



530A Accounts (also known as Trump Accounts) FAQ

530A accounts, also known as [Trump Accounts](#), were established last summer through the budget reconciliation law, H.R. 1. Beginning on July 4, 2026, families and loved ones can open 530A accounts on behalf of their children. The federal government will seed eligible accounts with one-time \$1,000 contributions for babies born between 2025 and 2028. Families, loved ones, employers, and philanthropic donors can make additional contributions to the accounts, up to a total of \$5,000 a year. These accounts will act as tax-advantaged savings accounts that grow over time. When the child turns eighteen, they can use the account balance for certain wealth-building activities, like higher education, or let the account balance continue growing.

But 530A accounts don't adequately target investments to the families who need them most. Instead, these accounts will allow the rich to get richer, while low- and middle-income families will see more limited gains. Our nation needs effective policies to help close the extreme racial and gender wealth gap, but 530A accounts are not the best approach.

What are 530A accounts?

530A accounts are tax-advantaged savings accounts for children under age 18. The account balances can be used for certain qualifying expenses once the child turns 18. Families can opt in to the 530A account when they file their taxes or by downloading the app.

Who is eligible to open a 530A account?

Any child under 18 years old who has a Social Security Number can have a 530A account. Parents or legal guardians can open the account for their eligible children.

Who will be eligible for the \$1,000 contribution from the federal government?

H.R.1 established a temporary pilot program providing \$1,000 seed contributions for every eligible baby with a Social Security Number born in the U.S. between January 1, 2025 and December 31, 2028. A 530A account must be opened on behalf of the eligible child in order for that child to receive the \$1,000 one-time contribution. Accounts [can be opened](#) anytime before the end of the calendar year in which the child turns 18. Families with older children can also open 530A accounts; however, those children will not be eligible for that contribution.

Are 530A accounts the same as Baby Bonds?

530A accounts are **not** the same as [Baby Bonds](#). Baby Bonds, as proposed, would be universally available but designed for the government to provide the greatest investment in accounts of children with the lowest incomes. When the child turns eighteen, they could use their Baby Bond account balance for wealth-building activities. By designing Baby Bonds this way, the program would effectively reduce our country's wealth gap.

In comparison, 530A accounts are **not** income-targeted. Families with lower incomes do not receive higher investments from the government under 530A accounts. In fact, as designed, higher-income families are better situated to take advantage of 530A accounts since families with lower incomes may not have the means to regularly, if ever, invest in their child's account. Rather than reduce our nation's wealth gap like Baby Bonds are designed to do, 530A accounts will exacerbate wealth gaps by providing a new tax shelter for the rich while [not meaningfully supporting families](#) with lower incomes.

How will the design of 530A accounts impact the wealth gap?

Families can contribute up to \$5,000 per year into their child's 530A account, meaning that families with higher incomes who can afford to put away money for their children will benefit the most from accrued interest and investment gains. (The amount that families can invest per year will be adjusted for inflation over time.) Low-income families will likely not have the extra money available in their budgets to invest in their children's accounts, especially in light of H.R. 1's [profound cuts to basic needs programs](#), the [administration's tariffs](#), and the rising cost of gas and other necessities.

Children in families with low incomes will not receive additional deposits into their accounts unless philanthropic donors make contributions. But philanthropic donors [cannot target their contributions based solely on income](#), so these donations will not necessarily be targeted to the families who need them most. Additionally, although employers can contribute to their employees' children's accounts, [higher-earning families with corporate jobs](#) will largely benefit, rather than the families who are truly struggling.

Moreover, children in higher-income families who have other resources to pay for their college education or a future down payment on a home will be able to leave their 530A account balance untouched when they become an adult, allowing the account balance to grow even more over time. And the tax advantages of the account—allowing the money to grow tax-free before withdrawal—will benefit higher-income families more, because families in higher tax brackets [receive more value from tax-free growth](#) compared to families with low incomes.

What are the racial equity implications of 530A accounts?

There are profound racial and gender wealth gaps in this country. Even Black households with similar incomes to white households hold less wealth on average, thanks to the ongoing impact of historical racial discrimination such as Jim Crow laws and redlining, as well as ongoing racial discrimination that makes it harder for Black households to get ahead. In 2022, the [median wealth for Black families](#) was about \$44,900 while the median wealth for white families was \$285,000. And the disparity is [even worse](#) for women of color who face the double bind of gender and racial discrimination: in 2022, for every \$1 white men owned, Black women and Latinas only owned 8 cents and 14 cents respectively. Baby Bonds were [initially conceived](#) as a way to reduce racial inequity.

530A accounts will actually widen the racial and gender wealth gaps. Because Black families and [women-headed households](#) on average hold less wealth, they will be less able to provide additional yearly contributions to the accounts. Moreover, children in these families will be more likely to need this money when they turn 18, losing out on investment gains they could receive if they were able to let the money grow over a longer period of time.

How can beneficiaries spend their 530A account balances? Will the amounts be taxed?

Account holders cannot withdraw their 530A account balance until they turn 18 years old. Account balances can be used toward certain higher education expenses and for up to \$10,000 toward a home downpayment for first-time homebuyers without penalty. All withdrawals [will be subject to federal income tax](#), including for permitted higher education or homeownership expenses.

Using the funds for any other expenses, including those related to starting a business, would trigger a 10 percent excise tax on the withdrawal in addition to the federal income tax. However, once the child reaches retirement age (59½ years old), this penalty no longer applies. In short, 530A account balances can be used for any expense once the account holder reaches age 18, but unless it's used for a permitted expense and/or used after the child reaches retirement age, the withdrawal would face both a penalty tax and federal income tax.

How much will the 530A account balances be worth when the child turns 18?

The [Council of Economic Advisers \(CEA\) estimates](#) that, assuming medium-scenario returns, 530A accounts will yield a balance of \$303,800 by age 18 if maximum contributions are made during every year of the child's life. If no contributions are made beyond the \$1,000 initial deposit from the federal government, the CEA predicts that 530A accounts will yield a balance of \$5,800 by age 18. Based on what mathematical assumptions of growth are used, account balance projections can vary widely. While [many economists](#) view the CEA estimates as too optimistic, it is telling that even the administration's own estimates showcase a profound disparity between the returns of families who can afford to contribute annually to the accounts and those who cannot invest beyond the seed money.

What is the difference between 530A accounts and 529 accounts?

Both [529 college savings plans](#) and 530A accounts are government-backed investment accounts that offer tax advantages. Additionally, both accounts largely benefit families with higher incomes: those families are more likely to have extra resources to invest in the accounts and their higher tax brackets mean they benefit more from tax-advantaged accounts. However, the accounts have different purposes and tax advantages, and can be used for different expenses.

529 accounts are intended to help families put away money for education expenses. Anyone can open a 529 account, and the beneficiary can be any age. Once the money is in the account, it grows tax-free and can be withdrawn tax-free at any time, as long as it is spent on approved education expenses, including tuition, school supplies, and study abroad programs.

In contrast, money put into 530A accounts can only be withdrawn after the child turns 18, and families have to pay income taxes on the account's earnings at withdrawal. This is true even if the money is being used for permitted expenses, like education and homeownership. Families will also face a penalty if they withdraw the funds for non-permitted expenses before the child reaches retirement age.

These differences in taxation can [impact the returns](#) families receive from the accounts over time. For example, under [one estimate](#), if a family invests \$1,000 in both a 529 and a 530A account at a child's birth, and withdraws the money when the child turns 19 for higher education, they will receive \$3,256 from the 529 account. In contrast, they would only receive \$2,723 from the 530A account after income taxes are taken into account.

Could 530A accounts impact retirement savings?

While taxpayers can withdraw from 530A accounts without penalty once the account holder turns 59½, these accounts shouldn't be viewed as retirement savings vehicles. 530A accounts may help provide another tax-preferred way for some individuals in higher income families to build retirement savings, but providing a tax-advantaged account for low- and middle-income won't solve for the fact that they can't spare resources to save for retirement. In fact, account holders with lower incomes may need to tap into any savings in 530A accounts to manage financial emergencies rather than reserve them for retirement.

Again, 530A accounts will disproportionately benefit families who already have wealth, but they aren't a silver bullet for workers of all income levels.

What policies, other than 530A accounts, could help families with low incomes build wealth?

Baby Bonds are designed specifically to help families with low incomes and to reduce the racial wealth gap. In 2021, Connecticut and Washington, D.C. passed [Baby Bonds policies](#) that are specifically targeted to children in low-income families. Additionally, several other states have proposed their own policies. On the federal level, [Congresswoman Ayanna Pressley's Baby Bond proposal](#) would narrow racial wealth disparities by initially providing \$1,000 at birth and then providing subsequent payments of up to \$2,000, with more money being given to children in families with low incomes.

Additionally, programs that provide unrestricted cash to families with low incomes can help them not only meet their most pressing needs but also put away money for savings or retirement. During the 2021 expansion of the Child Tax Credit under the American Rescue Plan Act, [many families](#) used at least part of their monthly advance CTC payments to save or pay down debt. In order to be effective, these programs must be fully available to families with lower incomes, as under Representative DeLauro's American Family Act.

Finally, it will be impossible for many families with low incomes to have the resources to meaningfully invest in their children's futures unless Congress rolls back H.R. 1's drastic cuts to basic needs programs, including to the Supplemental Nutrition Assistance Program (SNAP) and Medicaid. Additionally, Congress should also roll back H.R. 1's tax cuts, which disproportionately benefit the wealthiest people and corporations, and instead increase the taxes paid by the wealthy and corporations to expand the revenues available to invest in families and communities.