Trump accounts are new child-focused traditional IRAs under IRC §530A, added by P.L. 119-21. They generally become available for taxable years beginning after December 31, 2025, and contributions cannot be made before July 4, 2026. During the child's "growth period" (through December 31 of the year the child turns 17), the accounts have special contribution, investment, distribution, and reporting rules; after that, they generally operate like traditional IRAs, subject to important exceptions. [5] [1] [2] [4]

General rule

IRC §530A(a) provides that a Trump account is generally treated like an IRA under §408(a), except as otherwise provided in §530A or future guidance. IRC §530A(b)(1) defines it as a non-Roth IRA established for an eligible individual under age 18, designated as a Trump account when opened, and subject to special restrictions before age 18. [1]

An "eligible individual" is a child who has not attained age 18 before the end of the calendar year of the election and who has an SSN issued before the election is made. The proposed regulations define the "growth period" as beginning when the initial account is established and ending on December 31 of the year the beneficiary turns 17. [1] [4]

Key client-facing features

- Annual contribution cap during the growth period is generally $5,000, indexed after 2027. [1]
- No deduction is allowed under §219 for contributions made before the year the beneficiary turns 18. [1]
- Contributions do not require the child to have compensation, unlike ordinary IRA contributions. [2]
- Employer contributions under new IRC §128 may be excluded from the employee's income up to $2,500 per year, but they count toward the $5,000 annual cap. [2] [3]
- Certain government and charitable contributions can be made as "qualified general contributions" and do not count toward the $5,000 cap. [1] [2]
- A one-time $1,000 federal pilot contribution is available for certain U.S.-citizen children born in 2025 through 2028 if a proper election is made under IRC §6434. That $1,000 does not count toward the annual cap. [5] [2]

Opening the account

The statute contemplates that the Secretary creates the initial account. Current IRS guidance says an election to open the initial account may be made on Form 4547 or through an IRS online tool. For non-pilot elections, the proposed ordering rule for who may act is: legal guardian, then parent, then adult sibling, then grandparent. If a pilot-program election is made at the same time, the person authorized to make the pilot election is the person who opens the account. Only the first processed election counts. [2] [4]

The person making the election generally becomes the responsible party for the minor's account, subject to state law and the account agreement. [2] [4]

Investment and withdrawal restrictions

Before age 18, funds may be invested only in low-cost mutual funds or ETFs tracking the S&P 500 or another broad index of primarily U.S. companies, with no leverage and annual fees/expenses not exceeding 0.1%. [1] [2]

Distributions are generally prohibited during the growth period, except for:

- trustee-to-trustee rollover to another Trump account for the same beneficiary,
- full-balance rollover to the beneficiary's ABLE account during the year the beneficiary turns 17,
- distributions of excess contributions, and
- distributions on death. [1] [2]

After the growth period, the account generally follows traditional IRA rules under §§408 and 72, including ordinary income inclusion for pre-tax growth and possible §72(t) additional tax on early distributions unless an exception applies. Trump accounts remain separate from other IRAs for basis aggregation purposes under IRC §530A(h)(4). They also can never be SIMPLE IRAs or receive SEP contributions. [1] [2] [4]

Practical implications

These accounts are tax-deferred, not tax-free. Contributions made by family or other nonexempt contributors create basis; pilot contributions, qualified general contributions, and employer contributions excluded under §128 do not create basis. That means future withdrawals may be partly taxable even if the account was funded for a child. [1] [2]

The IRS has issued only partial guidance so far. Notice 2025-68 gives interim direction, and proposed regulations currently focus mainly on who may open the account and how the election works; additional regulations on contributions, investments, distributions, reporting, and coordination rules are still reserved. [2] [4]

Conclusion: Trump accounts are a new, limited-investment, tax-deferred IRA regime for minors, with a *possible* $1,000 federal starter contribution for certain children and a general $5,000 annual contribution cap before age 18. They may be attractive for long-term savings, but they are not equivalent to 529 plans or Roth IRAs, and the tax treatment after age 18 will matter significantly.