The Daily Dish

Trump Accounts

DOUGLAS HOLTZ-EAKIN | JULY 7, 2026

Yesterday saw the launch of Trump Accounts. Created by the One Big Beautiful Bill Act, Trump Accounts are tax-advantaged investment accounts, much like Individual Retirement Accounts (IRAs), Roth IRAs, or 401(k)s, but created on behalf of newborns. Anyone can contribute up to $5,000 a year to the account, with parents serving as custodians of the funds until the child reaches age 18. At that point, the account becomes a conventional IRA for the child. Viewed from that narrow perspective, Trump Accounts are not particularly innovative or interesting. But, as it turns out, they have some very unique attributes.

First, the Treasury kicks in start-up money. U.S.-citizen children born between January 1, 2025, and December 31, 2028, are eligible for a one-time $1,000 deposit from the U.S. Treasury. This might seem profligate, but for a federal program it is chicken feed. Data from the Centers for Disease Control and Prevention show that there were 3,606,400 babies born in 2025, putting the cost at about $3.5 billion a year if *every* child has one, which won't happen.

Second, there is some private startup money as well. Billionaires Michael Dell and Ray Dalio have pledged contributions of $250 for those who might have been born too soon to get the federal money (among a variety of reasons). Contributions are limited to lower-income zip codes, and Dalio's are targeted on children in Connecticut.

Third, these are all-equity accounts. I don't know if the goal was to maximize risk, teach kids that sometimes reward outweighs the risk, or what. But the reality is that Trump Accounts must be invested in Exchange Traded Funds (ETFs) or low-cost mutual funds. Buckle up.

Fourth, these will become a hiring perk. Employers can also chip in up to $2,500 each year. It is easy to see this as a tax-preferred hiring perk.

That's the CliffsNotes version. Fred Ashton has the full story here, including the large

number of potential complexities that the Treasury is trying to sort out. And that is the insight into the real bottom line. Americans have *a lot* of experience with tax-preferred savings vehicles and practically no experience with them actually raising the saving rate.

Trump Accounts will be more of the same with an extra dose of compliance and complexity costs. But at least they are an entitlement program targeted at the young, unlike most entitlement programs.