

Key Facts on Trump Accounts

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One of the most foundational lessons in successful long-term investing is understanding the power of compound interest. Historically, children have had limited options to fully utilize their compounding potential, with no options for retirement planning. Trump Accounts, launched in 2026, now fill this gap, offering a new way for children to harness long-term growth from an early age.

Who Is Eligible For a Trump Account?

Trump Accounts must be established with a child as the sole beneficiary. For a child to be an eligible beneficiary of a Trump account, the following must apply:

- Child must not turn 18 in the calendar year.
- Child must have a valid Social Security Number.
- To be eligible for a \$1,000 Federal Grant, the child must be born between 1/1/2025 - 12/31/2028

To make an election to open a Trump account in conjunction with the Federal Grant, it can be done when filing your 2025 taxes or through an online portal that will be available by Summer 2026.²



Contribution Rules

Anyone can contribute to A Trump Account on a child's behalf, ranging from family, friends, employers, and charities. However, the rules for contributions can vary depending on who is doing the funding.

Individual Contributions

Individuals contributing to a Trump account are subject to an annual limit of \$5,000 per account. These contributions must be made on an after-tax basis and are not tax-deductible.

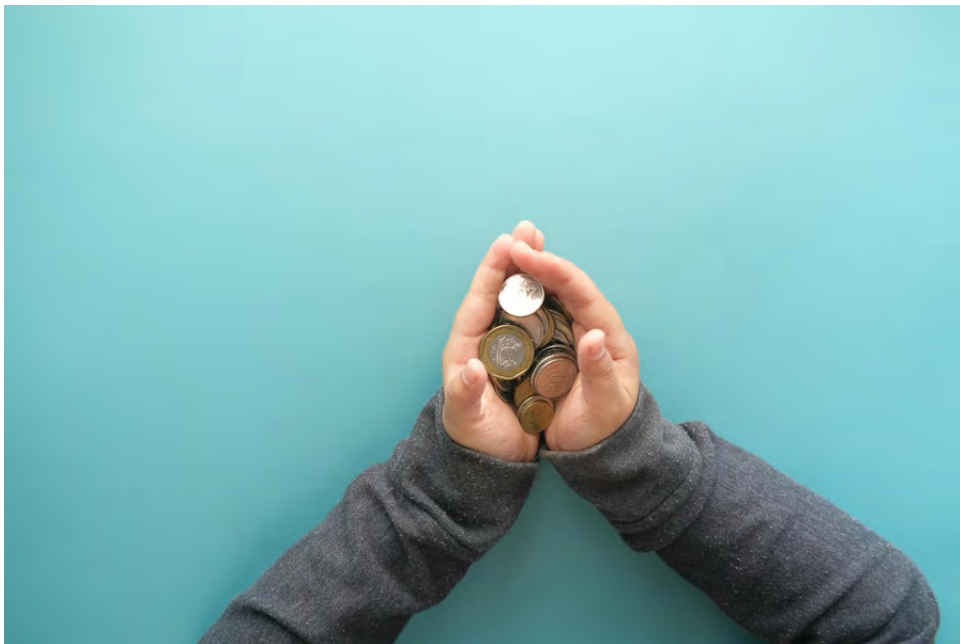
Employer Contributions

Employers may contribute up to \$2,500 annually per employee in pre-tax funds to a Trump account. These contributions are excluded from employment income, though they do count toward the \$5,000 annual contribution limit.⁴

Entity Contributions

Entities such as local, state, and federal governments, as well as charities, may also make pre-tax contributions to Trump accounts. Unlike other contribution types, these funds **do not** count toward the \$5,000 annual contribution limit.

The \$1,000 Federal Grant gifted to qualified children falls under this umbrella of contribution type.



(Barbhuiya, 2026)

Investment Rules

Along with rules regarding contribution limits, Trump accounts also restrict the investments available to account holders to **eligible investments**.

In summary, eligible investments in Trump accounts are limited to low-cost funds that track a U.S. Stock index (ex, S&P 500, Nasdaq, Dow Jones).¹

Tax Implications

As stated earlier, Trump account contributions can be either pre-tax or post-tax, depending on the source of the contribution. In addition to contributions, withdrawals have tax implications.

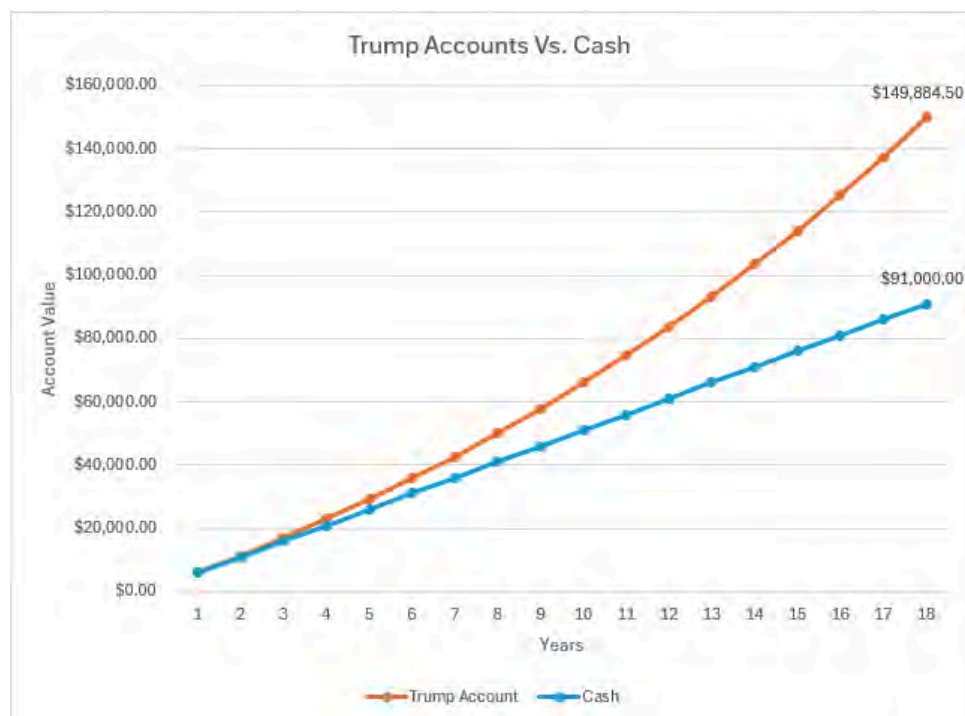
Withdrawals are allowed only after the beneficiary turns 18, and then only for qualified expenses, such as tuition or a first-time home purchase, without incurring a penalty tax. Pre-tax contributions and any earnings are taxed as ordinary income when withdrawn.

Alternatively, funds may remain tax-deferred by converting to an IRA or, if applicable, an ABL account.

Trump Accounts - Case Study

To illustrate the power of a Trump account, assume the following scenario:

Cameron was born on January 1st, 2026, and is the beneficiary of a Trump account. Cameron receives a \$1,000 federal grant, and Cameron's parents contribute \$5,000 annually to the Trump account. All funds in the Trump account are invested in a low-cost S&P 500 index fund.



The scenario assumes a constant annual inflation rate of 4.28% and a historical average annual return of 10% for the S&P 500. Based on these assumptions, the analysis reflects an inflation-adjusted (real) rate of return of 5.49%. These assumptions are hypothetical and do not account for market volatility, changes in economic conditions, fees, taxes, or other factors that may impact actual investment performance. **Past Performance is not a guarantee of future results.**

When adjusting for inflation, Cameron's Trump account has a value of **\$149,884.50 in today's dollars** by the time they are the legal owner of the Trump account.

Trump Accounts represent the beginning of a shift in how the government is choosing to address retirement savings for its citizens.

By allowing tax-deferred compound growth to begin at birth, these accounts provide children with a solid financial foundation upon entering adulthood. As illustrated in Cameron's case, time in the market remains the most powerful variable in building wealth, and Trump Accounts provide a structured way to put that principle to work from the very beginning of life.

References

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