MARATHON
FINANCIAL STRATEGIES

Saving for Education: What Parents and Grandparents Should Know in 2026

Whether you are raising young children, helping grandchildren get started, or simply thinking ahead, the cost of education can be a significant financial commitment.

The good news is that families have more than one tool available to help prepare. And with **Trump Accounts now available for contributions**, there is a new option worth understanding alongside the more familiar **529 college savings plan**.

The right strategy depends on the child's age, your goals, your tax situation, and how much flexibility you want over how the money is ultimately used.

Start Early When You Can

Time is one of the most valuable assets in education planning.

For example, saving $250 per month for 18 years and earning an average 6% annual return would result in approximately $97,000. If you wait until the child is 9, the same savings rate would grow to roughly $35,000 by age 18.

The numbers illustrate an important point: **consistent contributions over a long period can make a meaningful difference.**

That does not mean it is too late if your child or grandchild is already older. A shorter savings period simply calls for a different strategy and a realistic assessment of how much you can contribute.

529 Plans Remain A Key Education-Savings Tool

For families whose primary goal is to fund education, a **529 plan remains one of the most attractive options available.**

A 529 plan allows money to be invested for a designated beneficiary. Earnings grow tax-deferred, and withdrawals are generally tax-free when used for qualified education expenses.

Depending on the circumstances, 529 funds can be used for:

- College and other eligible postsecondary education
- Certain K–12 educational expenses
- Registered apprenticeship programs
- Certain postsecondary credentialing expenses
- Limited qualified student loan repayments

The annual K–12 limit is now **$20,000 per beneficiary**, although state tax treatment can differ from the federal rules.

There is also significant flexibility in how a 529 can be funded. In 2026, an individual can generally give **$19,000 per beneficiary** without using any of their lifetime gift-tax exemption. A married couple can generally give $38,000. For larger gifts, the 529 "superfunding" election allows an individual to contribute up to **$95,000** and elect to spread the gift over five years for gift-tax purposes.

Another relatively recent planning opportunity allows certain unused 529 funds to be rolled into a Roth IRA for the beneficiary, subject to specific requirements and limits.

A New Option: Trump Accounts

Trump Accounts became available for contributions on **July 4, 2026**, creating another potential way to save for a child's future.

The most notable feature is the federal **$1,000 pilot-program contribution**.

A child may qualify if the child:

- Was born between January 1, 2025, and December 31, 2028
- Is a U.S. citizen
- Has a valid Social Security number
- Meets the other eligibility requirements

An authorized individual generally makes the election using **IRS Form 4547**. The IRS currently says the process takes approximately 5–10 minutes when completed through an IRS account.

Importantly, **children born before 2025 can still have Trump Accounts**, but they are not eligible for the $1,000 federal pilot contribution.

Families can also contribute to Trump Accounts. During the child's growth period, contributions from individuals and certain employer contributions are generally subject to a combined **$5,000 annual limit**, with employer contributions limited to $2,500. The $1,000 federal pilot contribution does not count toward that $5,000 limit.

There is an important distinction, however: **a Trump Account is not simply another college savings account.**

It is structured as a type of IRA for the child. During the growth period, withdrawals are generally restricted. Beginning when the child reaches the applicable age, traditional IRA rules generally apply, including rules governing distributions and taxation. Qualified higher-education expenses can be one exception to the early-distribution penalty rules.

The account also has specific investment requirements during the growth period, generally limiting investments to qualifying mutual funds or ETFs that track primarily U.S. stock indexes.

529 Or Trump Account?

For many families, this does not have to be an either/or decision.

How do you decide between a 529 and a Trump Account?

- **If your primary goal is saving specifically for education:** A 529 plan may be the better fit because of its tax-free growth and tax-free withdrawals for qualified education expenses.
- **If you have a child eligible for the $1,000 federal contribution:** A Trump Account may be worth considering to take advantage of the federal contribution.
- **If your goal is broader long-term financial savings for a child:** A Trump Account may have a role because the funds are not limited to education.
- **If you want flexibility among qualified education expenses:** A 529 plan generally provides more flexibility for education-related expenses.
- **If your state offers a tax deduction or credit for 529 contributions:** A 529 may provide an additional state tax benefit, depending on your state's rules.

The bottom line: A 529 can remain the primary vehicle for education savings, while a Trump Account may complement it as a way to build additional long-term assets for a child.

For grandparents, there are additional considerations. A 529 can be particularly useful for making a substantial gift toward a grandchild's education, while the new Trump Account creates another opportunity to contribute to a grandchild's long-term financial future.

The key is to consider these accounts as part of the **larger family financial plan**, rather than choosing an account simply because it is new or has a tax advantage.

What About Other Options?

There are other ways to save for education, including Coverdell Education Savings Accounts, custodial UGMA/UTMA accounts, taxable investment accounts, and even Roth IRAs in certain circumstances.

Each has different tax, ownership, financial-aid, and control implications.

For example, money in a custodial account ultimately belongs to the child, while money saved in a parent's taxable investment account generally remains under the parent's control. A Roth IRA can provide valuable flexibility, but using retirement assets for education should be weighed carefully against the need to fund your own retirement.

The Bigger Planning Question

The question isn't simply, **"What is the best college savings account?"**

A better question is:

"How much should we save, where should we save it, and how does education funding fit into the rest of our financial plan?"

For some families, that means maximizing a 529. For others, it may mean opening a Trump Account to capture the $1,000 federal contribution while continuing to fund a 529. And for some, the priority may be balancing education savings with retirement, tax planning, and other financial goals.

If you have children or grandchildren who may benefit from these strategies, we would be happy to help you evaluate the options and determine how education funding fits into your overall financial plan.

Schedule a Planning Meeting

Planning to go the Distance

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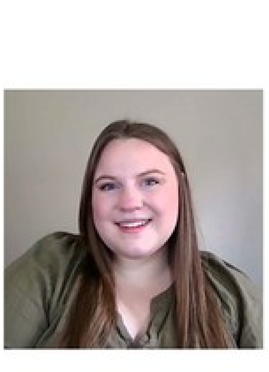
Wes Littlejohn
CFP®, CPA
Founder & Financial Planner
770.493.6555 (voice only)
Wes@MarathonFinancialStrategies.com

Sally Littlejohn
CPA
Partner & Head of Operations
404.444.0262 (voice only)
Sally@MarathonFinancialStrategies.com

Office 770.353.6346
Text 470.683.6863
200 Ashford Center North, Suite 400, Atlanta GA 30338



Samantha Mitchell
Client Service Associate
770.353.6460
smitchell@intfingroup.com

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Marathon Financial Strategies

http://www.marathonfinancialstrategies.com/

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