

MEMORANDUM – TRUMP ACCOUNTS – PARTS 1 and 2

Part 1

DATE: February 6, 2026

I. INTRODUCTION

This memorandum provides a comprehensive overview of the Trump Account, a new tax-advantaged investment account for children, and addresses the recent high-profile contribution by Dell, as well as the broader framework for business and organizational support of these accounts. The memo is intended to inform clients and advisors about the structure, eligibility, contribution rules, investment restrictions, tax treatment, and the role of private and corporate philanthropy in the Trump Account program.

II. TRUMP ACCOUNT OVERVIEW

A. Eligibility and Establishment

- Any child under age 18 with a valid Social Security number is eligible for a Trump Account.
- Accounts may be established by a parent, guardian, or other authorized individual, or automatically by the Treasury if not otherwise opened.
- The election to open an account is made by filing IRS Form 4547 or through an online portal.
- No contributions may be made before July 4, 2026.

B. Contributions

1. Government Seed Contribution

- For children born between January 1, 2025, and December 31, 2028, the federal government will make a one-time \$1,000 contribution, provided the account is opened and the child has a valid Social Security number.

2. Qualified General Contributions

- State, local, or tribal governments, and charitable organizations (e.g., 501(c)(3) organizations), may make contributions to a “qualified class” of beneficiaries (e.g., all children in a geographic area or birth cohort).
- These contributions are not subject to the annual \$5,000 per-account limit and are not treated as basis in the account for tax purposes.

3. Employer Contributions

- Employers may contribute up to \$2,500 per year per employee (for the employee or their dependent) under a Trump Account contribution program.
- These contributions are excluded from the employee's gross income and count toward the \$5,000 annual limit.

4. Other Contributions

- Parents, family, friends, or the child may contribute up to \$5,000 per year (aggregate, excluding exempt contributions) until the child turns 18. This limit is indexed for inflation after 2027.
- No deduction is allowed for contributions made before the beneficiary turns 18.

5. Qualified Rollover Contributions

- Trump Accounts may be rolled over to another Trump Account for the same beneficiary, or, in the year the beneficiary turns 17, to an ABLÉ account (for individuals with disabilities).

C. Investment Rules

- During the "growth period" (before age 18), funds must be invested in low-cost mutual funds or ETFs tracking broad U.S. equity indexes (e.g., S&P 500), with strict limits on fees and no leverage.
- No other investments (individual stocks, bonds, cash, etc.) are permitted during this period.

D. Distribution Restrictions

- No distributions are allowed before the beneficiary turns 18, except for rollovers to another Trump Account or an ABLÉ account, distributions of excess contributions, or upon the beneficiary's death.
- If the beneficiary dies before age 18, the account value is included in the recipient's or estate's income.

E. Tax Treatment

- Contributions are not deductible, but earnings grow tax-deferred.

- After the beneficiary turns 18, the account is treated as a traditional IRA for tax purposes. Distributions are generally taxable as ordinary income, except to the extent of basis (after-tax contributions).
- Early withdrawal penalties may apply, similar to traditional IRAs.

F. Reporting and Administration

- Trustees must be banks or IRS-approved nonbank trustees.
- The responsible party (parent, guardian, etc.) manages the account until the beneficiary turns 18.
- Trustees are required to report contributions, distributions, and account value to the IRS and the beneficiary.

G. Rollover and Coordination Rules

- In the year the beneficiary turns 17, the account can be rolled over to an ABLE account tax-free.
- After age 18, the account may be rolled over to a traditional IRA for the beneficiary, but not to a Roth IRA or employer plan.

H. Policy Goals

- The Trump Account is intended to expand asset ownership, promote financial literacy, and encourage long-term savings for all American children.

III. DELL CONTRIBUTIONS AND BUSINESS SUPPORT

A. Dell's Qualified General Contribution

- Michael and Susan Dell have pledged \$6.25 billion to benefit children eligible for Trump Accounts.
- This donation is expected to provide an additional \$250 to each account for eligible children, supplementing the government's initial \$1,000 pilot program contribution.
- The Dell contribution is structured as a "qualified general contribution," which does not count toward the annual \$5,000 per-account contribution limit and is not treated as basis in the account for tax purposes.

B. Permissibility of Other Business Contributions

1. Qualified General Contributions

- Other businesses, corporations, and qualified organizations (such as 501(c)(3) charities) may make qualified general contributions to Trump Accounts, provided they meet the statutory requirements.
- These contributions can be directed to a “qualified class” of beneficiaries and are not subject to the annual per-account limit.

2. Employer Contributions

- Employers may establish a Trump Account contribution program and contribute up to \$2,500 per year per employee (for the employee or their dependents).
- These contributions are excluded from the employee’s gross income and must comply with nondiscrimination and other plan requirements similar to those for dependent care assistance programs.

3. Other Contributions

- Businesses or organizations that do not meet the criteria for qualified general contributions or employer contributions may still contribute, but such contributions are subject to the \$5,000 per-account annual limit and are not deductible by the contributor.

C. Summary of Key Points

- Dell’s \$6.25 billion pledge is a qualified general contribution, providing \$250 per eligible account, and is not unique—other businesses and organizations may also make similar contributions.
- Businesses may contribute to Trump Accounts either as qualified general contributions (if they are eligible organizations, such as 501(c)(3) charities) or as employer contributions under a Trump Account contribution program.
- Employer contributions are subject to a \$2,500 annual limit per employee and must comply with specific plan requirements.
- All contributions must comply with the rules set forth in section 530A and related IRS guidance, including investment restrictions and reporting requirements.
- Contributions from businesses or organizations that do not meet the criteria for qualified general contributions or employer contributions may still be permitted, but would be subject to the annual \$5,000 per-account limit and are not deductible by the contributor.

IV. CONCLUSION

The Trump Account program is designed to promote universal asset ownership and financial literacy among American children. The program is open to significant philanthropic and business support, as demonstrated by the Dell contribution, and provides multiple avenues for businesses and organizations to participate, either as qualified general contributors or as employers. All contributions must adhere to statutory and regulatory requirements, and the program's structure ensures broad-based, long-term investment in U.S. equity markets for the benefit of future generations.

For further details on the mechanics of making such contributions or the tax treatment for donors, additional IRS guidance and statutory provisions should be consulted.

RE: Eligibility for Trump Accounts and Government Seed Contribution

Part 2

I. INTRODUCTION

This memorandum clarifies the eligibility requirements for establishing a Trump Account for children and distinguishes these requirements from those applicable to the \$1,000 government seed contribution (the pilot program contribution). The distinction is important for advisors and clients seeking to understand who may open a Trump Account and which children are eligible for the initial government-funded deposit.

II. GENERAL ELIGIBILITY TO OPEN A TRUMP ACCOUNT

A Trump Account may be established for any child who meets the following criteria:

- The child has not attained age 18 before the close of the calendar year in which the election to establish the account is made.
- The child has a valid Social Security number issued before the date of the election.
- An election to establish the account is made by an authorized individual (such as a parent or guardian) or by the Secretary of the Treasury if no account has otherwise been established.

There are no restrictions based on the child's year of birth, citizenship status, or family income for the general establishment of a Trump Account. The only requirements are age (under 18 at the time of account creation) and possession of a valid Social Security number. The account must be established before the child turns 18.

III. ELIGIBILITY FOR THE GOVERNMENT SEED CONTRIBUTION (\$1,000 PILOT PROGRAM CONTRIBUTION)

The \$1,000 government seed contribution is subject to more restrictive eligibility criteria:

- The child must be a U.S. citizen.
- The child must be born between January 1, 2025, and December 31, 2028.
- The child must have a valid Social Security number issued before the date of the election.
- The child must be a qualifying child (as defined in section 152(c)) of the individual making the election.
- No prior election for the pilot program contribution may have been made for the child.

Only children who satisfy all of these requirements are eligible for the \$1,000 government seed contribution. The contribution is a one-time deposit and is not available to children born outside the specified four-year window.

IV. PRACTICAL APPLICATION

- Any child under age 18 with a valid Social Security number can have a Trump Account established for their benefit, regardless of year of birth or citizenship status.
- The \$1,000 government seed contribution is only available to children who are U.S. citizens, born between January 1, 2025, and December 31, 2028, and who meet the additional requirements outlined above.
- Children born before 2025 or after 2028 may still have a Trump Account, but will not receive the government seed contribution.

V. SUMMARY TABLE

Eligibility Requirement	Trump Account (General)	\$1,000 Government Seed Contribution
Age	Under 18	Under 18
Valid Social Security Number	Required	Required

Eligibility Requirement	Trump Account (General)	\$1,000 Government Seed Contribution
U.S. Citizenship	Not required	Required
Year of Birth	Any	2025–2028 only
Qualifying Child Status	Not required	Required
Prior Pilot Program Election	Not relevant	None allowed

VI. CONCLUSION

The Trump Account program is broadly accessible to all children under age 18 with a valid Social Security number. However, the \$1,000 government seed contribution is limited to U.S. citizen children born between January 1, 2025, and December 31, 2028, who meet the additional statutory requirements. Advisors and clients should be aware of this distinction when planning for account establishment and potential funding.