IRA, 529 Plan, or Trump Account

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Each account can help families save, but they are designed for different purposes. The right choice depends on the child's age, the savings goal, tax considerations, and how much flexibility the family wants.

Feature	IRA	529 Plan	Trump Account
Primary Purpose	Retirement savings	Education savings	Long-term savings for children
Who it is Generally For	Individuals with taxable compensation	A beneficiary, often a child or student	Eligible children under age 18
Contribution Limit	For 2026, total traditional and Roth IRA contributions are limited to $7,500, or $8,600 for age 50+; contributions cannot exceed taxable compensation	No single federal annual contribution limit, but state plan limits and gift tax rules may apply	Generally $5,000 per year, with inflation adjustments after 2027
Tax Treatment	Traditional IRA may offer tax-deffered growth; Roth IRA may offer tax-free qualified withdrawals	Earnings can be withdrawn tax-free when used for qualified education expenses	Earnings grow tax-deferred; after the growth period, traditional IRA rules generally apply
Use of Funds	Primarily retirement, with certain exceptions	Qualified education expenses	Generally restricted until the child reaches adulthood, then subject to IRA rules
Access Before Adulthood	Depends on account type and withdrawal rules	Available for qualified education expenses	Generally not permitted during the growth period except limited exceptions
Investment Flexibility	Typically broad, depending on custodian	Investment menu depends on the 529 plan	Limited to eligible investments under IRS rules during the growth period
Special Benefit	Roth IRAs can be powerful for young earners if they have earned income	Strong fit for education-focused savings	Eligible children born 2025 - 2028 may quality for a one-time $1,000 federal pilot contribution
Best fit when...	The goal is retirement savings and the individual has earned income	The goal is education funding	The goal is long-term savings for a child, especially if eligible for the federal contribution

quick decision guide

the goal is education:

A 529 plan is often the most direct fit because qualified withdrawals can be tax-free when used for eligible education expenses.

If the child has earned income:

A Roth IRA may be worth exploring because it can create long-term retirement savings potential, but contributions are limited by earned income and IRS contribution rules.

If the child is eligible for the federal contribution:

A Trump Account may be worth reviewing, especially for children born between 2025 and 2028 who may qualify for the $1,000 pilot contribution.

If the family wants flexibility:

A coordinated strategy may make sense. A 529 can focus on education, while a Trump Account may support broader long-term goals once the child reaches adulthood.

There may not be one "best" account for every family. The best choice depends on what you are saving for, when the money may be needed, who is contributing, and how the account fits into your broader financial picture.

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