

SAVING FOR A MINOR? KNOW YOUR OPTIONS.

How a Trump account compares with a Roth IRA, 529, & UTMA/UGMA

Trump accounts opened for contributions on July 4, 2026. Before choosing where to save for a minor, compare these four “family favorite” accounts.

	Trump Account	Roth IRA	529 Plan	UTMA/UGMA (Custodial Account)
Who can contribute?	Individuals, charities, employers, & governments	Individuals with earned income	Individuals	Anyone (parents, grandparents, others)
Annual contribution limit:	\$5,000	Up to \$7,500 or 100% of the child's earned income for the year, whichever is less	No federal cap; plans cannot exceed state's lifetime limit; contributions follow gift-tax rules	No federal limit; gifts follow gift-tax rules
Federal seed contribution:	\$1,000 for children born Jan. 1, 2025 - Dec. 31, 2028	None	None	None
When can it be opened and funded?	Can be opened anytime before the year the child turns age 18. Can be funded anytime after opened (but not before July 4, 2026)	Any year the child has earned income	Anytime	Anytime
Withdrawal rules:	No withdrawals before the year the child turns age 18	Withdraw contributions at any time, tax-free; Withdraw earnings tax-free at age 59 1/2 and more than 5 years since first contribution	Withdraw tax-free at any time for qualified education expenses; non-qualified withdrawals are subject to taxes and penalties	Funds may be used at any time for the benefit of the child
Tax treatment of growth:	Tax-deferred	Usually tax- and penalty-free at age 59½	Tax- and penalty-free if used for qualified education expenses	Taxable account; earnings may be subject to the kiddie tax
What happens at age 18?	Control passes to the child at the state's age of majority (often 18 or 21). Account follows traditional IRA rules (including ability to do Roth conversions) as of January 1 of the year the child turns age 18.	N/A	Donor retains control; beneficiary may be changed; unused funds can be rolled over into a Roth IRA, subject to a lifetime limit of \$35,000 + other IRS rules; or use to pay down qualified student loans, up to \$10,000.	Control passes to the child at the state's age of majority (often 18 or 21); funds may then be used for any purpose
Account(s) per child:	One	No limit	No limit	No limit

Bottom line: A Trump account is built for retirement, not for savings you plan to use sooner. The money is locked until the year the child turns age 18, and pulling it before age 59 1/2 for the wrong purpose generally costs income tax plus a 10% penalty.

Questions about which account fits your family? Talk with your advisor.
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