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TRUMP ACCOUNTS INFORMATION AND MORE

The One Big Beautiful Bill Act (OBBBA) included the creation of a new form of tax-advantaged individual retirement account (IRA) for minors, called “Trump Accounts,” that will become available on July 5, 2026.

How does one open a Trump account?

1. Creating the account: An “authorized individual” must elect to open a Trump account for a qualifying beneficiary by either:
 - a. Filing IRS Form 4547 with your 2025 federal income tax return or separately, or
 - b. Requesting online at trumpaccounts.gov
2. Authorized individual: The definition of authorized individual is different depending on the following:
 - a. If the election is being filed to open the Trump account only, an authorized individual must be the beneficiary’s:
 - i. Legal guardian,
 - ii. Parent,
 - iii. Adult sibling, or
 - iv. Grandparent of the beneficiaryThe order of the above is important, as the request must be filed by the title that is of listed highest if multiple people qualify. For example, a grandparent can’t file Form 4547 for a beneficiary unless the beneficiary doesn’t have a legal guardian, parent, nor adult sibling who can make the election.
 - b. If the election is being filed to both open the Trump account and request a pilot program contribution (more later), an authorized individual must be an individual who anticipates that the beneficiary will be his or her qualifying child for tax purposes for the tax year of the election. For elections filed with 2025 tax returns, the authorized individual must be a person who anticipates the beneficiary will be their qualifying child for tax year 2026.
3. Eligible beneficiaries: Trump accounts can only be created for eligible account beneficiaries. In order to qualify the beneficiary must meet all of the following requirements:
 - a. Will be under 18 as of December 31 of the year the election is filed. For elections made in 2026, the beneficiary must have been born after December 31, 2008.
 - b. Has a Social Security Number valid for employment issued to them prior to the election’s filing.
 - c. Has not had a Trump account election filed on their behalf before.
4. Activation: After the election is made, the Treasury Department, or its agent, will send information to the authorized individual who made the election to activate the account. This process will require an authentication process. This information will be sent starting in May 2026.

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5. Responsible party: The authorized individual will be the initial responsible party for the Trump account while the beneficiary is a minor. They will be authorized to do the following:
 - a. Select among eligible investments,
 - b. Request a transfer for a qualified rollover contribution to a rollover Trump account,
 - c. Request a transfer for a qualified ABLE rollover contribution to an ABLE account of the beneficiary at age 17, or
 - d. Select someone to take over their responsibilities as the responsible party (a successor responsible party for the account).
6. Growth period: The period from the account's creation until December 31st of the year before the beneficiary turns 18 is called the growth period in regulations for these accounts. During the growth period the account can receive contributions and be rolled over into subsequent Trump accounts for the beneficiary as long as the rollover account is funded by qualified rollover contribution. Qualified rollover contributions must be:
 - a. A trustee-to-trusted transfer (no distributions are allowed)
 - b. For the full account balance of the child's existing Trump account (beneficiary can't have two simultaneous accounts with balances).
7. Contributions: During the growth period, there are five types of contributions that can be made:
 - a. Pilot program contributions (more on these later);
 - b. Qualified general contributions funded by governmental entities within the U.S. (states (or political subdivisions thereof), counties, cities, Indian tribal governments, or section 501(c)(3) tax-exempt organizations for members) for members of a qualified class of account beneficiaries;
 - c. Qualified rollover contributions;
 - d. Employer contributions that are not includible in the gross income of the employee under section 128;
 - e. Contributions from other sources including the child themselves, family members, and others.

Contributions cannot be made to a Trump account before July 4, 2026.

Contributions made during the growth period are not includible in income by the account beneficiary when made.

8. Basis: Basis is the amount of after-tax money contributed to the account described in #7e above. Contributions made under #7a-#7d do not create nor increase basis. Qualified rollover contributions carry over the prior basis in the original account to the new account. Basis will be used to determine taxable portion of future distributions in the same way this calculation is performed for Traditional IRAs.
9. Limit on Contributions: Contributions from items #7a-#7c above are not subject to limits. The total of contributions made to an account under #7d and #7e can't exceed an annual limit of \$5,000 (subject to cost-of-living adjustments after 2027). For example, if an

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employer of a parent/guardian contributes \$1,000 to a child's beneficiary, all contributions from family and others must not exceed the remaining \$4,000 available.

10. Pilot Program Contributions Election: An authorized individual can make an election for the Treasury Department to make a contribution of \$1,000 for a beneficiary who meets all of the following:
- a. Anticipated to be the qualified child of the authorized individual for the tax year in which the election is filed (see #2b above);
 - b. Born after December 31, 2024, and before January 1, 2029
 - c. Has not had a prior pilot program contribution election processed for them;
 - d. Is a U.S. citizen; and
 - e. Has a Social Security Number valid for employment at the time of election.

For now, this election must be made on Form 4547. There may or may not be an ability to make this election online at trumpaccounts.gov beginning in the middle of 2026.

11. Employer Contributions (Section 128): A section 128 employer contribution to a Trump account can be made to the employee's Trump account (if the employee is a minor with a Trump account) or a Trump account of a dependent of the employee. During the growth period, section 128 employer contributions are subject to a \$2,500 limit (subject to cost-of-living adjustments after 2027).
12. Eligible Investments: During the growth period, a Trump account can only be invested in eligible investments. An eligible investment, generally, is a mutual fund or an exchange traded fund (ETF) that tracks an index of primarily U.S. companies and meets certain other requirements.
13. Distributions during Growth Period: During the growth period, the only distributions that can be made from a Trump account are:
- a. Qualified rollover contributions to a rollover Trump account for the beneficiary,
 - b. Qualified ABLE rollover contributions at age 17 to an ABLE account of the beneficiary,
 - c. Distributions of excess contributions, and
 - d. Distributions upon death of the account beneficiary
14. After the Growth Period: On January 1st of the year the child turns 18 full legal control transfers from the previous responsible party to the beneficiary. The beneficiary can withdraw funds for any purposes without consent of prior responsible party, family, etc.
15. Distributions after Growth Period: After the growth period (starting January 1st of the year in which the child turns 18), most of the rules that apply to traditional IRAs will generally apply to the Trump account including:
- a. Taxation on Distributions: Distributions are first split into the following categories:
 - i. Nontaxable distributions portion: This is treated as a return of a portion of the account's basis (see #8 above).

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- ii. Taxable distributions portion: This portion is subject to ordinary income tax on the beneficiary's return. If the account has no basis, all distributions are taxable distributions.
 - b. 10% Early withdrawal penalty: A 10% early withdrawal penalty generally applies to non-qualified distributions before the beneficiary reaches age 59 ½, but limited exceptions apply for:
 - i. Higher education expenses,
 - ii. First-time home purchases,
 - iii. Expenses related to the birth or adoption of a child,
 - iv. Certain expenses related to a small business for which the beneficiary has a small business loan, small farm loan, or similar loan,
 - v. Distributions due to the beneficiary becoming totally and permanently disabled,
 - vi. Qualified medical expenses that exceed a certain percentage of the beneficiary's gross income,
 - vii. Terminal illness or death of the beneficiary,
 - viii. Distributions for the recovery from a federally declared disaster,
 - ix. Distributions due to domestic abuse.
16. How should I view the Trump accounts compared to other options available to invest for a beneficiary's future?

There are numerous other options available including a Custodial Roth IRA, 529 College Savings Plan, Uniform Gifts to Minors Act (UGMA)/(Uniform Transfers to Minors Act (UTMA) accounts, etc. These and the Trump accounts have varied restrictions and benefits. For examples:

- a. Custodial Roth IRAs: Contributions to require the minor beneficiary have earned income. These offer tax-free withdrawals when certain requirements are met where Trump account distribution of earnings are taxable. Contributions can be withdrawn at any time, tax and penalty free, which allows for greater flexibility than Trump account growth period withdrawals.
- b. 529 Plans: Offers tax-free distribution of earnings for qualified education expenses. Contributions may be eligible for state tax benefits. These are the preferred choice for education-specific savings.
- c. UTMA/UGMA Accounts: These offer flexible ways to save and invest on behalf of a beneficiary. Funds must be used for the beneficiary's benefit. No annual contribution limits (gift tax rules apply). Unlike the above accounts, growth is not tax deferred. Growth is taxable annually and subject to kiddie tax rules.
- d. Legal control shifting too early may be a concern The Trump accounts are designed to legally shift to the full legal control of the beneficiary on January 1st of the year they turn 18. In comparison:

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- i. Custodial IRAs transfer at the age of majority for the state where the account was opened. In Arizona, these accounts don't transfer to the beneficiary until they reach age 21.
- ii. 529 plans remain in the control of the account owner indefinitely.

For a more detailed analysis based on your specific goals and concerns, we suggest scheduling a consultation with your CPA and/or a trusted financial advisor.

If you would like for us to prepare Form 4547 to be filed with your federal income tax return, please provide the following information:

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Trump Account Organizer:

1. Who will sign the form under penalty of perjury to authorize the opening of the account once it has been completed? The first name of authorized individual is all we need. We will already have the rest of the information for you. If multiple people qualify, see #2a above for a priority ranking of who is the authorized individual. If multiple people in the same category qualify (parents, etc.) we suggest you choose the one that is best able to come to the office to sign it upon completion of your returns:

2. Beneficiary child information: If the child, or children if you would like to open Trump accounts for more than one, is going to be claimed as a dependent on your return all we will need is their first name.

a. First name of child beneficiary #1: _____

b. First name of child beneficiary #2: _____

c. First name of child beneficiary #3: _____

d. First name of child beneficiary #4: _____

e. First name of child beneficiary #5: _____

3. Do you wish to make the additional election to request the Treasury Department to make the \$1,000 Pilot Program Contribution all children listed above who were born in 2025-2028?

Circle one:

Yes or No or N/A

****If you circled "Yes" or "N/A" stop here****

*Only if you DO NOT want the \$1,000 Pilot Program Contribution

Above: Please confirm you wish only to open the Trump accounts (to not elect the Pilot Program Contribution) for all eligible children by initialing here: _____

4. If you wish to elect to only have some of the qualifying beneficiaries receive \$1,000 Pilot Program Contributions and others not receive them, please provide detailed instructions below.

