STOCK MARKET CLASSROOM

Trump Accounts — Parent Strategy

Kitchen-table checklist · Open, fund, leave it alone · Rules as of September 2026

What it is

A Trump Account is a traditional IRA for a child under IRC §530A. The child owns it. An adult is the responsible party until age 18. Funding opened July 4, 2026. During childhood: no job required, $5,000 yearly cap, cheap U.S. index funds only, withdrawals generally blocked.

$5,000	$1,000	$2,500	Age 18
Yearly cap	Treasury seed (if elected)	Employer piece (inside cap)	Growth period ends

Who qualifies

Child under 18 at year-end of the election year. Valid SSN already issued. One account per child. Filer order: legal guardian, then parent, then adult sibling, then grandparent.

Who gets the $1,000 seed

U.S. citizen children born January 1, 2025 through December 31, 2028. You must elect it on **Form 4547** (Part III, line 7). Not automatic. Does not count against the $5,000 yearly cap.

Classroom rule. Match your own 401(k) first. This account is extra for kids who qualify. College money still belongs in a 529. Do not skip the match to max the kids' accounts.

Form 4547 — six steps

1. Confirm the child's SSN (issued before you file; name must match the card).

2. Set up ID.me and an IRS Online Account (20–40 minutes the first time).

3. File Form 4547 at TrumpAccounts.gov or inside your IRS account (paper works too).

4. Elect the $1,000 seed if eligible — opening and claiming are two different checks.

5. Activate in the Trump Accounts app when Treasury emails you (required before deposits post).

6. Contribute up to the $5,000 combined cap; ask HR about up to $2,500 employer money inside that cap.

Grow the money (SPYM default)

Default: State Street SPDR Portfolio S&P 500 ETF (**SPYM**). Later menu: IVV, VTI, SPTM, ITOT. Cheap U.S. index only — ≥90% U.S., fees under 0.1%, no leverage. **Not cash. Not covered-call ETFs.**

Yearly cap — what counts

Source	Counts?	Notes
Family, friends, child	Yes	After-tax; inside $5,000
Employer (§128)	Yes	Up to $2,500 inside same $5,000

Treasury $1,000 seed	No	One-time; Form 4547 election
Qualified general / rollovers	No	Confirm on IRS.gov

Withdrawals

Generally blocked before age 18. After 18 = traditional IRA rules. Child controls. Earnings taxed on withdrawal. 10% penalty before 59½ unless an IRS exception applies. This is not a college-spend account during childhood.

Do not — parent warnings

- Do not believe "every American child gets $1,000." Birth years + Form 4547 election matter.
- Do not plan to use the money right away for school or a house. Blocked before 18.
- Do not treat this as a 529 replacement.
- Do not treat "$13 million by 55" as a promise. Classroom tables are rulers, not forecasts.
- Do not use a covered-call ETF as the growth engine.
- Do not skip your 401(k) match to max the kids' accounts first.

Money path (match first)

1. Your 401(k) match.

2. Your Roth IRA, if you qualify.

3. High-interest debt.

4. Child's Trump Account seed, if eligible — it is free.

5. A 529 if college is the plan.

6. Then extra Trump Account contributions, if cash is truly extra.

Official links

- **Official portal and app:** https://trumpaccounts.gov/
- **IRS Trump Accounts hub:** https://www.irs.gov/trumpaccounts
- **Account support:** https://trumpaccount.com/us/en/support/
- **IRS Form 4547:** https://www.irs.gov/forms-pubs/about-form-4547
- **State Street / SPYM:** https://www.statestreet.com/us/en/insights/trump-accounts
- **Taylor House:** https://taylor.house.gov/services/trump-accounts
- **Wells Fargo explainer:** https://www.wellsfargo.com/financial-goals/trump-accounts/
- **Classroom lesson page:** https://stockmarketclassroom.com/trump-accounts/