Guide to the New Trump Accounts

Using them to save and invest for your child's future

Starting July 4, 2026, Trump Accounts join 529 plans, UGMA/UTMA accounts, and custodial Roth IRAs as a new option for saving on a child's behalf.

The program was established to help children begin investing early and participate in long-term market growth. By combining an initial government contribution with the opportunity for additional contributions over time, the accounts are intended to encourage long-term saving and investing habits and help support eligible expenses including education and homeownership.

Key takeaways

What is it
A traditional IRA owned by the child, managed by a parent or guardian until age 18.

Who is it for
All children under age 18 who have a valid Social Security number. Only those born between 1/1/25-12/31/28 are eligible for the inital $1,000 government seed funds.

When the accounts begin
Accounts became available July 4, 2026.

How much can I contribute
Up to $5,000 cap combined per child per year from individuals. Employers can contribute $2,500 but the 5k cap applies.

What are the tax considerations
Withdrawals are taxable, and the kiddie tax can apply at a parent's rate. Speak to your wealth advisor or tax advisor before withdrawing.

How are they invested
Investment options must meet specific statutory requirements, including total annual fund expenses capped at 0.10%. Most are low-cost U.S. stock index funds designed for long-term growth.

Important Note: Robinhood Securities, LLC serves as the initial trustee and provides the brokerage infrastructure for the federal Trump Accounts. These cannot be opened through XML Financial Group or XML Securities, like traditional investment accounts.

MD | VA | PA | CO www.xmlfg.com 301.770.5234

XML FINANCIAL GROUP

Guide to the New Trump Accounts

Using them to save and invest for your child's future

How contributions work

Source	Annual limit	Tax on withdrawal
Government seed (pilot)	$1,000 one-time, doesn't count toward cap	Taxable
Individual contributions	Up to $5,000 combined (after-tax)	Non-taxable
Employers	Up to $2,500/child (pre-tax), counts toward 5k cap	Taxable
Charitable organizations & government entities	No cap.	Taxable

Know before you withdraw: the kiddie tax

Withdrawals funded by pre-tax contributions and earnings count as unearned income for the child. A portion can be taxed at the parent's rate — not the child's — including when the child turns 18 with limited support, or is a full-time student aged 19–23. Careful timing and recordkeeping matter.

Getting started

1. **File an election**
Submit IRS Form 4547 or use the online tool at trumpaccounts.gov to get started.

2. **Fund the account**
Combine the government seed (if eligible) with individual, employer, or charitable contributions within the annual limit.

3. **Plan ahead for age 18**
The child will take control of the account and can choose to use the funds or continue investing, subject to rules for traditional IRAs.

MD | VA | PA | CO   www.xmlfg.com   301.770.5234