

OVERVIEW:

Trump Accounts (OBBBA)

DEFINITION

Trump Accounts are **child-focused, tax-advantaged investment accounts** created under the **One Big Beautiful Bill Act (OBBBA) of 2025** to encourage long-term saving from an early age.

PURPOSE

Designed to **build wealth early**, these accounts give children a financial head start and promote long-term participation in investing.

KEY FEATURES

- **\$1,000 Government Seed:** One-time deposit for children born 2025–2028
- **Up to \$5,000/year Contributions:** From parents or others
- **Child-Owned, Parent-Managed:** Custodial until age 18
- **Eligibility:** Must be under 18 at 12/31/26 with a Social Security number

PROS

- Harnesses **long-term compounding**
- Provides **universal starter savings**
- Encourages early financial literacy

TAX & INVESTMENT TREATMENT

- **Tax-deferred growth**
- **After-tax contributions (not deductible)**
- **Investments limited to low-cost index funds/ETFs**
- Converts to a **traditional IRA at 18**
 - Potential opportunities for **tax free Roth Conversions**

CONS

- **Limited flexibility** vs. 529 plans
- No upfront tax deduction
- Greater benefits for families able to contribute more

BOTTOM LINE Trump Accounts are a **government-seeded, long-term investment tool for children**, aiming to grow wealth from birth, with outcomes largely dependent on continued contributions and time in the market.