Trump Accounts: A Simple Guide for Parents

Give your child a head start

Trump Accounts are new investment accounts for children that help families build long-term wealth through private ownership and stock-market growth.

What parents do

- Open an account for any eligible child under 18 using IRS Form 4547 through your IRS online account.
- If your child was born between January 1, 2025, and December 31, 2028, the federal government can deposit $1,000 to get the account started.
- Starting July 4, 2026, parents, grandparents, friends, and others can contribute up to $5,000 per year.
- Manage the account through the official Trump Accounts app or website.

Why it matters for children

- The money is invested in broad stock-market index funds, giving it years to grow through compound returns.
- Even a small amount invested early can grow into much more over time.
- As adults, children may use the account under normal IRA rules, including possible uses for retirement, a first home, or education.

In plain English

This idea helps children become owners in America, not dependents of the state. It is a pro-family, pro-savings, pro-capitalism way to build wealth one child at a time.

Tax Implications for Contributions

Are contributions tax-deductible?

No. Personal contributions to a Trump Account are made with after-tax dollars, so parents, grandparents, and other private contributors do **not** get a tax deduction for putting money into the account. The tax benefit is that investment growth inside the account is tax-deferred rather than taxed each year.

Important point for parents

A Trump Account is not like making a charitable donation. Putting money into the account may help a child build savings over time, but it does not reduce the contributor's current income taxes.

An exception

Certain employer contributions can receive different tax treatment and may be deductible to the employer as a business compensation expense, but that is different from a parent's personal contribution. For most families, the simple rule is: your own contribution is helpful for savings, but not tax-deductible.

Annual contribution limit

The 5,000 annual limit is a total limit for that child's account, not a separate 5,000 limit for each person who contributes. That means all family, friends, and other private contributors together must stay within the yearly cap for that one child.

Example: If Mom gives 2,000, Grandpa gives 1,500, and Grandma gives 1,500 in the same year, the account has reached the full 5,000 annual limit.

An exception

Certain employer contributions can receive different tax treatment and may be deductible to the employer as a business compensation expense, but that is different from a parent's personal contribution. Employer contributions also count toward the child's annual 5,000 cap in most ordinary situations. For most families, the simple rule is: your own contribution is helpful for savings, but not tax-deductible, and the yearly contribution cap applies to the account as a whole.