

# Millions of people to get \$1,000 direct deposit in 2 weeks

Story by Jenni Fink  
Newsweek  
*Michael And Susan Dell Pledge \$6.25B For Kids' Trump Accounts'*

Millions of American children could soon receive a government-funded investment account seeded with \$1,000 as the Trump administration prepares to launch its new "Trump Accounts"

program on July 4.

The accounts, created under the Working Families Tax Cuts law, are designed to give children a financial head start through tax-advantaged investment accounts that track U.S. stock market funds. While any eligible child under 18 can have an account opened on their behalf, children born

during a specific four-year period qualify for a one-time \$1,000 federal contribution.

The rollout is scheduled to begin in about two weeks, and parents have the motivation to get their accounts set up before the deadline because the longer the account is open, the longer it has to grow.

When Will Trump Admin Deposit \$1,000 in Kids' Accounts?

The Trump administration says Trump Accounts will officially launch on July 4, when contributions to the new accounts can begin. The federal government will make a one-time \$1,000 contribution for eligible children whose accounts have been properly established through the election process outlined by the Internal Revenue Service.

According to IRS guidance, contributions to Trump Accounts cannot be made before July 4.

The program was established through the Working Families Tax Cuts law and is being administered by the Treasury Department and the IRS. Once the accounts are activated in two weeks, parents can make contributions into the account up to \$5,000 per year.

The accounts are intended to function as long-term investment vehicles similar to individual retirement accounts. Funds contributed to the accounts are invested in qualifying stock index funds focused on American companies.

How To Set Up a Trump Account

Parents, guardians and other authorized individuals can establish a Trump Account for an eligible child. According to IRS guidance, an election must be submitted on the child's behalf using Form 4547.

The IRS says parents can sign into an IRS account and submit the required election form. Information needed includes the child's Social Security number, date of birth and address. The funds must be invested in qualifying mutual funds or exchange-traded funds that track the S&P 500 or another index focused primarily on American equities

Who Is Eligible for the \$1,000?

The broader Trump Account program is available to children who are U.S. citizens, have not turned 18 before the end of the calendar year in which the election is made, and have a valid Social Security number. This means many children under 18 may be eligible for a Trump Account.

However, the federal government's \$1,000 contribution is limited to a narrower group. For the \$1,000 contribution, children must be U.S. citizens, have a valid Social Security number and be born between January 1, 2025, and December 31, 2028.

The Centers for Disease Control and Prevention's provisional birth data show that 3,606,400 babies were born in the United States in 2025.

Who Actually Gets the Money?

A lot of confusion around the programme comes from

the difference between who can open an account and who actually gets the \$1,000 government contribution.

According to the IRS guidance on Trump Accounts:

\*An eligible child does not automatically receive the \$1,000.

\*Parents or guardians must first open an account and make an official election (using IRS Form 4547) on the child's behalf.

Two separate eligibility rules apply:

Who can have a Trump account

The child must:

\*Be under 18 at the time the account is set up

\*Have a valid Social Security number

These children can have an account opened and receive family or employer contributions, even if they don't qualify for the government payment.

Who gets the \$1,000 government contribution

To receive the one-time federal deposit, the child must also:

\*Be a U.S. citizen

\*Be born between January 1, 2025, and December 31, 2028

\*Have a valid Social Security number

\*Have an account properly set up through the IRS election process

What this means in practice

\*Not all children qualify for the \$1,000, even if they can open an account

\*Older children (born before 2025) can still have an account—but won't receive the government seed money

The \$1,000 is a targeted, one-time deposit for a specific group of children (born 2025 to 2028)—and only if parents complete the enrollment process. It's not a universal payment and won't automatically reach every family.

Compound Interest Calculator

A major selling point of Trump Accounts is the power of long-term investing.

The White House has promoted projections suggesting that a \$1,000 investment left untouched for decades could grow substantially through compound returns. One estimate cited by supporters of the program suggests that \$1,000 could grow to nearly half a million dollars by retirement, assuming approximately 7 percent annual growth.

Financial experts caution that investment returns are never guaranteed and future market performance may differ from historical averages. However, the concept behind the account is that even modest contributions made at a young age have decades to grow.

The U.S. Securities and Exchange Commission has a compound interest calculator available on its website. Parents can put in the initial in-

vestment, monthly contributions and the amount of time they're giving the account to grow.

Parents who contribute regularly over the course of a child's upbringing could potentially build significantly larger balances than the initial government contribution alone. Parents who contribute \$5,000 per year could leave their child with \$271,000 at age 18 or \$742,000 at age 27, according to the Trump administration.

Trump Account Vs. 529: Which Is Better for College Savings?

The key difference between a Trump Account and a 529 plan (also referred to as a "Qualified Tuition Program") lies in how the accounts are designed.

The 529 plans are built for education savings, offering tax advantages tailored to tuition and other qualified expenses. Withdrawals from a 529 are tax-free when they are used for education, which makes them a highly effective way of covering college costs.

By contrast, Trump Accounts function more like long-term retirement-style investment accounts. While they do include a \$1,000 government contribution for eligible children and allow tax-deferred growth, the funds are not specifically optimized for education use.

Another major distinction is access and flexibility. Money in a Trump Account cannot be accessed until the child turns 18, and withdrawals are then treated under traditional investment account rules, meaning they may be subject to taxes.

In comparison, 529 plans allow families to use funds directly for a wide range of education expenses, including college and other post-secondary costs.

Trump Accounts may be appealing as a supplementary savings tool, particularly for newborns who qualify for the \$1,000 contribution, but financial adviser, Winnie Sun, previously told Newsweek that they are "not necessarily better for everyone," and are not primarily designed for education funding.

For families focused on paying for college, 529 plans are usually the better choice due to their dedicated education benefits and tax-free withdrawals.

Trump Accounts can still play a role, but mainly as a broader, long-term investment rather than a direct college savings solution.

Can You Open a Trump Account After July 4?

Yes, parents of eligible children can open an account at any point, even after the initial July 4 deposit. The IRS has directed families to submit the appropriate election and monitor their account status through its systems.



## A Degree Isn't Power, Knowledge Is Power

Dear Dave,

I've heard you talk about paying for college for your kids. Why is this a requirement? I'm not trying to shirk my responsibility, but I worked my way through college and so did my parents. My wife and I have talked about paying for their books and maybe rent. Am I missing something here?

Thomas

Dear Thomas,

First, I don't believe it's a requirement that all parents pay for college for their kids. It's not a moral issue, and you're not an immoral person if you don't or can't do it. I've told plenty of single moms, single dads and parents who don't earn a big income that their kids need to apply for as many scholarships as possible, learn how to work, and choose an inexpensive school if they want to continue their education.

As a parent, one of your biggest jobs is to give your kids a moral compass and the tools they'll need to succeed in the real world. And one of the keys to being a successful adult is engaging in a lifetime of learning. If the last time you read a book was when you were in high school or college, and you've never done training of any other kind since, you're probably not very successful. Never. Stop. Learning. If I'd stopped learning after getting my bachelor's degree, do you think I would've been able to build Ramsey Solutions? Absolutely not!

Do you see where I'm going with this, Thomas? As an adult, learning is your job. An entire lifetime of learning is your job. And if you can encourage that in your kids with some level of help, financial or otherwise, then it's your obligation to help them. You can't expect

a 17-year-old to figure it all out. They don't have the tools yet.

The point is this: You don't have a moral responsibility to pay for your kids' college education. You do, however, have a moral responsibility to highlight the importance of knowledge, share what you have, and show them how to get more. If you can't afford to help with money, do everything else you can. There are plenty of more important things than cash. If you want to help financially, that's fine too.

Just don't use debt to make it happen!

— Dave

## It's a Guideline, Not a Rule

Dear Dave,

Is there any flexibility in your rule about not spending more than 25% of your take-home pay on rent or monthly mortgage payments? I live downtown in Washington, D.C., and I'm finding it's pretty hard to do here. I make about \$90,000 a year, but I'm spending a little over \$2,000 a month in rent. Rent is my largest expense by far, and I don't spend a lot of other money, so I'm still able to save a little and do other things. Can you give me your opinion about this approach?

Tanner

Dear Tanner,

True, I advise people to spend no more than 25% of their take-home pay on housing. Math still works in every city and state in the country. You don't get a pass on math just because you live in Washington, D.C., even though Congress and a lot of other people there think you do.

But there's really nothing magical about 25%. The purpose behind it is, I don't want you to be house poor. If you find yourself still able to save and invest because you keep other financial aspects of your lifestyle

so low, then you're okay. The problem with most people starts when they've got a high cost of housing, and those payments put a real squeeze on their budgets. It doesn't leave them enough room to save up to buy the next car, so that car becomes debt. The same thing happens with Christmas and vacations and everything else. They don't have enough extra money to save for things because a huge chunk of their income is flying out the door every month wrapped up in rent or a house payment.

Now, you're telling me your situation works for you because you've made room in your budget and live a very frugal lifestyle by choice. That's cool. I'm not mad at you about that. But here's the thing: Whatever you spend on rent disappears. And the more money you burn, the less you've got on hand for other things.

I'm not exactly sure how you adjust that in your situation. Maybe you move outside the city and commute, or perhaps you add a roommate into the equation. Or, maybe you're fine with how things are and that's the way you want to live. That's okay too. But my reasoning behind the 25% figure—which is actually more of a guideline than a rule—is so you don't become house poor. I want you to be able to save, invest and give generously. Plus, I want you to own your own home one day.

And you won't be able to do that if everything you make is going toward big payments!

— Dave

\* Dave Ramsey is a nine-time national bestselling author, personal finance expert and host of *The Ramsey Show*. He has appeared on *Good Morning America*, *CBS This Morning*, *Today*, *Fox News*, *CNN*, *Fox Business* and many more. Since 1992, Dave has helped people take control of their money, build wealth and enhance their lives. He also serves as CEO for Ramsey Solutions.