

BOUCHARD

FINANCIAL GROUP

Wells Fargo Advisors Financial Network

What are Trump Accounts:

On July 4, 2025, Donald Trump signed the One Big Beautiful Bill into law. This bill included 'Trump Accounts', which allows every U.S. citizen child born between January 1, 2025-December 31, 2028, to receive a one-time government contribution of \$1,000.00 into an investment account. In addition to the one-time government contribution, families, charities, or employers can contribute up to \$5,000 each year into the account. The accounts will automatically be invested into American Companies through diversified index funds. Once the child turns 18, ownership of the account will be turned over to them and will be treated like a traditional IRA, allowing for withdrawals for qualified expenses like education, first-time homebuyer or starting a business. Withdrawals may be subject to restrictions and would be taxed at ordinary income rates. To open a trump account parents can complete IRS form 4547 and file with your taxes or through the online portal, anticipated to open July 5, 2026 at trumpaccounts.gov.

It is important to compare the benefits and risks of these accounts to available alternatives like a UTMA or 529 account. With a UTMA you may have access to a broader array of investment options and the ability to contribute more year-over-year. In addition, at the age of termination, 18-21(state rule), the accounts will convert to the child's name with no restrictions on withdrawals and potentially taxed at long-term capital gains rates (more favorable than ordinary income). With a 529 plan, you have the ability to contribute more as a lump sum, through super-fundings, or year-over-year. The 529 account will grow tax deferred and if the funds are used for qualified education expenses, the distributions are tax-free. In 2022 the Secure Act 2.0 was passed into law, allowing funds in a 529 account be converted into a ROTH IRA for the beneficiary, with certain requirements.

To help determine what the best child saving tool is for you and your family please reach out to our team for an in depth, personalized comparison.

Brett Bouchard, CFP®
Vice President

- Wells Fargo Advisors Financial Network has provided this link for your convenience but does not control or endorse the website and is not responsible for the products, services, content, links, privacy policy, or security policy of the website.
- Wells Fargo Advisors Financial Network did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The opinions expressed in this report are those of the author(s) and are not necessarily those of [Wells Fargo Advisors / Wells Fargo Advisors Financial Network] or its affiliates. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.