Advisor Article

An Overview of 530 Savings Account Plans

Initial Version November 2026

Raymond Eustace
ray@eustaceadvisors.com
910-377-5021 office

www.eustaceadvisors.com

NADAJE HOLDINGS LLC dba EUSTACE ADVISORS is an Investment Advisor offering services in North Carolina and in other jurisdictions where exempt from registration. All views, expressions, and opinions included in this communication are subject to change. The content included has been developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice - please consult legal or tax professionals for specific information regarding your individual situation.

© 2026 EUSTACE ADVISORS

Introduction

Section 530A accounts, commonly referred to as Trump Accounts, are a new type of tax-advantaged investment account created under the One Big Beautiful Bill Act of 2025. These accounts are designed to help American families build long-term wealth for children by providing an opportunity to invest early in a child's life and benefit from decades of potential investment growth.

Unlike 529 plans, which are specifically designed to fund education expenses, Trump Accounts are structured as a special type of traditional Individual Retirement Account (IRA). Their primary purpose is to encourage long-term investing and provide children with a financial foundation as they transition into adulthood.

The accounts offer several unique features, including a potential $1,000 federal government contribution for eligible children born between 2025 and 2028, additional contributions from parents and other family members, and favorable tax treatment during the accumulation period.

Understanding the contribution limits, tax treatment, funding opportunities, beneficiary requirements, investment restrictions, and distribution guidelines is important for families considering these accounts as part of their overall financial and estate planning strategies.

Eligibility and Account Establishment

Trump Accounts are designed for children who have not reached age 18 before the end of the calendar year in which the account is established, provided they have a valid Social Security number.

An account is established for the exclusive benefit of the eligible child. A parent, guardian, or other authorized individual generally serves as the responsible party and manages the account while the child is a minor.

The account belongs to the child, not the parent or guardian. This is an important distinction because the adult managing the account does not have the same ownership rights or flexibility available with a 529 plan.

The $1,000 federal government contribution

A notable feature of the 530 account is the federal government's one-time $1,000 contribution for eligible children.

To qualify for this contribution, a child generally must:

- Be a U.S. citizen.
- Have been born between January 1, 2025, and December 31, 2028.
- Have a valid Social Security number.
- Meet the applicable election and eligibility requirements.

The contribution is part of a federal pilot program intended to encourage early savings and investment for children. It does not count toward the annual contribution limit discussed below.

© 2026 EUSTACE ADVISORS

Contribution Limits and Funding Rules

Trump Accounts allow contributions from several sources, including parents, grandparents, relatives, friends, employers, nonprofit organizations, and government entities.

There are two distinct periods defined for 530 account: the growth period and the accumulation period.

Growth period: period through Dec 31st of the year prior to the child turning 18.

Accumulation period: period after the growth stage.

Unlike traditional IRAs, contributions can be made during the child's growth period even if the child has no earned income.

Annual contribution limit. During the growth period, the aggregate annual contribution limit is generally $5,000 per child. This limit applies to contributions from individuals and most other sources, including qualifying employer contributions. Beginning in 2028, the $5,000 limit will be subject to annual cost-of-living adjustments.

Certain contributions are excluded from the $5,000 limit:

- The $1,000 federal pilot program contribution for eligible children.
- Qualified general contributions made through the Treasury Department by eligible governments and nonprofit organizations.
- Qualified rollover contributions between Trump Accounts belonging to the same beneficiary.

Employer contributions. Employers may contribute to a Trump Account established for an employee or the employee's dependent. Under Section 128, employer contributions of up to $2,500 annually may be excluded from the employee's taxable income. This amount is subject to cost-of-living adjustments after 2027.

Importantly, employer contributions count toward the $5,000 annual contribution limit.

No federal income tax deduction. Contributions made by parents, grandparents, and other individuals are not deductible for federal income tax purposes. These contributions are made with after-tax dollars and fall within the guidelines of annual gift tax exclusions.

Tax Treatment of Trump Accounts

Trump Accounts offer tax-deferred investment growth, similar to traditional IRAs.

Tax-deferred growth. Investment earnings are not generally subject to annual federal income taxation while they remain in the account. Dividends, interest, and capital appreciation can accumulate without current taxation.

Tax treatment of contributions. The tax treatment of contributions differs depending on their source. For example, personal contributions generally establish tax basis in the account, meaning those contributions have already been made with after-tax dollars. By contrast, the federal pilot contribution and qualifying employer contributions do not create tax basis.

Taxation upon distribution. Once the child reaches the applicable distribution age, withdrawals generally follow traditional IRA tax rules. The taxable portion of a distribution is generally subject to ordinary income tax, with the account's tax basis taken into consideration under applicable IRA distribution rules.

© 2026 EUSTACE ADVISORS

This means Trump Accounts are not entirely tax-free investment accounts. Rather, they provide tax-deferred growth, with taxation generally occurring when funds are distributed. Families should recognize this distinction when comparing Trump Accounts with Roth IRAs and 529 plans, which have different tax structures and withdrawal requirements.

Funding Strategies and Investment Considerations

Because Trump Accounts are designed to encourage long-term investing, the timing and consistency of contributions can have a meaningful impact on the account's eventual value.

Several funding strategies may help families maximize the benefits.

Start investing as early as possible. One of the greatest advantages of these accounts is the opportunity to invest during childhood. Beginning contributions at birth or shortly thereafter provides many years for potential compounding growth. For example, an account receiving an initial $1,000 government contribution and additional annual family contributions could accumulate a meaningful balance by the time the child reaches adulthood. Actual results will depend on contribution amounts, investment performance, fees, and market conditions.

Establish automatic contributions. Parents and grandparents can establish recurring contributions to help fund the account throughout the year. Rather than making one large contribution, families may find it easier to contribute smaller amounts monthly or quarterly.

Coordinate family contributions. Grandparents and other relatives can contribute toward a child's future financial security. Families should coordinate contributions to ensure the combined total does not exceed the applicable $5,000 annual limit.

Take advantage of employer contributions. Families should determine whether an employer offers a Trump Account contribution benefit. An employer contribution may provide an additional funding source while potentially allowing the employee to exclude the contribution from taxable income.

Understand investment restrictions. Trump Accounts have specific investment requirements during the growth period. Generally, investments must be mutual funds or exchange-traded funds (ETFs) that:

- Track a broad index of primarily U.S. equities.
- Do not use leverage.
- Have annual fees and expenses no greater than 0.1% of the investment balance.
- Meet other applicable Treasury Department requirements.

These restrictions are intended to encourage diversified, low-cost investing rather than speculative investment strategies. Unlike a 529 plan, which may offer a variety of age-based portfolios and investment selections, Trump Accounts have more restrictive investment options during childhood.

Families should also remember that investments in these accounts are subject to market risk. Although a long investment horizon may provide an opportunity for growth, there is no guarantee of investment returns.

© 2026 EUSTACE ADVISORS

Beneficiary Rules and Account Ownership

Trump Accounts differ significantly from 529 plans regarding ownership and beneficiary flexibility.

The child is the account beneficiary and owner. The account is established for the exclusive benefit of the eligible child, and a parent or guardian serves as the responsible party and manages the account during the child's minority. This means parents cannot simply withdraw the funds for their own benefit or redirect the account to another child if the original beneficiary does not need the money.

Beneficiary changes are generally not permitted. Unlike 529 plans, which allow account owners to change beneficiaries to eligible family members, Trump Accounts are intended to remain dedicated to the original child. Qualified rollovers generally must be made to another Trump Account for the same beneficiary. This is an important consideration for families with multiple children. Each child who qualifies and is intended to receive these savings should have a separate account.

Transfer to an ABLE account. Another important provision allows the entire balance of a Trump Account to be transferred directly to an ABLE account for the same beneficiary during the calendar year in which the beneficiary turns 17, provided the applicable requirements are satisfied. This provision may be particularly useful for eligible individuals with disabilities who could benefit from an ABLE account as they transition into adulthood.

Account management at age 18. Once the beneficiary reaches the applicable age, the special childhood rules generally end, and the account becomes subject primarily to traditional IRA rules. The young adult then assumes control of the account and responsibility for investment and distribution decisions.

Distribution Guidelines and Withdrawal Rules

One of the most important differences between Trump Accounts and other savings vehicles is the restriction on distributions during childhood.

No distributions before age 18. Generally, withdrawals cannot be made during the growth period, which ends on December 31 of the calendar year in which the beneficiary turns 17.

There are limited exceptions, including:

- Qualified rollovers to another Trump Account for the same beneficiary.
- A qualifying transfer to the beneficiary's ABLE account during the year the beneficiary turns 17.
- Certain distributions of excess contributions.
- Distributions resulting from the death of the beneficiary.

This means families should not view Trump Accounts as a source of funds for routine childhood expenses, private school tuition, or college expenses before the child reaches the applicable distribution age.

Distributions after age 18. Beginning January 1 of the calendar year in which the beneficiary turns 18, most of the special Trump Account restrictions no longer apply. The account generally becomes subject to traditional IRA distribution rules. Under those rules,

© 2026 EUSTACE ADVISORS

distributions before age 59½ may be subject to ordinary income taxes and a 10% additional federal tax unless an exception applies.

Certain exceptions to the 10% additional tax may be particularly relevant for young adults:

- Higher education expenses: Qualifying higher education expenses may qualify for an exception to the 10% early distribution penalty. However, the taxable portion of the withdrawal generally remains subject to ordinary income tax.
- First-time home purchase: Up to $10,000 of qualifying distributions may qualify for an exception to the 10% additional tax for a first-time home purchase, subject to applicable requirements.
- Disability: Certain distributions may qualify for an exception if the beneficiary meets the applicable disability requirements.
- Other statutory exceptions: Additional exceptions may apply depending on the circumstances.

It is important to understand that an exception to the 10% additional tax does not necessarily make a distribution income-tax-free.

Required minimum distributions. Once the account is subject to traditional IRA rules, required minimum distribution (RMD) requirements generally apply. Under current law, the applicable starting age is 75 for individuals born in 1960 or later. Consequently, a young adult who leaves the account invested for the long term may benefit from decades of tax-deferred growth before required distributions begin.

Summary

Section 530A accounts represent a new opportunity for families to establish long-term investment savings for children. By combining an initial government contribution for eligible children with the ability to receive additional contributions from family members and employers, these accounts provide a mechanism for building wealth early in life.

Their tax-deferred growth, relatively low-cost investment requirements, and long-term investment horizon may make them a valuable addition to a family's financial planning strategy.

However, Trump Accounts should not be viewed as a replacement for 529 plans, Roth IRAs, or other traditional savings vehicles. Each serves a different purpose:

- 529 plans are designed primarily to fund education expenses and provide tax-free withdrawals for qualified expenses.
- Trump Accounts are designed to provide children with a long-term investment account that generally becomes accessible when they reach adulthood.
- Roth IRAs provide tax-free qualified retirement distributions but generally require the account holder to have earned income to make contributions.

Families should consider how these accounts fit into their broader financial goals, particularly when balancing education savings, retirement planning, and wealth transfers to children and grandchildren.

© 2026 EUSTACE ADVISORS

Key Planning Considerations for Establishing 530 Accounts

530 accounts are new and the rules and guidelines for these accounts continue to be defined and documented. It will be important for families to closely monitor adjustments to the rules guiding these accounts over time and make adjustments as appropriate.

Planning area	Important consideration
Eligibility	Confirm the child's age and Social Security number requirements.
Government contribution	Determine whether the child qualifies for the $1,000 pilot contribution.
Annual funding	Coordinate contributions to remain within the $5,000 annual limit.
Employer benefits	Determine whether employer contributions are available.
Investment selection	Review eligible investments, diversification, and fees.
Ownership	Remember that the account belongs to the child, not the parent.
Education planning	Evaluate alongside existing 529 plans and other education savings.
Long-term planning	Understand the tax consequences of distributions after age 18, and the potential advantage of Roth Conversions early in the child's working years.

Resources

The following government resources provide additional information about Section 530A accounts:

1. IRS – Internal Revenue Bulletin 2026-44: Trump Account Regulations. Provides temporary regulations and guidance on account establishment, contributions, and administration.
2. IRS – Instructions for Form 4547. Explains eligibility, contribution limits, and tax treatment.
3. Internal Revenue Code Section 530A – Trump Accounts. Provides the statutory requirements governing these accounts.
4. SEC Investor.gov – Trump Accounts. Provides an overview of account ownership, investment restrictions, and eligibility.

Important planning note: Trump Accounts are a relatively new financial planning vehicle, and implementation guidance is continuing to develop. Families should consult with their financial and tax advisors before establishing accounts or making significant funding decisions.

**This content was developed from sources believed to be providing accurate information. The information provided is not intended as tax or legal advice, and readers are encouraged to seek advice from their own tax or legal counsel. Neither the information presented, nor any opinion expressed, constitutes a representation by us of a specific investment or the purchase or sale of any securities. Asset allocation and diversification do not ensure a profit or protect against loss in declining markets. This material was developed and produced by Eustace Advisors to provide information on a topic that may be of interest. Copyright 2026 Eustace Advisors.*

© 2026 EUSTACE ADVISORS