

# LAKES REGION TAX PREPARER DIRECTORY

## All about new 2026 Trump savings accounts, tax implications

As the One Big Beautiful Bill Act became law, a new type of tax-advantaged savings account was introduced: Trump savings accounts. Like other investment accounts, there's a host of specific requirements and tax rules that apply to these new account types.

If you have children eligible for these accounts and have questions like "What is a Trump account?" and "How does a Trump Account work?", you've come to the right place.

### What are Trump Accounts exactly?

Trump Accounts are long-term savings accounts designed specifically for children. The accounts are tax-deferred, meaning the money grows without being taxed until it's withdrawn. Trump savings account contribution and withdrawal rules are unique and shift once the child becomes an adult at 18.

### What is the Trump savings account for newborns?

The Trump savings account for newborns is related to the new Trump Account type, but as the name states, it only applies to newborns. Specifically, it refers to accounts for babies born between 2025-2028 who will receive a \$1,000 contribution from the government.

You may have heard this provision referred to as a Trump baby savings account.

### What is the benefit of a Trump Account?

Trump Accounts offer unique features allowing governments, non-profits (for example, the \$250 Dell Donation\*), your employer, and other organizations to help contribute to your child's future. No other account type allows this for your children at such an early age.

\*Dell Foundation contributions are available for children aged 10 and under who were born before 2025 and live in ZIP codes with a median household income under \$150,000.

### How do Trump Accounts work?

Trump Accounts function similarly to custodial Traditional IRAs in that the contributions and earnings in the account can grow tax deferred. Additionally, a parent or guardian sets up and manages until the child reaches age 18. However, there are several ways that Trump child accounts are not like a Traditional IRA investment. We've outlined a few of those ways here:

- You're not required to have earned income to contribute
- Contributions to the account are not tax deductible until the child turns 18
- The rules for withdrawals from Trump savings accounts are also different

### How to open an account

- Complete Form 4547. We'll help you fill out Form 4547 to set up the account. If you choose not to file it with your return, you can later set it up through the government's online portal.
- Track your account set up. Once your Form 4547 is submitted, a

custodian will handle setting up the account in the coming months and send confirmation. You'll be able to track or manage it through the government portal when it's available.

- Wait for funding. Certain contributions can only begin after July 4,

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2026, including the \$1,000 government seed deposit for qualifying newborns. Family, employer, or nonprofit contributions will follow the official timelines and rules released by Treasury.

**Trump Account qualifications and contribution rules**

As noted above, there are several rules about starting and adding money to the account. One set of rules applies to contributions during the account set-up stage and while the child is a minor, then another set of rules applies once the child becomes an adult. We've broken out the answers for each stage as they apply.

**Who qualifies for a Trump savings account?**

Children under 18 at the end of the year who have a Social Security number qualify for these new accounts. Plus, only parents or guardians can open the account on behalf of the child. Parents don't need to meet any income threshold or filing status requirements to open an account.

**Who qualifies for the \$1,000 government deposit into a Trump Account?**

In addition to the Social Security number requirement mentioned above, the government will make a one-time \$1,000 contribution to children born in 2025 through 2028.

**When can you open and contribute to these accounts?**

You'll first be able to open and contribute to a Trump Account for your child starting on July 4, 2026.

**Who can contribute to a Trump child savings account?**

For newborns and those under 18: If you're the parent or guardian of an eligible child, you can set up and contribute to the child's Trump Account. Your child's grandparents and other family members may also contribute to your child's account. Lastly, your employer or your child's employer can contribute to the account. Once the child is an adult, they will be the only ones who can contribute to the account.

**What are the contribution limits for a Trump savings account?**

Until the child is 18, the contribution limit is \$5,000 per year per child for family members and up to \$2,500 of that can come from the child or parent's employer. Take note that the \$1,000 government contribution isn't counted toward this limit. If you, family members or your employers go over the annual contribution, the amount you go over is considered an excess contribution and must be removed. That said, it's a good idea to coordinate contributions to avoid creating an excess contribution.

After age 18, the normal contribution limits and rules for Traditional IRAs apply.

— H & R Block

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