

# Helping Build a Financial Head Start for the Next Generation



As part of recent legislation, a new savings vehicle—commonly referred to as a **“Trump Account” (or Section 530A account)**—has been introduced to help families invest in a child’s future. While details are still evolving, here’s a clear overview of how these accounts work and what they could mean for your financial plan.

## What is a Trump Account?

A Trump Account is a **government-sponsored investment account for children**, structured similarly to an Individual Retirement Account (IRA). It is designed to help families build long-term savings for a child’s future financial needs.

Trump Accounts offer tax deferred growth on earnings and provide tax free withdrawals when distributions are qualified. Contributions may include after tax family contributions, pretax employer contributions, and a one-time \$1,000 federal contribution for eligible children born between 2025 and 2028. Under current tax law, withdrawals prior to age 59½ may result in a 10% IRS penalty tax, in addition to current income tax, and may be restricted until the child reaches age 18. Annual contribution limits and other restrictions apply. Some Trump Account rules and regulations are still forthcoming from the U.S. Treasury and IRS. Clients should consult with a qualified tax advisor or financial professional before making any decisions.

## Key Features & Benefits

### 1. Government Pilot Contribution

- Eligible children (born between **2025–2028**) may receive a **\$1,000 contribution** from the U.S. Treasury.
- This contribution is deposited directly into the account and cannot be received as cash.

### 2. Contribution Flexibility

- Annual contributions up to **\$5,000 per year** (indexed to inflation starting in 2028) Contributions are generally made with **after-tax dollars**
- Employers may contribute up to **\$2,500 pre-tax per employee**

### 3. Investment Structure

- Funds must be invested in **low-cost, U.S. equity index funds**
- Annual fees are capped at **0.10%**, helping keep costs low

## Who is Eligible?

To qualify, a child must:

- ✓ Be a **U.S. citizen**
- ✓ Have a **Social Security number**
- ✓ Be **under age 18**
- ✓ Not already have a Trump Account established under the pilot program

## How Can the Funds Be Used?

Withdrawals are not permitted until age 18. At that point, funds can be used for specific purposes, including:

- **Education expenses**
- **Starting a business**
- **First-time home purchase (down payment)**
- **Unreimbursed medical expenses**

At age 18, the account transitions into a **traditional IRA structure**.

## Important Timing Considerations

- Contributions are expected to begin **July 2026**
- Families may need to complete **IRS Form 4547** to establish eligibility and receive any pilot contributions
- Early enrollment may be available prior to full program rollout

## What Should You Do Now?

While final guidance is still being released, Trump Accounts may offer a **new way to incorporate long-term, tax-advantaged savings into your child's financial plan**.

As with any planning strategy, it's important to understand how this fits into your broader goals, including education planning, estate strategies, and multigenerational wealth planning.



## Let's Talk About What This Means for You

If you'd like to explore whether a Trump Account makes sense for your family—or how it may complement your existing plan—we're **here to help**.

**Connect with your Wealthcare advisor today** to discuss how this new opportunity could fit into your long-term strategy.

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