

TRUMP ACCOUNTS

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TOPLINE: The One Big Beautiful Bill (OBBB) created tax-advantaged Trump Accounts for children under age 18. It also provided \$1,000 of seed money for the accounts of children born between January 2025 and December 2028.

BACKGROUND: Congress has created [numerous](#) "tax-advantaged" savings accounts to encourage Americans to save and invest. Workers contribute money or receive contributions from employers and use the accounts to invest while limiting double taxation. Outside such "tax-advantaged" savings accounts, the U.S. income tax system penalizes saving and investment relative to just spending money when it's earned.

Some accounts allow tax-free or deductible contributions but then are taxed on the back end upon distribution (e.g., traditional Individual Retirement Account (IRAs)). Other accounts include the tax on the front end when income is earned and contributed, but then allow tax-free distributions (e.g., Roth IRAs).

What Trump Accounts Are and How They Work:

- [Trump Accounts](#) are tax-advantaged savings accounts for children under age 18.
- The Treasury Department will provide \$1,000 "seed" contributions into Trump Accounts for children born between 2025 and 2028.
- Investments made in Trump Accounts are untaxed until the beneficiary distributes funds from the account. Investment gains are taxed upon distribution.
- Up to \$5,000 (inflation-adjusted) can be contributed into Trump Accounts each year until the child reaches age 18.
- When the beneficiary reaches age 18, the account becomes subject to the distribution rules of a traditional IRA.
- Relatives, philanthropists, and community leaders can contribute funds to one or a group of accounts (e.g., based on ZIP code).

Why It Matters?

- Michael and Susan Dell pledged [\\$6.25 billion](#) to contribute \$250 into the Trump Accounts of [25 million children](#) age 10 and under.
- Millions of children will start life as capital holders and be encouraged to learn financial literacy while seeing wealth creation work in our free enterprise system.

Where Can I Find the Changes? OBBB Section [70204](#); [26 U.S.C. § 530A](#).

BOTTOMLINE: Fiscal conservatives may bristle at Treasury's \$1,000 seed contributions, but Trump Accounts could become an important tool for financial education and allowing the older generation to give back and help young people start life on a strong financial footing.

