302.11A 530A IRA (Trump Accounts)

(Eff. 11/01/26)

POMS: SI 01120.250

A 530A IRA (Trump Account (TA)) is a tax-advantaged investment account—functioning like a special traditional IRA—for eligible children. Children born between January 1, 2025, and December 31, 2028, may receive a one-time $1,000 federal government seed contribution after July 4, 2026.

There are two distinct periods:

- **Growth Period:** from account opening until December 31 of the year the child turns 17, during which contributions (up to $5000 per year in 2026 (adjusted yearly for inflation)) are allowed.
- **Post-Growth Period:** beginning January 1 of the year the child turns 18, the balance converts to a traditional IRA, following standard contribution, distribution, and rollover rules.

Parents, guardians, or other authorized individuals may establish and serve as the custodian of the TA and only one funded TA is allowed per child.

Income and Resource Treatment of Trump Accounts

Growth Period

Prior to January 1 of the year the TA beneficiary (child) turns age 18 (growth period):

- The entire value of a TA is not considered a resource.
- Distributions from the TA generally are not permitted. The following do not count as distributions:
  - a rollover to another TA during the growth period (a trustee-to-trustee transfer, Example: The person who originally opened the TA initiates a trustee-to-trustee transfer, moving the entire account balance into a rollover Trump account. The successor trustee must be a bank, defined in IRC 408(n), or a nonbank trustee approved by the IRS.);
  - a rollover to an ABLE account (sometimes listed as a Stable Account) when permitted during the calendar year of age 17 attainment; See MPPM 402.31.08B
  - removal of excess contributions over the annual limit; and
  - distributions upon the death of the TA beneficiary
- Contributions made directly to the account are generally not considered income; however, a TA beneficiary's income cannot be excluded by direct depositing funds into a TA. For example, a TA beneficiary could not have their Social Security benefits that are direct deposited into a TA to prevent them from counting as unearned Social Security income for SSI purposes.

Note: A beneficiary or recipient with a representative payee cannot have their Social Security or SSI payments paid via direct deposit into a TA during the growth period when distributions generally are not permitted. Due to TA distribution restrictions, the representative payee generally would not be able to use the benefits to provide for the beneficiary's current needs.

Post-Growth Period

Beginning January 1 of the calendar year the TA beneficiary turns age 18 (post-growth period):

- The TA is a countable resource. The value of the TA is the amount of money that the TA beneficiary can withdraw from the TA after any penalty for early withdrawal (i.e., early distribution tax).
- Distributions of TA funds are not income, but a conversion of a resource.
- Contributions to a TA are income or a conversion of a resource, depending on the source of the contribution.
    - If a TA beneficiary moves $500 from their personal savings account into their Trump Account. This action doesn't create new resources; it simply converts an existing resource from a regular bank account into a TA resource.
    - If a TA beneficiary's family member deposits a $500 "graduation gift" into the TA, the $500 is unearned income in the month it is deposited.
    - If a TA beneficiary direct deposits $300 of their paychecks into their TA, each $300 deposit is earned income in the month it is deposited.

Stage	IRS Forms Involved	Purpose
Growth (pre-18)	No 1040 entries, gift tax if needed	Contributions grow tax-deferred; no income shown on return
Annual reporting	Form 5498-TA	Documents contributions and account value for IRS and beneficiary
Distributions (post- 18)	Form 1099-R and Form 1040	Withdrawal amounts reported and taxed per IRA distribution rules

Income Calculations

- No impact: Irrelevant until distributions are made.

Resource Calculations:

- Under 18 - Trump Account excluded (not accessible → not a countable resource).
- Upon January 1 of the calendar year, they attain the age of 18 and thereafter- Becomes a traditional IRA → countable resource → falls under the $2,000 limit. Refer to MPPM 302.11

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