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SAVING FOR A CHILD'S FUTURE

Trump Account vs. 529 Plan vs. UTMA

A comparison for families saving toward a child's future

	Trump Account	529 Plan	UTMA
Who controls it	Becomes the beneficiary's own IRA on Jan. 1 of the year they turn 18 — no override once converted	Account owner (usually parent) — indefinitely, even past 18	Full control transfers to the child at the state's termination age — commonly 18 or 21, sometimes later
Contribution ceiling	Up to $5,000/yr in combined individual + employer contributions; the $1,000 federal seed and certain other contributions don't count against it	No federal contribution cap; gifts above the annual exclusion may require a gift-tax filing. State plans set aggregate lifetime limits, commonly $300k–500k+	No statutory contribution cap; gifts above the annual exclusion may require a gift-tax filing, but do not limit what can be contributed
Investment menu	Locked to US-index funds/ETFs, 0.10% expense cap, no leverage	Plan's own menu — age-based glide paths or static options	Broad brokerage flexibility, subject to custodian and state-law limits
Use restrictions	Generally, no withdrawals before 18. After conversion to an IRA, standard penalty exceptions apply (education, first home, birth/adoption, medical, and more) — but income tax is still owed on the taxable portion	Tax-free for qualified education; up to $35,000 lifetime Roth rollover if unused, subject to a 15-year account age requirement and other conditions	None — any use that benefits the minor, before or after majority
Tax on growth	Tax-deferred	Tax-free if used correctly	Taxed annually under kiddie-tax rules once income exceeds the threshold (~$2,700/yr in 2026)
Tax on withdrawal	Ordinary income on any previously untaxed amounts	Tax-free if qualified; 10% penalty + ordinary income tax on earnings if not	Already taxed along the way — no separate withdrawal tax. Some possibly taxed at favorable capital gain rates
Financial aid (FAFSA)	Pending federal guidance — could land as an exempt retirement asset or a 20% student asset	Parent asset, assessed at 5.64% — the most aid-friendly of the three	Student asset, assessed at 20% — the least aid-friendly

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