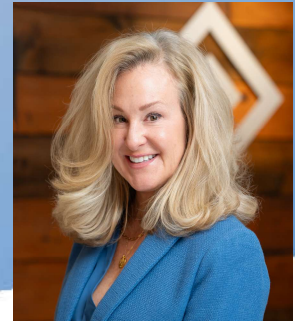


Trump Accounts: Where Do They Fit?



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The confusion surrounding Trump Accounts is real—and for good reason. Since Trump Accounts were created in 2025, there has been significant attention surrounding this new savings vehicle, along with plenty of confusion about how they work. One important distinction is their tax treatment. Trump Accounts have sometimes been described as “tax-free,” but tax-free and tax-deferred are not the same thing, and misunderstanding the difference can have meaningful financial consequences. There is also confusion about where Trump Accounts fit alongside savings vehicles families may already know, including 529 plans, UGMA/UTMA accounts and Roth IRAs.

What Exactly Is a Trump Account?

At its core, a Trump Account is a retirement account for a child. During the years before the child turns 18, special rules apply to contributions, investments and withdrawals. Beginning January 1 of the year the beneficiary turns 18, the account becomes a traditional IRA and is generally subject to traditional IRA rules. That makes its purpose different from a 529 plan, which is primarily designed for education, or an UGMA/UTMA, which eventually becomes the child's property to use as they choose. And the earlier retirement savings begin, the more powerful compounding can potentially become. Kiplinger reports that Americans believe they need approximately \$1.46 million to retire comfortably, while median retirement savings for those ages 55–64 are only about \$185,000¹. Starting decades earlier provides something that is impossible to recreate later: time.

What About the Taxes?

The primary criticism of Trump Accounts is that they eventually become traditional IRAs and may carry many of the same tax-planning challenges. Future distributions may be subject to ordinary income taxes, Required Minimum Distributions may eventually apply, and inherited accounts may be subject to the 10-year distribution rule for many beneficiaries. Those are legitimate considerations. However, a long time horizon may also provide future planning opportunities, including strategies such as Roth conversions. Of course, tax laws can change considerably over 50 or 60 years, making ongoing planning important.

So, Should You Open One?

For eligible U. S.-citizen children born between January 1, 2025 and December 31, 2028, Trump Accounts deserve serious consideration because the federal government will provide a one-time \$1,000 contribution after the required election is made. For everyone else, the answer is: it depends on what you're trying to accomplish. If the goal is education, a 529 may be the better choice. If you want money available for a first home or other major expense, an UGMA/UTMA or another investment account may provide greater flexibility. If the child has earned income, a Roth IRA deserves consideration. Other factors matter too: Have you adequately funded your own retirement? How much do you plan to save? Do you have an employer that will contribute? How important is access to the money? And how much control do you want over how it is eventually used?

The bottom line: Trump Accounts aren't necessarily a replacement for 529s, UGMAs/UTMAs or Roth IRAs. They're another tool in the toolbox—and the right account depends on what you want the money to accomplish.

If you're considering saving or investing for a child or grandchild, give us a call. We can help you determine which strategy—or combination of strategies—best fits your family's goals.

¹ Source: Kiplinger, The Average Retirement Savings by Age, 2026. \$1.46 million figure based on Northwestern Mutual's 2026 Planning & Progress Study; retirement savings data based on the Federal Reserve's Survey of Consumer Finances.