

THE BARATELLI INSTITUTE

Mentoring at Scale

A FREE INSTITUTE INITIATIVE · EVERY CHILD AN INVESTOR

The Complete *Parent's Guide*

Everything you need in one place: what your child's new investment account is, the one idea that makes it grow, and exactly how to open it — start to finish, in plain English.

FREE · NO SIGNUP · WRITTEN BY A CPA

A conflict-free financial-education house. We don't sell investments and we don't hold anyone's money — we simply teach. · © 2026 The Baratelli Institute · baratelliinstitute.com

What's inside

Two halves of one decision. Part One is the why — what the account is and the idea that makes starting at birth so powerful. Part Two is the how — the exact steps to open it, including the parts where people get stuck.

PART ONE — THE BIG IDEA

1. What a Trump Account actually is
2. The one idea that changes everything: compounding
3. What you can do — even a little goes far
4. Your questions, answered
5. The bigger gift — a lesson, not just an account

PART TWO — HOW TO OPEN IT, STEP BY STEP

1. Before you start — have these ready
2. Who gets the free \$1,000?
3. Pick your path — two ways to open it
4. After you file — the activation step
5. Once it's active — what happens next
6. The mistakes that trip people up
7. The official sources — bookmark these

Your child can be an investor.

Starting in 2026, your child can have an investment account from birth. Here's what it is, and the one simple idea that makes it grow — no finance background needed.

If the word "investing" has always felt like it was for other people, this guide is for you. You don't need a finance degree, a lot of money, or any experience. You just need to understand one account and one idea — and we'll walk you through both.

A quick note: "Trump Account" is simply the official federal name for this program. This guide is nonpartisan — it's about the account and what it can do for your child, not the politics around the name.

1. What a Trump Account actually is

A Trump Account is a simple investment account for a child. The government created it so that every American child can start owning a piece of the stock market early in life. Here's what matters, in plain terms:

- **Free money to start.** Every child born between 2025 and 2028 can get a **\$1,000** deposit from the government to open the account.
- **You can add to it.** Family can put in up to **\$5,000 a year** — any amount, whenever you can. Grandparents and others can chip in too (it counts toward the same \$5,000).
- **It's invested for growth.** The money goes into a low-cost stock index fund — a simple basket of America's biggest companies — so it can grow over time, not just sit there.
- **It grows tax-deferred.** Money goes in after-tax, and you don't pay tax on the growth while it builds. At age 18, the account follows regular retirement-account rules — so like a traditional IRA, qualified withdrawals later are taxed as income. Tax-*deferred*, in other words, not tax-free — but decades of untaxed growth along the way is the win.

HOW TO OPEN ONE — THE SHORT VERSION

Visit trumpaccounts.gov, or claim the \$1,000 by filing **IRS Form 4547** with your 2025 tax return. Interest is high and families are signing up ahead of the program's launch. (Part Two of this guide walks the whole process, step by step.) If your child was born a little too early to qualify for the \$1,000, watch for charity-funded seeds — Michael and Susan Dell donated **\$6.25 billion** to put \$250 into millions more accounts.

2. The one idea that changes everything: compounding

Here is the whole secret, and it's simpler than it sounds. When money is invested, it earns a little more money. Then that bigger pile earns a little more. Then that even-bigger pile earns more again. Money making money, over and over. That's **compounding** — and it's why starting at birth is a superpower. Your child's money has decades to snowball.

Look what a single \$1,000 seed could become, just sitting in the account — without anyone adding another dollar:

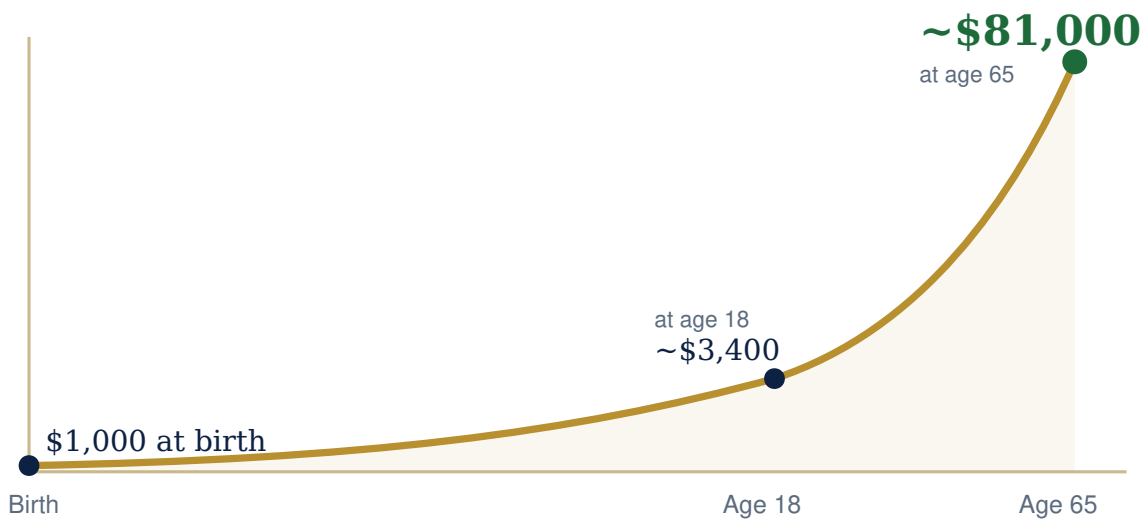


Illustration only, assuming about 7% growth a year. Markets go up and down and nothing is guaranteed — but the shape is the point: time does the heavy lifting.

Notice how the line is almost flat for years, then suddenly shoots up. That's compounding. The early dollars matter most because they have the most time to grow. **The best day to start was the day your child was born. The second-best day is today.**

And that's just the \$1,000 seed, alone. If you add even a little — say **\$20 a month** — that grows to roughly **\$8,600** more by age 18, on top of the seed, and keeps compounding for decades after. A small habit, a large result.

One thing to expect: the line is nearly flat for the first several years. That's not the account failing — those quiet years *are* the engine, quietly laying the base everything later stands on. Don't mistake flat for broken.

3. What you can do — even a little goes far

You do not need to be wealthy to give your child a real head start. A few simple moves:

- **Open the account and claim the \$1,000.** That alone, untouched, could become tens of thousands of dollars by retirement. This is the most important step — do it.
- **Add what you can, when you can.** Even \$10 or \$20 a month adds up over eighteen years. Consistency matters more than the amount.
- **Invite family in.** Birthdays and holidays are perfect — grandparents can contribute a few dollars toward a future instead of another toy.
- **Then leave it alone.** The hardest and most powerful move is patience. Let time and compounding do the work.

4. Your questions, answered

Is the \$1,000 really free? Is there a catch?

Yes — for eligible children, it's a deposit from the government to start the account, and you don't pay it back. There's no fee to open the account, and the Institute isn't selling you anything: this guide is free, with no signup. The only "catch" is the eligibility window (children born 2025–2028) for the federal seed.

What if I open it and never add a cent — is that okay?

Completely okay. Opening the account and claiming the seed is a real gift on its own — the \$1,000 compounds for decades untouched. If Step 1 is all you ever do, you've still given your child a genuine head start. Adding money later just makes it bigger; it was never required.

What if I can't add any money right now?

That's completely fine. Just open the account and claim the seed. The \$1,000 grows on its own. You can add more later, whenever life allows.

Is the money safe? What's an "index fund"?

An index fund is a simple, low-cost basket of many large American companies, so your child isn't betting on any single one. Its value rises and falls with the market in the short term, but over many years the U.S. market has trended upward. Over eighteen-plus years, that long horizon is exactly what makes it work.

What happens when my child turns 18?

The account converts to follow regular retirement-account (IRA) rules. The goal is a long-term nest egg — ideally left to keep compounding well into adulthood.

Do I have to manage investments or pick stocks?

No. The account invests in the index fund automatically. There's nothing to pick and nothing to watch day to day.

5. The bigger gift — a lesson, not just an account

The money is wonderful. But the greater gift is what your child learns by having it. As they grow, show them the account. Let them watch a small amount become a larger one. Teach them the single idea on these pages — that money, given time, grows on itself — and you will have handed them something worth far more than the balance: **the habit and the confidence of an investor, for life.**

That's the why — one account, one idea, a sixty-five-year head start and a teacher to go with it. Now for the part where people stall: actually opening it. Part Two walks you through it, start to finish.

PART TWO

How to open your child's account.

The part everyone gets stuck on — walked through plainly by a CPA who has done it for a real family. About 20 minutes.

Deciding to do this is easy. Knowing how is where people stall — the forms, the logins, the eligibility fine print. So here is the entire process, start to finish, in plain English. There are two ways to do it; pick whichever fits you.

6. Before you start — have these ready

Five minutes of gathering saves an hour of frustration. You'll need:

- ✓ Your child's **Social Security number** (the account can't be opened without it).
- ✓ Your child **claimed — or about to be claimed — as your dependent** on your tax return.
- ✓ Your own **IRS online account** (you sign in with ID.me). If you don't have one, you'll set it up during the process — have a photo ID handy.
- ✓ Your child's **date of birth** — it determines which money they qualify for (see below).

7. Who gets the free \$1,000?

THE \$1,000 FEDERAL SEED — ELIGIBILITY

To get the one-time \$1,000 government deposit, your child must be a **U.S. citizen**, have a **Social Security number**, be **born in 2025–2028**, be **claimed by you as a qualifying dependent**, and have **no prior election** already made for them.

Born before 2025? Your child can still have a Trump Account — it just won't come with the federal \$1,000. But watch for charity-funded seeds: the Dell family donated **\$6.25 billion** to put \$250 into millions of accounts for children 10 and under in lower-income communities.

ONE THING WORTH KNOWING

The account itself can be opened at any time — Form 4547 is an **ongoing** way to open a Trump Account, not a one-time, expiring offer. What has a deadline is the free \$1,000: it's a temporary pilot, limited to children born 2025–2028. In plain terms: **the form stays; the free money is the part with a clock on it.** If your child is eligible for the \$1,000, don't wait — that's the piece you can miss.

8. Pick your path — two ways to open it

Which is for you? Already filing a tax return and claiming your child? **Path A** folds right in. Want it done tonight, from your phone, without waiting for tax season? **Path B.** Either one opens the same account.

PATH A · THE WAY I DID IT — ON YOUR 2025 TAX RETURN

- 1 Get **IRS Form 4547** — the "Trump Account Election." Download it free from the IRS at irs.gov/forms-pubs/about-form-4547 (the form and its instructions). Most tax software includes it, and your preparer can add it.
- 2 **Make the election for your child.** You provide your child's name and Social Security number and check the box electing to open the account and claim the seed.
- 3 **File the return as usual** — by the **April 15, 2026** deadline for the 2025 tax year. The election rides along with your return.
- 4 That's it. The IRS processes the election and the account is established; the \$1,000 follows for eligible children.

Why this path: if you're already filing a return (and claiming the child), this folds right in — no separate website, no extra login. This is the route I walked a family through this year.

PATH B · NO TAX-RETURN NEEDED — ONLINE AT TRUMPACCOUNTS.GOV

- 1 Go to **trumpaccounts.gov** and sign in to your IRS account using **ID.me**. First time? You'll verify your identity with a photo ID — budget a few extra minutes.
- 2 Open **Form 4547** online and elect your child — name and Social Security number.
- 3 **Submit** the form.
- 4 Check the status anytime in your account to confirm the election went through.

Why this path: you don't have to wait for tax season, and you can do it from your phone in one sitting.

9. After you file — the activation step

Submitting Form 4547 makes the election; there's then a short setup step to finish. Once the IRS processes your election, you'll receive an **email with instructions to complete the account setup** — the Treasury has launched a Trump Accounts App for exactly this. Activation is rolling out to families in phases ahead of the program's **early-July 2026 launch**, so don't worry if it isn't instant. Watch your inbox after you file, and follow the steps when the email arrives.

10. Once it's active — what happens next

You don't pick investments or manage anything. The money is invested automatically in a low-cost U.S. stock index fund — a simple basket of America's biggest companies — so it can grow over the years.

To add money, you (and grandparents, and others) can contribute up to **\$5,000 a year combined** — any amount, whenever you can. You don't have to add a cent for the seed to grow; adding even a little just grows it faster.

11. The mistakes that trip people up

- × **No Social Security number yet.** You can't open the account without one — if your newborn doesn't have an SSN, request it first (you can do it at the hospital when you register the birth).
- × **Not claiming the child as a dependent.** The \$1,000 election ties to claiming your child as a qualifying dependent. If you don't, the seed doesn't come.
- × **Missing the activation email.** Filing the form isn't the last step — watch for the setup email and complete it, or the account stalls half-opened.
- × **Trying twice.** Only one election per child — if a co-parent already made it, you don't do it again.
- × **Assuming an old**