2026 · COMMON SAVINGS ACCOUNTS FOR CHILDREN

	PARENT-OWNED BROKERAGE ACCOUNT	UTMA/UGMA	529 PLAN	PERMANENT LIFE INSURANCE	TRUMP ACCOUNT
WHAT DOES THIS ACCOUNT DO?	This account allows a parent to set aside and invest money using a highly flexible, open-ended investment structure with minimal use restrictions.	This account allows a parent to set aside and invest money within a custodial structure that is legally designated for the child's benefit.	This account allows a parent to set aside and invest money within a tax-advantaged structure designed to fund a broad range of qualified education-related expenses.	This policy allows a parent to secure permanent life insurance coverage on a child while building cash value within a tax-advantaged structure that can be accessed flexibly to support future needs.	This account allows a parent to contribute to a tax-advantaged investment structure designed to kick-start a child's financial growth, with potential eligibility for an initial government contribution subject to program guidelines.
WHY MIGHT A PARENT CONSIDER THIS TYPE OF ACCOUNT?	A parent might consider this account for maximum flexibility and control, allowing them to invest for a child's future without use restrictions or mandatory transfer of ownership.	A parent might consider this account to formally and irrevocably set assets aside for a child, creating a committed strategy that helps ensure the funds are preserved for the child's benefit.	A parent might consider this account to implement a focused, tax-advantaged strategy designed to support a child's education and career development, creating a disciplined approach toward long-term learning and career goals.	A parent might consider this policy to lock in permanent life insurance coverage while the child is young and healthy, hedging against future health or career limitations, while also building tax-advantaged cash value that can be accessed flexibly.	A parent might consider this account to give a child a head start in saving for their future retirement goals, while potentially being eligible for additional support via government incentives.
WHEN DOES THE CHILD GAIN CONTROL?	Never[1]	At the age of majority (varies by state)	Never[1], unless established as a custodial 529	Never[1]	At 18 years of age
CAN THE PARENT TAKE THE MONEY BACK?	Yes	No	Yes	Yes	No
CAN THE BENEFICIARY BE CHANGED?	Yes	No	Yes	Yes	No
ARE THERE INVESTMENT RESTRICTIONS?	No	UTMA: No UGMA: Yes	Yes	Yes	Yes
ARE THERE INTERNAL EXPENSES OR FEES?	Expense ratios	Expense ratios	Expense ratios	COI charges, surrender fees, subaccount fees, rider fees	Expense ratios
DOES THE ACCOUNT GROW TAX-DEFERRED?	No	No	Yes	Yes	Yes

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WHAT IS THE CONTRIBUTION LIMIT?	Unlimited	Unlimited	Varies by state	Determined by underwriting, actuarial assumptions, and policy design.	Family: $5,000 per year, per beneficiary Employer: $2,500 per year, per employee[3] Qualified General Contributions: no limit
IS THERE A TAX BENEFIT FOR CONTRIBUTING?	No	No	Yes (varies by state)	No	No
ARE CONTRIBUTIONS CONSIDERED GIFTS?	No	Yes	Yes	No[2]	Yes
CAN THE ANNUAL GIFT EXCLUSION BE USED?	N/A[1]	Yes	Yes (5-year election available)	N/A[1,2]	Yes
HOW ARE WITHDRAWALS TAXED?	Cost Basis: Tax-free Investment Growth: Capital gains and/or ordinary income	Cost Basis: Tax-free Investment Growth: Capital gains and/or ordinary income (This account is subject to the kiddie tax rules)	Qualified: Tax-free Non-Qualified: Ordinary income (applies to investment growth only)	Withdrawals: FIFO taxation Policy Loans: Tax-free (Taxation will differ if the policy is a MEC)	Withdrawals are pro rata. Family contributions withdrawn are tax-free to the extent of basis. All other withdrawals of contributions and earnings are taxable as ordinary income.
CAN WITHDRAWALS BE SUBJECT TO PENALTIES?	No	No	Yes	Yes (if a MEC)	Yes
HOW DOES THIS ASSET AFFECT THE FAFSA?	Parent asset (lower impact)	Student asset (higher impact)	Parent asset (lower impact)	Not included (no impact)	Student asset (higher impact)
WILL THIS BE INCLUDED IN THE PARENT'S TAXABLE ESTATE?	Yes[1,2]	No	No	Yes[1,2]	No

[1] Unless ownership was transferred to the child at a later date.
[2] Unless owned by an irrevocable trust (e.g., utilizing Crummey provisions, etc.).
[3] Employer contributions count toward the $5,000 aggregate limit for Trump accounts.

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