VALDES VIEW

Trump Accounts

July 2026

Created under the One Big Beautiful Bill Act of 2025 and open for contributions as of July 4, 2026, Trump Accounts are a new type of tax-advantaged investment account available to any child under age 18 with a Social Security number. Money in the account is invested in low-cost U.S. stock index funds and grows tax-deferred until the child reaches adulthood; giving even a newborn a multi-decade head start on long-term investing.

FREE MONEY ON THE TABLE

- **$1,000 Federal Seed Deposit**
  A one-time Treasury contribution for U.S. citizen children born January 1, 2025, through December 31, 2028. A parent or guardian must make the election as the deposit is not automatic without an account.
- **Employer Contributions**
  Companies may contribute up to $2,500 per year for an employee's child. This is excluded from the employee's taxable income.
- **More on the Way**
  Major corporate and philanthropic seeding programs have already been announced, and contributions from those sources require an open account to receive them.

OPENING THE ACCOUNT

Enroll at trumpaccounts.gov, through the Trump Accounts mobile app, or via IRS Form 4547. You will need your Social Security number and your child's. There is no cost to open an account.

WHO CAN CONTRIBUTE

- **Anyone Can Contribute**
  Parents, grandparents, relatives, and friends. Each account generates a shareable QR code, making contributions a simple option for birthdays and holidays.
- **$5,000 Annual Cap**
  Up to $5,000 per year combined (2026; indexed for inflation after 2027) in after-tax dollars. The $1,000 federal deposit and charitable seed money do not count toward the cap.

NOT JUST FOR NEWBORNS | EVERY YEAR COUNTS

Only the $1,000 federal deposit is limited to children born 2025 - 2028. The account itself is available to any child under 18. Contributing $5,000 per year through age 17, at a hypothetical 8% average annual return:

Child's Age Today	Total Contributed	Value at 18	Value at 55, Left Invested
Newborn	$91,000 (incl. $1,000 seed)	~$191,000	~$3.3 million
4 years old	$70,000	~$121,000	~$2.1 million
8 years old	$50,000	~$72,000	~$1.25 million
12 years old	$30,000	~$37,000	~$630,000

Growth is tax-deferred; ordinary income taxes apply at withdrawal. Figures are hypothetical and for illustration only.

> ***The Bottom Line:*** *If your child was born in 2025 or later, claiming the $1,000 federal deposit is the clear first step. If your children are older, the account is still open to them and as the table above shows, every year matters.*

HOW IT WORKS — A SPECIAL KIND OF IRA

A Trump Account is legally a form of traditional IRA, modified for children. Unlike a regular IRA, no earned income is required, which is what makes an account possible for a newborn, and contributions can come from anyone, not just the account owner. All contributions are after-tax (never deductible), and growth is tax-deferred. Funds generally cannot be withdrawn before January 1 of the year the child turns 18; from that point, the account follows standard traditional IRA rules, and distribution and planning options are best discussed with your advisor.

WHO HOLDS THE MONEY AND HOW IT'S INVESTED

- **Custody**
  - Accounts are administered by Bank of New York Mellon on a platform built with Robinhood
  - Account activity can be monitored through the Trump Accounts app.
- **Default Investment**
  - All contributions currently go into the State Street SPDR Portfolio S&P 500 ETF (SPYM), a low-cost fund tracking the S&P 500 Index (expense ratio of 0.02%).
- **Coming Investments**
  - Treasury has approved four additional index ETFs: iShares Core S&P 500 (IVV), Vanguard Total Stock Market (VTI), SPDR Portfolio S&P 1500 (SPTM), and iShares Core S&P Total U.S. Stock Market (ITOT).
  - Expected to become selectable in the coming months. All funds are capped at 0.10% expenses.

CONTRIBUTION RULES IN DETAIL

- **$5,000 Combined Annual Limit**
  - (2026; indexed for inflation after 2027) across all individual and employer contributions. Government and charitable seed money, including the $1,000 federal deposit, does not count toward the cap.
- **Employer Contributions**
  - Employers may contribute up to $2,500 per year, excluded from the employee's taxable income, for an employee or an employee's dependent (counts toward the $5,000 limit).
- **Cost Basis**
  - Out-of-pocket contributions create basis in the account, so those dollars are not taxed again at withdrawal. The federal seed, employer contributions, and investment growth do not carry basis and are taxable when withdrawn. The account is tracked separately from any other IRAs the child may open later.

WHERE IT FITS: TRUMP ACCOUNT VS. 529 VS. UTMA

	Trump Account	529 Plan	UTMA
Best for	Retirement head start	Education; K–12, trade school, college	Flexible general-purpose gifts
Tax treatment	Tax-deferred growth; taxed at withdrawal	Tax-free growth and withdrawals for qualified education expenses	Taxable each year; kiddie tax may apply
Annual limit	$5,000 combined (indexed)	None federally; gift-tax rules and state caps apply	None; gift-tax rules apply
Investments	U.S. equity index funds only	Menu incl. age-based portfolios	Nearly unrestricted
Who controls it	Child, at 18 (IRA rules discourage early withdrawal)	Account owner (parent) indefinitely	Child, at age of majority (18–25 by state)

These accounts complement one another. A Trump Account is not a 529 replacement. 529s remain the stronger vehicle for education savings, while UTMAs offer flexibility with less tax efficiency and fewer guardrails. Each has a role, and the right mix depends on your family's goals.

IMPORTANT DISCLOSURES

This commentary is provided for informational and educational purposes only. It does not constitute investment, legal, or tax advice, or a recommended course of action in any given situation. Figures are hypothetical and for illustration only and do not represent any actual investment; returns are not guaranteed.

Program details reflect IRS Notice 2025-68, proposed regulations (REG-117270-25), and Rev. Proc. 2026-25 as of July 2026 and are subject to change as final regulations are issued. Please consult your tax professional and your Financial Designs Wealth advisor before acting.

Advisory services offered through Financial Designs Wealth, a registered investment adviser.