Trump Accounts

OPEN

Guardian, parent, sibling or grandparent opens via TrumpAccounts.gov or Form 4547

SEED

$1,000 (and / or $250) deposited automatically if the child qualifies

FUND

Family, employers, and others contribute up to $5,000 per year combined

Employer capped $2,500 / employee

GROW

Assets invested in a mandated U.S. stock index fund

HOLD

No withdrawals during the growth period

CONVERT

Becomes a traditional IRA at the end of the growth period (12/31 age 17)

DISTRIBUTE

Ordinary IRA rules apply:

- Taxed on withdrawal
- 10% penalty before 59 1/2

What is a Trump Account?

It's a tax-advantaged individual retirement account created for any US child under 18 with a valid Social Security number. Each eligible child may hold only one Trump Account and it may be opened by an authorized guardian, parent, adult sibling, or grandparent, subject to applicable eligibility rules. There is a $1,000 federal seed deposit for any United States citizen born between January 1, 2025, through December 31, 2028. There's also a $250 philanthropic seed available for roughly 25M lower-income children aged 10 or younger, born before 2025.

Individual / Family Cap	$5,000 per year, combined with employer contributions (indexed for inflation after 2027)
Employer Cap	$2,500 per year, per employee – counts within the $5,000 total
Doesn't Count Towards the Cap	Government seed deposits, qualifying charitable / state contributions, qualified rollovers
Contribution Dollars	Individual contributions generally are made with after-tax dollars and are not deductible
Who Can Contribute	Parents, relatives, friends, employers, nonprofits, and governements

DURING THE GROWTH PERIOD

- Funds must be invested in a diversified, low-fee U.S. stock index fund
- No self-directed stock-picking or alternate allocations
- Growth period runs from account opening through December 31st of the year the child turns 17
- Withdrawals are generally not permitted

AFTER THE GROWTH PERIOD *(AGE 18)*

- Full traditional-IRA investment menu becomes available
- New contributions require the child's own earned income
- Withdrawals taxed as ordinary income
- 10% early-withdrawal penalty before age 59 1/2
  - Subject to standard IRA exceptions: first home, higher education, etc.

office 866.569.2450 | 100 N Broadway, Suite 1700, St. Louis, MO 63017

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Trump Accounts

ADVANTAGES

✓ Free Money
Automatic $1,000 federal deposit for any U.S. born child (2025-2028), no action required beyond opening the account

✓ Decades of Compounding
Money invested from birth gets 60+ years to grow before typical retirement age

✓ Low-Cost, Hands-off Investing
Mandated index-fund investing keeps fees low and removes decision paralysis

✓ Broad Funding Sources
Parents, grandparents, employers, nonprofits, and governments can all contribute

✓ No Earned-Income Requirement
Unlike a Roth IRA for kids, contributions don't depend on the child working

✓ New Advisory On-Ramp
Future brokerage transfers create a natural entry point for multi-generational planning

✓ Roth Conversion Eligible
Eligible for Roth Conversions, pre-tax money taxed as ordinary income (Government funding, employer contributions, philanthropic gifts, growth)

✓ After-Tax Basis
Contributions made with after-tax dollars from parents, grandparents, or other individuals can convert tax-free

DISADVANTAGES

⃠ Locked Until Adulthood
No access for K-12 costs, emergencies, or opportunities before 18

⃠ Lower Contribution Ceiling
$5,000 per year is well below a 529's effective gift limit ($19,000 per donor / $95,000 super-funded in 2026)

⃠ No State Tax Deduction
Unlike many 529 plans, there is no comparable state tax break

⃠ Only Tax-Deferred, Not Tax-Free
Withdrawals taxed as ordinary income, plus possible 10% penalty pre-59 1/2

⃠ No Investment Choice
Mandated index-fund allocation removes flexibility for risk tolerance or goals

⃠ Limited Custodian Choice at Launch
Treasury assigns the initial custodian

⃠ Roth Conversion Timing
Kiddie Tax can apply if Roth Conversion occurs while child is still a dependent, or a full-time student under 24

⃠ Unresolved Concerns
Opening accounts at other custodians, what happens if child dies before 18, and estate-gift-tax implications

Feature	Trump Account	529 Plan	Roth IRA (Minor)	UGMA / UTMA
2026 Annual Limit	$5,000 Combined	$19,000 / Donor Gift-Tax Free	Up to $7,500 Earned Income	No Set Limit
Government Seed Money	$1,000 Born 2025-2028	None	None	None
Tax on Growth	Deferred	Tax-free if qualified	Qualified distributions generally tax-free	Kiddie-Tax
Access Before 18	None	Yes, Education Costs	Contributions Withdrawable	Yes, Child's Benefit
Investment Choice	Index-Fund Only	529 Fund Portfolios	Broad Investment Options	Broad Investment Options
Purpose / Use	Long-Term / Retirement Head Start	Education Savings	Retirement / Teens Earning Income	Flexible Gifting / Non-Education Goals

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