



BLBB Advisors
FINANCIAL GUIDANCE SINCE 1964™



MONEY NOTES

529 Plan vs 530A Trump Account: Two Tax-Advantaged Ways to Save for Your Child's Future

JUNE 2026 | MONEY NOTES

Learn how both work and how to use them together

As a parent, you want to give your child/grandchild every advantage. That includes a strong financial future – tax-advantaged savings accounts, college tuition, career training, a first investment, a financial foundation. Two savings vehicles – the time-tested 529 College Savings Plan and the newly proposed Trump 530A Account – offer complementary, tax-advantaged ways for parents and grandparents to invest in a child's future now. Understanding how each works, and how they can work together, is one of the smartest financial moves you can make.

The 529 Plan: The Gold Standard for Education Savings

What Is a 529 College Savings Plan?

A 529 Plan is a state-sponsored, tax-advantaged savings account designed specifically to help families save for education expenses. These plans have been available since 1996 and remain one of the most powerful and flexible tools in a growing family's financial planning toolkit.

How Does the 529 College Savings Plan Work?

Contributions to a 529 Plan are made with after-tax dollars – meaning there is no federal income tax deduction for contributions. Your money grows tax-free, and withdrawals used for qualified education expenses are also completely tax-free at the federal level. Several states offer their own income tax deductions or [credits](#) for contributions to their state's plan, adding an additional layer of benefit.

Anyone can open a 529 Plan – parents, grandparents, aunts, uncles, even family friends – and name any individual as the beneficiary. There are no income limits to contribute, and contribution limits are generous. Under 2026 IRS gift tax rules, individuals can contribute up to \$19,000 per year per beneficiary (\$38,000 per year for married couples filing jointly) without triggering gift tax reporting.¹ A powerful strategy called "superfunding" allows a one-time contribution of up to \$95,000 per beneficiary by front-loading five years' worth of contributions in a single year.

What Can the 529 College Savings Plan Be Used For?

529 Plans cover a wide range of qualified education expenses, including:

- Tuition, fees, books, and supplies at accredited colleges, universities, and vocational schools
- Room and board (up to the school's cost of attendance)
- K-12 tuition at private or religious schools (up to \$20,000 per year)
- Student loan repayment (up to \$10,000 lifetime per beneficiary)

- Registered apprenticeship programs
- Computers, software, and internet access
- Special needs services

Starting in 2024, thanks to the SECURE 2.0 Act, a new valuable options was introduced: unused 529 funds can be **rolled over into a Roth IRA²** for the beneficiary – up to \$35,000 lifetime – eliminating much of the old fear about "what if my child doesn't go to college."

Key Benefits of the 529 College Savings Plan:

- Tax-free growth and tax-free qualified withdrawals
- Broad investment options (mutual funds, ETFs, age-based portfolios)
- Flexibility to change beneficiaries within the family
- No income limits or age restrictions
- Potential state tax deduction/credits on contributions
- Roth IRA rollover option for unused funds
- Parent-owned accounts assessed at just 5.64% under FAFSA

The One Big Beautiful Bill, enacted in 2025, built on that momentum by introducing Trump 530A Accounts.

Trump 530A Accounts: A New Kind of Head Start

What is a Trump 530A Account?

Trump, also known as 530A Accounts, are a new type of tax-advantaged children's savings account introduced as part of federal legislation enacted in 2025 and the first contribution can be made as of July 4, 2026 (accounts can be opened now at trumpaccounts.gov or IRS Form 4547). These accounts represent an innovative approach to generational wealth-building by providing a financial foundation for your child.

How Does the Trump 530A Account Work?

Under the proposed legislation, every child born in the United States between January 1, 2025 and January 1, 2029, would be eligible to receive a one-time \$1,000 government seed deposit into their Trump 530A Account at birth. Going forward, families, friends, and relatives could contribute up to \$5,000 per year into the account. Contributions would be made with after-tax dollars, and the funds would be invested in a fund designed to track the US stock market – giving children broad exposure to long-term American economic growth.

The accounts would be tax-deferred, similar in structure to a traditional IRA, meaning contributions are not immediately taxed on their earnings, and growth compounds over time. The account is owned by the child but managed by an adult until the child reaches age 18. At that point, withdrawals would be subject to ordinary income tax – but the years of compounding growth in the interim make the long-term value substantial.

What Can Trump 530A Account Be Used For?

Unlike 529 Plans, Trump 530A Accounts are not restricted to education. Proposed eligible uses include:

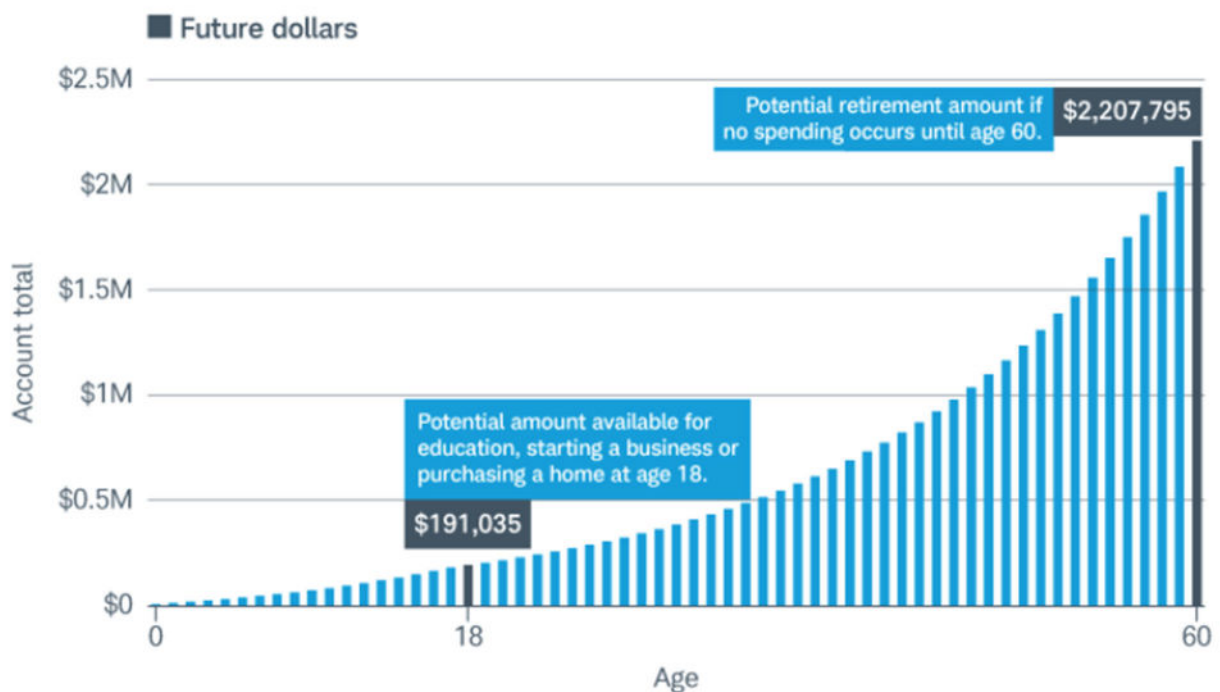
- Postsecondary education and vocational training
- Purchasing a first home (up to \$10,000)
- Birth or adoption expenses
- Retirement savings after a specified age

This flexibility is a key differentiator – it acknowledges that not every child's path runs through a four-year university and that building wealth takes many forms.

Key Benefits to the Trump 530A Account:

- \$1,000 government seed deposit for eligible newborns
- Up to \$5,000 in annual family contributions
- Tax-deferred growth invested in US equity markets
- Broad flexibility for education, homeownership, or business
- Supports early financial literacy and long-term thinking
- Employers can contribute up to \$2,500 per year
- FAFSA impact is still pending

Potential growth of a Trump Account with maximum contributions



Source: Schwab Center for Financial Research.

Assumes 2026 government contribution of \$1,000 and parental contribution of \$5,000 for child born in 2026, followed by annual parental contributions of \$5,000, which are adjusted for inflation at a rate of 2.3% beginning in 2028. Parental contributions continue through the year the child turns 17. Assumes investment growth of 6.0%. Dividends and interest are assumed to have been reinvested, and the example does not reflect the effects of fees which would cause performance to be lower. For illustrative purpose(s) only. Individual situations will vary. Not intended to be reflective of results you can expect to achieve.

Using Both Plans Together

The 529 Plan and the Trump 530A Account are not competitors – they are partners. A family could open a 529 Plan immediately after a child's birth to begin building education-specific savings with tax-free growth, while simultaneously establishing a Trump 530A Account to capture the government seed deposit and begin building a broader investment base for the child's long-term future.

Together, these two accounts address different life goals and different financial timelines, giving your child maximum flexibility when they reach adulthood. Contact your BLBB wealth advisor at 215-643-9100 to start building a financial foundation for your child with clarity, purpose, and confidence.

Comparison Chart

529 Plan vs. Trump 530A Account - Side-by-Side

Feature	529 Plan	Trump Account (530A)
Contribution Limit	\$19,000 per year (gift tax exclusion)	\$5,000 per year (family) + \$2,500 per year (employer)
Government Seed Money	None	\$1,000 for children born 2025 through 2028
Tax Treatment	After-tax contributions: tax-free growth; tax-free qualified withdrawals	After-tax contributions: tax deferred growth; taxable upon withdrawal
Qualified Uses	Education-focused: tuition, room and board, K-12, apprenticeships, student loans	IRA rules apply; exceptions for education and first home purchase up to \$10,000 lifetime
Penalty-Free Access	Anytime for qualified education expenses	Age 59.5; exceptions at age 18 for education and first home purchase
Roth IRA Rollover	Yes, up to \$35,000 lifetime under SECURE 2.0 Act	No
Available Now?	Yes, open anytime	Contributions begin July 4, 2026
Best For	Families with a clear educational savings goal	Families seeking flexible long-term wealth building from birth
<small>Last reviewed: June 2025. Based on enacted legislation and current IRS guidance. This material is for informational purposes only and does not constitute tax or legal advice. Please consult your tax advisor and financial planner before making investment decisions.</small>		

FAQ

Can I have both a 529 Plan and a Trump 530A Account for my child?

Yes, 529 Plans and Trump 530A Accounts are meant to be used together.

Will a 529 Plan affect my child's financial aid eligibility?

Possibly, it depends on who owns the account, check [FAFSA](#) rules.

When can my child access their Trump 530A Account?

Beginning at age 18, account holders may access penalty-free funds.

Is a Trump 530A Account better than a 529 College Savings Plan?

They serve different purposes and the accounts are best used together, not compared as either/or options. Your BLBB wealth advisor can help you determine the right balance for your family's goals.

What happens to my child's Trump 530A Account if they do not use it for education or a home?

The account continues to grow on a tax-deferred basis, just like a traditional IRA, and can be accessed penalty-free at age 59.5.

Who can contribute to a Trump 530A Account?

Family members, friends, and employers can all contribute to a child's Trump 530A Account. Families may contribute up to \$5,000 per year, and employers may contribute an additional \$2,500 per year. The government provides a one-time \$1,000 seed deposit for children born between January 1, 2025 and January 1, 2029.

Is the \$1,000 government seed deposit into the Trump 530A Account automatic?

No, families can establish accounts through trumpaccounts.gov or by filing IRS Form 4547.

Do I lose any remaining balance from my child's 529 Plan if they do not use it all or decide not to attend college?

No, starting in 2024, 529 unused funds are eligible for a ROTH IRA roll over up to a \$35,000 lifetime limit.

Will a Trump 530A Account affect my child's financial aid eligibility?

Possibly, because the child owns that account, the account may be assessed at a higher rate than parent-owned 529 assets under FAFSA methodology. Official guidance has not yet been issued. Families with financial aid concerns should speak with their BLBB wealth advisor to model the potential impact before contributing.

What is the difference between tax-free and tax-deferred growth?

With a 529 Plan, your money grows tax-free, meaning you will never owe taxes on the earnings if withdrawals are used for qualified education expenses. With a Trump 530A Account, growth is tax-deferred, meaning you do not pay taxes on earnings each year, but you will owe ordinary income tax when you eventually withdraw the funds.

¹ <https://www.fidelity.com/learning-center/smart-money/529-contribution-limits>

² <https://my529.org/secure-act-2-0/>

Disclosures

Investment advisory services are provided by BLBB Advisors, a Pennsylvania-based investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. SEC registration does not imply any particular level of skill or training. Additional information about BLBB is available in our current disclosure documents which are available on BLBB's website (www.blbb.com) or the SEC's public disclosure database (IAPD) at www.adviserinfo.sec.gov.

Past performance is not indicative of future results and investing involves a risk of loss, including a loss of principle.

BLBB does not provide tax advice. Clients are encouraged to consult their tax adviser.



L to R: Robb Parlanti, Laura LaRosa, Clif Haugen, John Lawton, Laura Brewer, Dean Karrash, Brian Gallagher, Brianna March, Nick Bucci, Bob Flood, Mike Geraghty, Zack Renna, Lisa Broome

