

Brain Teaser of the Month – Which country currently has the world’s youngest leader?

On July 4, 2025, President Trump signed the "One Big Beautiful Bill Act" (OBBA). There were many provisions in this new law, and one that will likely get a lot of attention this year is the OBBA's creation of "Trump Accounts" under Section 530A of the Internal Revenue Code.

Trump Accounts will be available to U.S. children for whom:

- an election is made by an authorized individual with the Treasury;
- who are under age 18 at the end of the year the election is made;
- and who have a valid U.S. Social Security Number issued before the date of the election¹.

Additionally, eligible minor children born in 2025 through 2028 and who are U.S. citizens can receive a one-time \$1,000 government seed contribution in their account, through a federal pilot program election.

The authorized individual who elects to open the initial Trump Account on behalf of the eligible child (which may include a parent or legal guardian) will generally serve as the responsible individual managing the Trump Account on behalf of that child beneficiary,^[SM1] until the calendar year in which the child beneficiary turns age 18.

Although Trump Accounts generally follow Traditional IRA rules beginning January 1 of the calendar year in which the eligible child turns age 18, there are certain key differences until that point. Since this is a new account type and guidance is still forthcoming, many unknowns remain as we expect to learn more from the IRS. The below includes several key features of Trump Accounts based on information known to date:

- All contributions must be invested in eligible low-cost mutual funds or exchange-traded funds (ETFs) that track broad, majority U.S. company indices (e.g., S&P 500). The investment may not use leverage and must have an expense ratio of 0.1% (10 basis points) or less. Cash/cash-based positions are generally not allowed (e.g., no money market funds) – temporary cash is only permitted for the limited amount of time "reasonably necessary" to complete an eligible investment.
- Individuals (parents, relatives, or other third parties) may make contributions of up to \$5,000 per eligible child per year (subject to inflation adjustments), until the first day of the calendar year the beneficiary reaches age 18. Note that the first contribution to a Trump Account cannot be made until after July 4, 2026.
- Individual contributions will generally be made with after-tax dollars, therefore there will be no tax deductions for contributions (but not taxable upon withdrawal).
- Employer or government contributions can be pre-tax for the beneficiary (but are taxed upon withdrawal).
- Generally, no withdrawals are allowed from a Trump Account prior to January 1 of the year in which the account owner attains age 18 (with certain limited exceptions). After that, any distributions would generally be subject to the rules that apply to Traditional IRAs including the 10% additional tax on early distributions if an exception does not apply.

Whether a Trump Account makes sense for a particular family/child depends on that family’s goals, time horizon, savings strategies, and need for flexibility. Some benefits include:

- The accounts can provide an additional way to start investing early on behalf of the eligible child, while encouraging the money to remain invested for decades. In addition, some families may further qualify for the one-time \$1,000 federal seed contribution, providing an early investment boost specifically for U.S. citizen children born between January 1, 2025, and December 31, 2028.
- Additionally, contributions may be made to a Trump Account regardless of the child beneficiary’s earned income (i.e., even if the child does not earn income for the year). This may give parents more time to make contributions and to realize earnings (which may not be available under a comparable IRA with earned income requirements).
- An eligible child could also have Trump Account contributions while simultaneously owning other IRA accounts receiving other annual contributions (participation in one does not preclude the other, although contributors should be mindful of applicable IRS annual limits, including for gift tax purposes).

On the other hand, Trump Account assets generally cannot be withdrawn without penalty before the calendar year the child turns 18 (with certain limited exceptions), which restricts access to savings (e.g., in case of an emergency). Additionally, there is limited investment flexibility prior to that calendar year of turning age 18, meaning that Trump Accounts would not generally offer as wide a range of investment options as compared to a typical brokerage account or IRA, for instance. Additionally, individual contributions would generally be made with after-tax dollars and would not be tax deductible.

As a result, Trump Accounts are not a one-size-fits-all solution. As Trump Accounts launch in 2026, clients should understand how the accounts work (and their advantages and disadvantages), so to help decide whether they fit into a broader saving and investing strategy for a child.

Clients should also consult their own tax and/or legal advisor, who can help assess the suitability of Trump Accounts based on the client’s particular facts and circumstances.

Enrollment for Trump Accounts has begun – although the first contribution cannot be made until after July 4, 2026, elections to open an account may be made sooner by an authorized individual, who may elect to open the account for an eligible child by completing a new IRS Form 4547 (including when filing their 2025 income taxes) or electronically through www.trumpaccounts.gov. These accounts will be established at a financial institution (or institutions) selected by the Treasury to be the "primary trustee".

Please see the attached PDF "Client Alert: Form 4547 to Open Trump Accounts" for more information on Trump accounts.

If you have any questions or would like to discuss, please feel free reach to out to us. Always consult with your own tax and/or legal advisor(s) regarding decisions that may impact your taxes.

All the best,



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Brain Teaser of the Month Answer – Burkina Faso (President Ibrahim Traoré is 37 years old).

Picture above from back row to front: Dave Bent, Evan Semegran, Marshall Peterson, William Lasco, Larkin Julian, Nicole Drury, David Glickstein, Stephanie Vitti, Melanie Burnett, Marybelle Santiago.

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Sources:

1. <https://www.trumpaccounts.gov/>
2. <https://www.trumpaccounts.gov/>
3. [What to know about the new Trump accounts for kids](#) – Vanguard, January 5, 2026

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