



GRANDPARENTS SHOULD BE VERY CAREFUL BEFORE OPENING TRUMP ACCOUNTS

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By Ian Berger, JD
IRA Analyst

Contributions to Trump Accounts, the new tax-deferred savings vehicle for children, can't be made until July 4, 2026. However, the opportunity to open a Trump Account, either through filing Form 4547 or using a dedicated IRS website, forms.trumpaccounts.gov, has been available for several months.

We have heard several reports that grandparents are establishing Trump Accounts for their grandchildren. While grandparents will be able to **make contributions** on behalf of grandchildren to Trump Accounts, IRS rules appear to strictly limit the circumstances where they can **open up** those accounts. Making matters worse, grandparents may be committing perjury without even knowing it when signing Form 4547 or using the website.

The IRS proposed regulations say there can only be one Trump Account per child, and the regulations set out two rules for who can establish those accounts. For grandparents, here's the way the rules work:

- If the grandchild was born **since** January 1, 2025, a grandparent can only make an election to claim the \$1,000 federal government contribution **if the grandchild is a dependent of the grandparent's**. In that case, the grandparent can, at the same time as claiming the \$1,000, also make an election to open up a Trump Account.
- In any other situation (for example, if the grandchild was born **before** January 1, 2025), there is a hierarchy as to who can legally open a Trump Account. A grandparent is **last in line** after a legal guardian, a parent, and an adult sibling. So,

5555 Glenridge Connector • Ste 200 • Atlanta, Georgia 30342 • Direct: 678-664-9745 • Fax: 404-793-0377 • excel@e2efinancial.com

www.e2efinancial.com

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a grandparent can't legally establish a Trump Account for a grandchild born before 2025 unless there is no legal guardian, parent or adult sibling "available" to do so. But neither the IRS regulations nor the Form 4547 instructions specify what not being "available" means. Does it mean deceased? Not legally responsible? Failing to act within a certain period? Something else?

According to the IRS regulations, by making this election, the grandparent must represent, **under penalty of perjury**, that he is authorized to open the Trump Account and that "there is no other person with a higher priority available to make the election." The instructions to Form 4547 have similar language. However, the Form 4547 itself and the website only require a grandparent opening a Trump Account to declare, under penalty of perjury, that he has examined the form and "to the best of my knowledge and belief, it is true, correct, and complete." There's nothing on Form 4547 or the website warning the grandparent that, by making the election for a grandchild born before 2025, he is also representing to the IRS that no other person with a higher priority is "available" (whatever that means) to make the election. If it turns out that any of these other people are actually "available," is the election invalid? Or worse, did the grandparent commit perjury by signing the form or completing the website election?

For these reasons, until we get much-needed guidance from the IRS, grandparents should be **very careful** before making an election to set up Trump Accounts through either Form 4547 or the IRS website. To reiterate: If the grandchild was born since January 1, 2025, the grandparent cannot make the election to claim the \$1,000 federal government contribution and elect to open the Trump Account at the same time, unless the grandchild is a dependent of the grandparent's. And if the grandchild was born before 2025 and has a parent (or legal guardian or adult sibling), the grandparent is not legally authorized to establish the account.

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