to do its thing.

Withdrawals: When Your Child Can Actually Use the Money

This is one of the biggest misunderstandings I hear from parents.

"Oh nice, so we can use this for college at 18, right?"

Maybe. But the rules are retirement-style, not "spend it all at 18."

During the Growth Period

Until the end of the year before your child turns 18:

• No withdrawals are permitted except for:

o A trustee-to-trustee transfer to another Trump Account.

o A rollover to an ABLE account in the year the child turns 17.

o Distribution of excess contributions.

o Distribution upon the death of the child.[22]

This design forces long-term investment — great for compounding, not great if you were hoping to sneak Disney money out of it.

After Age 18

Once the child turns 18, the account converts into a traditional IRA.[23]

That means:

• Withdrawals before age 59½ typically incur income tax + a 10% penalty, unless they meet one of the standard IRA exceptions.

• Exceptions include certain higher education expenses or a first home purchase, but earnings are still taxed as ordinary income.

• The account can be rolled into a traditional IRA or other eligible retirement plan.

So:

• Yes, your kid can tap the account for school or a first house someday.

• But if they leave it untouched into adulthood, it becomes the ultimate early retirement gift.

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How Much Could a Trump Account Grow? The Power of Starting Early

Here's the part every parent should pay attention to.

We'll illustrate the impact of starting early using a 9% annual return, which is roughly in line with long-term U.S. stock returns before inflation.[24]

One-Time $1,000 Deposit at Different Ages

Here's how $1,000 grows by age 18 with no further contributions:

• Start at age 1

17 years of growth → ~$4,328

• Start at age 5

13 years of growth → ~$3,066

• Start at age 10

8 years of growth → ~$1,993

• Start at age 15

3 years of growth → ~$1,295

This mirrors the math used by financial analysts evaluating early-life investment programs and is very close to growth scenarios cited in coverage of the program.[25]

Add a Modest $50 per Month

Let's make it a little more real:

Assume you contribute $50 per month until the child turns 18.

Approximate account values at 9%:

• Start at age 1 (17 years) → ~$23,085

• Start at age 5 (13 years) → ~$14,331

• Start at age 10 (8 years) → ~$6,886

• Start at age 15 (3 years) → ~$2,047

Same effort. Just different timing.

When I showed these numbers to a friend, he stared at the age-1 vs. age-15 values and said, "So my procrastination is like a six-figure personality trait over a lifetime, isn't it?"

Yes. Yes, it is.

Potential Issues and Criticisms (Without the Political Food Fight)

I promised you honesty, not a campaign ad.

Here's what thoughtful critics and policy experts have raised.

1. The Biggest Gains Go to Families Who Can Contribute the Most

Universal eligibility sounds equal, but the real advantage flows to those who can regularly contribute.

Analyses show:

• A child who only gets the $1,000 seed may end up with just under $6,000 by age 18.

• A child whose family maxes out contributions each year may end up with hundreds of thousands.[26]

This isn't a flaw unique to Trump Accounts — it's just how tax-sheltered investing works. But it does widen the gap between families who can save and families who can't.

2. Yet Another Account Type in a Crowded Financial Landscape

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The U.S. already has 11+ tax-advantaged savings vehicles, each with different rules.[27]

Now parents must understand:

• 529 plans

• Roth IRAs for kids

• UTMAs

• Education Savings Accounts

• Trump Accounts

For financially savvy families, this is fine. For everyone else, it's one more source of confusion.

3. Less Optimal for College-Only Savings

Since Trump Accounts convert to traditional IRAs, educational withdrawals:

• May avoid penalties

• But are still taxable as ordinary income

By contrast, 529 plans offer tax-free withdrawals for qualified education costs.[28]

So if your main goal is college, a 529 might remain your primary tool.

4. Equity Concerns

Some policy experts compare Trump Accounts to "Baby Bonds," which aimed to give larger annual federal contributions to lower-wealth families.

By contrast, Trump Accounts require families to save their own money after the initial deposit, which:

• Helps families with disposable income

• But barely moves the needle for those who can't save consistently[29]

Still, even a small seed deposit — $250 or $1,000 — invested for a decade or more, is far better than nothing.

Unknowns as of December 2025

This program is brand new. As of December 2025, these things remain uncertain:

1. The Online Portal Details

We know trumpaccounts.gov will handle Form 4547 submissions starting mid-2026, but authentication requirements and user experience details aren't final yet.[30]

2. Which Financial Institutions Will Be Approved

Treasury will designate a primary financial agent and later allow rollovers, but the list of participating brokerages remains unknown.[31]

3. How Financial Aid (FAFSA) Will Treat Trump Accounts

The federal tax rules are defined, but the Department of Education has not yet clarified how these accounts will affect aid calculation formulas.[32]

4. State and Local "Top-Up" Programs

While allowed under the law, it's not yet clear which states or municipalities will offer additional contributions.[33]

5. Whether the $1,000 Pilot Will Be Extended

Currently, only babies born 2025–2028 qualify. Any extension or expansion would require new legislation.[34]

How I'd Think About Trump Accounts as a Parent

Here's the practical, real-life version.

1. Claim Every Free Dollar

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If I had:

• A baby born 2025–2028 → I would absolutely file Form 4547 and get the $1,000.

• A child 10 or under born before 2025 → I'd check ZIP-code income and grab that $250 if we qualified.

Even if you never add money yourself, that seed can double or triple before adulthood.

2. Start Early — Even With Small Amounts

You saw the math: $50/month starting at age 1 vs. age 15 is night and day.

So I'd:

• Pick a realistic amount (even $25/month).

• Automate it starting July 2026.

• Leave it alone.

3. Coordinate With 529 Plans

If college savings is the priority:

• 529 plan = best tax treatment for education

• Trump Account = great secondary tool + free money + early retirement start

They complement each other well.

4. Use It to Teach Your Kids About Investing

Trump Accounts are a great educational tool because:

• They invest only in index funds.

• Kids can track real growth.

• You can talk about compounding, ownership, and patience.

This is where financial literacy gets real.

A Simple Next Step (and a Small Ask)

If you've made it this far, you're the kind of parent who takes action.

Here's what I'd do next:

• Check eligibility

Birth year, age, ZIP code.

• Set a reminder for tax season 2026

"Ask about Form 4547."

• Decide on a contribution amount

Even a little goes a long way when you start early.

And if you want ongoing, friendly guidance for raising financially savvy kids, simplifying your money, and building good habits as a family…

■ Subscribe to my weekly MOMENTS newsletter.

It's where I share the bite-sized, practical tips I use with my own kids. Go to MOMENTS.tips to subscribe.

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Footnotes

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