

530A (Trump) Accounts for Kids — Video Transcript

A new tax-advantaged investment account to help children prepare for the future is now available: the 530A account, also called a Trump Account.

530A accounts are designed to help kids take advantage of their biggest investment asset: time. Through the power of time and compounding, 530A accounts could help them get a strong head start toward their future financial goals.

530A accounts could also become valuable teaching tools, helping kids learn about the basics of saving and investing.

To be eligible for a 530A account, a child must be a U.S. citizen under age 18 with a valid Social Security number.

Parents, guardians, relatives, and friends can all contribute to a child's 530A account. In some cases, employers, government entities, and charitable organizations can also contribute.

In addition, for eligible children born between January 1, 2025, and December 31, 2028, the U.S. Treasury Department promises to provide a one-time, \$1,000 pilot program contribution.

Total contributions cannot exceed each year's annual limit, which will be adjusted periodically for inflation.

During the growth period — until the child reaches age 18 — the account is required to be invested in certain low-cost, index mutual funds or exchange-traded funds, invested primarily in U.S. stocks. Withdrawals are generally not permitted during this time period.

Once the child reaches age 18, the account will be treated as a traditional IRA. That means that the child will need earned income to continue contributing, and withdrawals prior to age 59½ will be subject to ordinary income taxes and a 10% penalty, unless an exception applies.

Exceptions to the 10% penalty include paying for college and withdrawing up to \$10,000 for a down payment on a first home.

With tax advantages, a possible government contribution, and a chance to learn about long-term investing, 530A accounts could present valuable opportunities for today's kids. For more information, visit trumpaccounts.gov.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

The performance of an unmanaged index is not indicative of the performance of any specific security. Individuals cannot invest directly in any index. Past performance is no guarantee of future results. Actual results will vary.

The return and principal value of funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Supply and demand for ETF shares may cause them to trade at a premium or a discount relative to the value of the underlying shares. ETFs typically have lower expense ratios than mutual funds, but you may pay a brokerage commission whenever you buy or sell ETFs, so your overall costs could be higher, especially if you trade frequently.

Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses of mutual funds and ETFs carefully before investing. The applicable prospectuses, which contain this and other information about the investment options, underlying investments, and the investment company, can be obtained from your financial professional.