

What Cities Should Know About 530A Accounts

Working to build generational wealth can take time, which is why it is critical for parents to start saving for their children early in life. Local governments can play a key role in ensuring that their youngest residents are able to leverage all available resources to support their future. For many years, local leaders have been doing this work by creating Children's Savings Account programs* and encouraging city employees to take advantage of state 529 accounts.** The passage of H.R.1 (the One Big Beautiful Bill Act) in 2025 created long-term wealth-building opportunities for children through the nation's tax system. The creation of 530A Accounts, also known as Trump Accounts, as well as a pilot program that provides \$1,000 in the accounts of eligible children born between January 1, 2025, and December 31, 2028. City leaders can work to make families aware of these accounts and encourage them to utilize this mechanism for wealth building.

* To learn more about Children's Savings Account programs, check out <https://www.nlc.org/initiative/city-led-childrens-savings-account-csa/>

** More information on 529 Accounts can be found here, <https://www.529network.org/>

What are 530A Accounts

Launched in July 2026, 530A Accounts, named for the section of the tax code that authorized them, are structured similarly to a traditional Individual Retirement Account (IRA). However, they are designed for children to begin building wealth at birth. The accounts are held under a child's name, with the parent or guardian serving as the custodian. Funds are invested in broad-based index funds. Federal tax incentives encourage investments by families, nonprofit organizations, state and local governments, employers or other entities. Similar to 529 accounts, 530A accounts do not require the beneficiary to have an earned income, and there is no income limit for participation.

Since these accounts are intended to accelerate wealth, accounts are managed by a parent or guardian until the child turns 18 and beneficiaries are prohibited from making withdrawals before that time. 530A accounts are more flexible than 529 accounts in that they can be used for qualified education activities, the purchase of a first home, to build or launch a business, or be moved into savings within a different retirement product. As 530A accounts are traditional IRAs, taxes must be paid when the money is withdrawn or rolled into a different investment.

Eligibility

Any child under 18 with a Social Security number is eligible for an account, including children who are not U.S. citizens. Parents or guardians can open and manage the account and are required to provide either an SSN or their individual taxpayer identification number (ITIN) upon enrollment. Children born between Jan. 1, 2025, and Dec. 31, 2028, are eligible to receive a one-time \$1,000 federal grant deposited into their account, intended for newborns. However, the child needs to be a U.S. citizen to receive this one-time grant.

Families have three ways to open an account for an eligible child:

- **File** IRS Form 4547 with a federal tax return
- **Mail** Form 4547 separately to the IRS at any time, even after taxes have already been filed
- **Enroll** directly online through the trumpaccounts.gov portal or mobile app

Only a parent, legal guardian, adult sibling, or grandparent can open an account on a child's behalf, and each child may only have one account. To receive the \$1,000 pilot deposit, families must check the designated box on Form 4547 or go through the online portal.

IMPACT ON PUBLIC BENEFITS

Accessing public benefit programs such as SNAP does not disqualify families from signing up for a 530A account. When applying for public benefits like SNAP or Medicaid, not all income counts. As 530A accounts are not accessible until the child turns 18, these funds should not be considered available cash. However, this matter is still being resolved. Further clarifications from federal agencies are expected which are likely to ensure that children living in states with asset limits are not impacted.*

Funding Sources

530A accounts are designed to encourage multiple entities to contribute on behalf of children. Parents, caregivers, and other family members can put money directly into these accounts along with employers, nonprofit organizations, cities, states, or philanthropic

organizations. The annual contribution limit is \$5,000 total; and employers are allowed to contribute up to \$2,500 of this limit.

Congress has appropriated funding to support the 530A contribution pilot program. Additionally, philanthropic organizations and foundations across the country are providing funds directly into these accounts. The largest investment thus far has been a \$6.25 billion commitment from Michael and Susan Dell of the Dell Foundation. This commitment will provide \$250 to each child under the age of 10 who lives in zip codes where the median family income is \$150,000 or less, and who are not eligible for the \$1,000 contribution given to newborns.** Additionally, over 50 employers throughout the country, have already voiced a commitment to matching funds to 530A accounts for their employees, including Bank of America, Chipotle, and Vanguard.



* <https://www.congress.gov/crs-product/R48910>

** To see if youth within your community are eligible for the Dell commitment, check out <https://investamerica.org/dell/>

Roles for Municipal Leaders

For 530A accounts to have the greatest impact, more families and communities need to know about them. Cities and broader communities can play an important role in supporting the financial health and future prospects of their youngest residents. Due to their unique role, municipal leaders can have a significant impact on the success of these efforts. Steps municipalities can take may include:



UNDERSTAND THE POPULATION

Municipal leaders should analyze local data to better understand how many children within their jurisdiction are eligible for these accounts and can receive the pilot \$1,000 contribution. City leaders can also identify any local philanthropic investments or commitments made on behalf of children within their jurisdiction.



ENGAGE LOCAL PARTNERS AND CREATE A PLAN

Municipalities cannot achieve maximum success without the assistance of partners. From partners that can help reach parents with young children (hospitals, nurse family partnerships), to those who are trusted partners within the community (schools, child care providers, social service nonprofits), partners are crucial for spreading the

word. Local leaders can also seek new or existing partners that can expand the funds going into these accounts, such as local employers, foundations, or state government. Once partners have been established, it is beneficial to bring them all together and develop a plan to maximize reach and family engagement.*



DEVELOP COMPELLING OUTREACH LANGUAGE

Municipal leaders have a unique opportunity to leverage their partners to help create outreach language that will ensure that more residents can develop an understanding of the value of, as well as sign up for these accounts. They can also ensure that residents receive the support and guidance they need to understand the difference between 530A accounts and other savings vehicles, such as state 529 accounts and local children's savings account programs.



TALK ABOUT THE OPPORTUNITY

Municipal leaders can use their bully pulpit to raise the visibility of 530A accounts using the language developed in cooperation with partners. Additionally, traditional outreach methods such as telephone hold times, municipal webpages, and transit advertising can be leveraged, in addition to social media outreach to communicate about the accounts and their benefits to families.

* For more information on efforts that foundations can support, see <https://assetfund.org/resource/530a-account-roll-out-a-funders-guide/>



INVEST IN YOUTH

Municipalities can make contributions into 530A accounts as long as they meet the required account threshold. Municipal leaders can also explore how they can best support the municipal workforce through contributing funds into these accounts. Additionally, local leaders can consider options for youth who may not have guardians who are willing to engage with these accounts given their immigration status, and where investments could still be made to support their futures.

Conclusion

530A Accounts represent a potentially valuable tool for municipalities seeking to help families develop savings for their children, and begin a lifelong wealth-building journey. With some federal seed funding, a potentially large roster of employer and philanthropic partners, and few barriers to eligibility, these accounts have the potential to meaningfully narrow the wealth gap for the next generation. However, they are only successful if families know that they exist and understand how to best utilize them.

Municipal leaders are uniquely positioned to close that awareness gap and expand the impact of these accounts. By understanding which residents are eligible, developing partnerships with trusted messengers, crafting clear outreach messaging, and considering direct investment, cities can help ensure 530A accounts reach the families who stand to benefit from them the most.

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