

# Trump Accounts: INFORMATION TO KNOW BEFORE JULY 4

## Quick Facts

- Designed to be starter IRAs for children **under 18**.
- \$1,000 pilot contributions for eligible children born **2025-2028**.
  - \$250 contribution for qualified children **under 10 (who did not qualify for the \$1,000)**.
- **Annual contribution limit is \$5,000**, although not necessary.
  - Contributions begin **July 4, 2026**.
- Investments are limited to broad **US equity index funds and ETFs**.

## What is a Trump Account?

A Trump Account is a long-term savings account for children under age 18. It works like a starter IRA, with special rules that apply until the child becomes an adult.

## Who qualifies for a Trump Account?

- Any child under 18 with a Social Security Number is eligible.
  - These accounts are **not** created automatically- a parent or guardian must elect to open an account.
- When the child turns 18, Trump Account rules will end, and the account will follow standard IRA rules.

## How do I open an account?

- Elections to open the initial Trump Account and request the pilot contributions can be made using IRS Form 4547 or through [trumpaccounts.gov](http://trumpaccounts.gov).
- Contributions cannot begin until July 4, 2026, but families are encouraged to complete elections beforehand.

## What is the Trump Account pilot contribution?

- A one-time \$1,000 federal pilot contribution is available for children born between 1/1/2025 - 12/31/2028, provided an election is made to open the Trump Account.
- A \$250 contribution is available for the first 25 million children under age 10 who do not qualify for the \$1,000 pilot contribution if:
  - They live in a zip code with a median household income of \$150,000 or less.
  - They are US citizens with a valid Social Security Number.

## What is the tax treatment?

- Contributions made by individuals are made on an after-tax basis and will generally not be taxable when withdrawn.
- Other contribution sources (i.e. pilot program, employers, charitable organizations, government entities) are made on a pre-tax basis and taxed as ordinary income when withdrawn.
- Investment earnings are subject to ordinary income tax upon withdrawal.
- The IRS has proposed a specific basis tracking document for Trump accounts to separate after-tax and pre-tax contributions.

## Contribution and Distribution Rules:

- Annual Contribution Limit: \$5,000 (contributions are optional).
  - Limit does not include pilot contribution, qualified general contributions, or rollovers.
- Employer Contributions: up to \$2,500 per year per employee, counting towards the \$5,000 limit.
- Withdrawals: No distributions can be made until the child turns 18, at which point the account may transition into a Traditional or Roth IRA.

**For additional questions or assistance, please reach out to PKS Investment Advisors.**

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