

Your child's first investment account: claim it, add to it when you can, and give it time.

If your child is under 18 and has a Social Security number, the federal government has likely already opened an investment account in their name. It's called a Trump Account. Here's what it is, how to claim the money in it, and how to help it grow until your child turns 18.

Think of it like planting a tree. You plant it once: claim the account. Watering helps it grow: money your family adds, in any amount. The biggest risk is digging it up in a bad year to check on it.

General education, not financial, tax, or legal advice. These accounts are new, and the rules are still changing. Check trumpaccounts.gov, irs.gov, and ftb.ca.gov before you act. Facts checked October 21, 2026.

What it is

- **An investment account, not a savings account.** By law, the money goes into low-cost funds that each own small pieces of hundreds of U.S. companies. Fees are capped at 0.10% a year: no more than \$1 a year for every \$1,000. Right now every account starts in a fund that follows about 500 large U.S. companies (an S&P 500 index fund).
- **Locked until 18.** Nobody can take money out before January 1 of the year your child turns 18.
- **You're in charge until then.** The parent or guardian who claims it manages it.
- **No cost to open,** according to the U.S. Treasury.
- **It moves with the market.** It can go down in any given year. It's built for a long wait.

Step 1: Plant it

Claim the account (and the \$1,000)

On October 1, 2026, Treasury opened accounts automatically for eligible children. An unclaimed account can't receive money from you or your family, and the \$1,000 needs a request from you.

1. **Download the official Trump Accounts app.** Use the link at trumpaccounts.gov so you get the real one.
2. **Create your login.** The app asks for your email, cell number, legal name, date of birth, and Social Security number or ITIN (a taxpayer ID for people who can't get a Social Security number). Use a strong password you don't use anywhere else, and save it somewhere safe: this login controls your child's account.
3. **Claim the account.** Have your child's Social Security number ready. You'll confirm your identity and your relationship to your child, accept the terms, and activate the account.
4. **Born 2025 through 2028?** Request the one-time \$1,000 deposit while you claim. Your child needs to be a U.S. citizen with a Social Security number, and is usually a child who lives with you. One \$1,000 per child.
5. **Already filed IRS Form 4547 (the Trump Account form) with your taxes?** Open the app anyway and check that the account is activated and the \$1,000 shows up or is pending.

Timing: under proposed rules, you can request the \$1,000 until December 31 of the year your child turns 17. Money that arrives sooner has more years to grow. Some children also qualify for a \$250 private gift. Check the app.

Step 2: Water it

Adding money

Extra money is welcome, and it helps. Like watering a tree, small amounts added steadily over 18 years can grow into real money.

- **You, relatives, and friends** can add up to \$5,000 a year in total.
- **Employers** can add up to \$2,500 a year per employee, tax-free to you, and it counts toward the \$5,000. Some employers have committed to contributing. Ask your HR department.
- **Government and charity deposits** (like the \$1,000) don't count toward the limit.

How it's taxed: what your family adds has already been taxed, so there's no deduction now, and it comes back without tax later. The growth, the \$1,000, charity money, and employer money are taxed when they're withdrawn.

Emergency money first. Money in this account is locked until your child is 18. You can't use it for a car repair or a short paycheck. Don't lock away money you might need. For many families, a small cushion they can reach, and paying down high-interest credit card debt, come before extra deposits here.

Step 3: Give it time

Bad years are like winter

Over 18 years, the account will likely lose value more than once, sometimes a lot. That's winter: the leaves fall, but the tree is still alive. Many people who pulled out of the market in a bad year missed the recovery that came after.

It helps to know why bad years feel so bad. Daniel Kahneman won a Nobel Prize for studying how people make decisions, and found that a loss feels about twice as strong as a gain of the same size.

The lock works like a fence around a young tree: nobody can pull money out before 18, not even you. Two moves are still possible in a bad year, and both are worth avoiding:

- **Stopping your deposits.** When prices are down, the same \$25 buys more of the fund. Deposits that keep going through bad years buy at lower prices, and those pieces grow when prices recover.
- **Switching to a different fund in a panic,** once Treasury adds fund choices (it has said this is coming). Switching after a drop sells at the low point and locks in the loss.

One question to answer now, while you're calm: if the account dropped 30% next year, what would you do? Write it down.

What happens at 18

It becomes your child's

On January 1 of the year your child turns 18, the special rules end. The account becomes a regular retirement account (a traditional IRA) and becomes your child's to manage.

- **Money can come out, with taxes.** Growth and the government, charity, and employer money are taxed as income. The money your family put in comes back tax-free, and each withdrawal is a mix of both.
- **Before age 59½, there's usually a penalty:** 10% federal, plus 2.5% in California. Exceptions include college costs, up to \$10,000 toward a first home, and several others.
- **It can be moved into a Roth IRA,** a retirement account where future growth isn't taxed. Your child would pay income tax on the amount moved that year, which can be low in a year with little income. Worth a conversation with a tax professional when the time comes.
- **The riskiest day is the first one.** An 18-year-old who doesn't know what this money is for may cash it out. Talk about it before then.

California: the state's tax rules for these accounts changed in 2026. Check ftb.ca.gov for the current treatment.

Benefits: for Supplemental Security Income (SSI), Social Security doesn't count this account until January 1 of the year your child turns 18. After that, it counts. Official guidance for other programs (like Medi-Cal or CalFresh) wasn't available as of October 2026. Ask your caseworker.

How it fits with other accounts

This account

Who can have one

Under 18 with a Social Security number

Built for

The long run; any use after 18

Adding money

Up to \$5,000 a year

Taxes

Growth taxed when withdrawn

Tradeoff

Locked until 18; penalty before 59½ unless an exception applies

529 college savings plan (ScholarShare in CA)

Who can have one

Anyone

Built for

Education

Adding money

No yearly limit; up to \$529,000 total per child in California's 529 plans

Taxes

Tax-free for qualified education

Tradeoff

Penalty on growth if not used for education

Roth IRA for a child with a job (custodial Roth IRA)

Who can have one

A child with earnings from a job

Built for

Retirement, with some flexibility

Adding money

Up to what the child earned, max \$7,500 in 2026

Taxes

Tax-free growth and qualified withdrawals

Tradeoff

Needs real earned income

CalKIDS

Who can have one

Born in CA on or after July 1, 2022; some low-income public school students

Built for

College or career training

Adding money

Can't add money (pair it with ScholarShare)

Taxes

Free state money

Tradeoff

Only for education after high school

These can work together. If your child was born in California after July 1, 2022, claim CalKIDS too at calkids.org.

College aid: how this account will count on the FAFSA, the federal form for college financial aid, hasn't been settled. Retirement accounts aren't reported as assets on the FAFSA today, but the U.S. Department of Education hadn't addressed this account as of October 2026.

The key idea

Make it automatic

1. **Set a recurring deposit in the app** from your bank account. Any amount, on payday.
2. **Ask relatives** to send birthday and holiday gifts to the account.
3. **Ask your employer** whether it contributes.
4. **Check in on your child's birthday.** Every year, take five minutes: is the account still there, did the deposits go in, are your records up to date?
5. **Keep a simple record** of what your family adds. It's the part your child gets back tax-free later.

Questions to ask

- Have I claimed my child's account? If they were born 2025 through 2028, did I request the \$1,000?
- Is my emergency cushion in place before I add more?
- Does my employer contribute?
- If the account dropped 30%, what would I do?
- Who else knows this account exists? (Give one trusted person a copy of your records.)
- By the time my child is 17, have we talked about what this money is for?

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