

Your Child's Financial Building Blocks

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Early Strategies for Lifelong Financial Success

Saving for your child's future can give them a financial head start in life. There are various ways you can accomplish this, such as: an FDIC-insured savings account, Trump Account, savings bonds and/or a qualified tuition plan for college education. Here are some options.

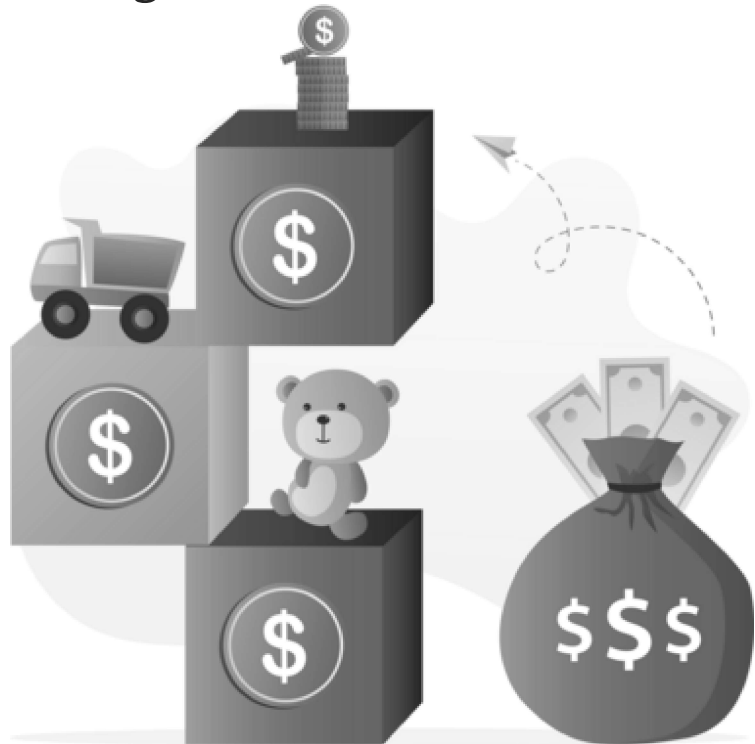
This article provides general information and broad suggestions about various investment options. It is not tax, legal, or investment advice. Consider consulting a qualified tax advisor or financial professional before making decisions.

Open an FDIC-insured savings account

Consider opening a savings account with an FDIC-insured bank. Many banks offer accounts specially designed for young people. These accounts often have features to help kids and teens learn about saving and managing money. A parent or legal guardian will need to be added to the account until the child reaches adulthood. These accounts provide a way to save for a child's future, like education or a car, and the funds are insured up to \$250,000.

Establish a Trump Account

Starting July 5, 2026, parents or legal guardians can enroll their children in a Trump Account, a new type of individual retirement account (IRA) for U.S. citizens under the age of 18. To qualify, the account must be established in the child's name, the parent or legal guardian must serve as the account's custodian until the child turns 18, and withdrawals are generally prohibited while the beneficiary is under 18. If the child is born between January 1, 2025, and December 31, 2028, they may be eligible to receive a \$1,000 contribution into their Trump Account from the Federal government. While further contributions are not required, anyone can make deposits of





up to \$5,000 per year, (\$2,500 per year for employers), maximizing growth through the account's market investment features. Contributions to Trump Accounts cannot be made before July 4, 2026. Funds can be accessed without penalty when the child turns 18 for qualified expenses like education, a first home purchase, or starting a business. Withdrawals may be subject to restrictions and would be taxed at ordinary income rates.

Parents and legal guardians are able to elect to open accounts by filing

IRS Form 4547 ([https://www.irs.gov/forms-pubs/about-form-4547#:~:text=More%20In%20Forms%20and%20Instructions,time%20\\$1%2C000%20pilot%20program%20contribution.](https://www.irs.gov/forms-pubs/about-form-4547#:~:text=More%20In%20Forms%20and%20Instructions,time%20$1%2C000%20pilot%20program%20contribution.))

or by enrolling at [trumpaccounts.gov](https://www.trumpaccounts.gov/) (<https://www.trumpaccounts.gov/>), where you can learn more about the program.

Purchase savings bonds

Savings bonds can be another way to save for college. Typically, the interest you earn on savings bonds becomes part of your gross income for tax purposes. Under certain conditions, such as using the funds to pay for qualifying educational expenses, individuals may not have to pay taxes on the interest earned. For more information about savings bonds, please visit the

[TreasuryDirect](https://www.treasurydirect.gov/savings-bonds/tax-information-ee-i-bonds/using-bonds-for-higher-education/) (<https://www.treasurydirect.gov/savings-bonds/tax-information-ee-i-bonds/using-bonds-for-higher-education/>)

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Start a qualified tuition plan

A Qualified Tuition Plan, also known as a 529 Plan, allows you to either prepay or save for future education-related expenses. Established by a state or school, educational institution, the earnings on 529 Plans are not subject to federal income tax and withdrawals remain tax-free when used for qualified higher education expenses. Each state has specific tax laws, be sure to check your state's rules. Anyone can contribute to a 529 qualified tuition plan including parents, grandparents, relatives, and friends with no income restrictions or age limits on the beneficiary. The earlier you start contributing to the 529 Plan, the more time you will have for the balance to grow.

There are two types of 529 Plans:

Prepaid Tuition Plans: These plans allow participants to pre-purchase future tuition at a predetermined rate, allowing them to pay for future college tuition at today's prices, effectively locking in tuition rates and reducing the risk of future tuition increases. Typically, an account owner will purchase somewhere between one and four years of tuition for a child, and when that child reaches college age, the plan will pay based on tuition rates at that time. Investment performance is often based upon tuition inflation. Prepaid plans may be administered by states or higher education institutions.

College Savings Plans: College savings plans are different from prepaid tuition plans. These savings plans may only be administered by states and account earnings are based upon the market performance of the underlying investments, which typically consist of mutual funds. Most 529 savings plans offer a variety of age-based investment options providing for investment growth.



Learn more about Qualified Tuition Plans at
[Topic No. 313 Qualified Tuition Programs \(QTPs\) \(https://www.irs.gov/taxtopics/tc313\)](https://www.irs.gov/taxtopics/tc313).

Additional Resources

[Money Smart for Young People \(Grades Pre-K through 12\) \(https://www.fdic.gov/consumer-resource-center/money-smart-young-people\)](https://www.fdic.gov/consumer-resource-center/money-smart-young-people)

[Money Smart Basics for Kids \(https://www.fdic.gov/consumer-resource-center/money-smart-basics-kids\)](https://www.fdic.gov/consumer-resource-center/money-smart-basics-kids)

[Steps to take after getting your first job \(https://www.fdic.gov/consumer-resource-center/2023-04/your-first-job\)](https://www.fdic.gov/consumer-resource-center/2023-04/your-first-job)

[Thinking about upcoming college expenses? \(https://www.fdic.gov/consumers/consumer/news/january2020.html\)](https://www.fdic.gov/consumers/consumer/news/january2020.html)

For more consumer resources, visit [FDIC.gov \(https://www.fdic.gov/\)](https://www.fdic.gov/), or go to the [FDIC Knowledge Center \(https://ask.fdic.gov/fdicinformationandsupportcenter/s/public-information?language=en_US\)](https://ask.fdic.gov/fdicinformationandsupportcenter/s/public-information?language=en_US). You can also call the FDIC toll-free at 1-877-ASK-FDIC (tel:18772753342) (1-877-275-3342 (tel:18772753342)). Please send your story ideas or comments to [ConsumerEducation@fdic.gov \(mailto:consumereducation@fdic.gov\)](mailto:ConsumerEducation@fdic.gov). You can [subscribe \(https://www.fdic.gov/about/subscriptions/\)](https://www.fdic.gov/about/subscriptions/) to this and other free FDIC publications to keep informed!