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The “Family Tax Office” Mindset

Kids, Education, and Inter-Generational Planning

Most families experience taxes in fragments: a 529 plan opened when a child is born, a custodial account started with a grandparent gift, retirement accounts scattered across employers, and estate documents drafted years ago. The “Family Tax Office” mindset takes a different approach. Instead of treating each account or decision in isolation, it views the household—across generations—as a coordinated tax and wealth enterprise. In 2026, that mindset is especially powerful as new tax-favored savings vehicles for children, updated education rules, and evolving estate thresholds all interact.

One of the headline additions is the new Trump Account, a tax-advantaged savings account for children created under recent legislation. Trump Accounts are long-term, tax-deferred savings accounts for children under 18, with special rules around contributions, growth, and withdrawals. Under current guidance, children born between 2025 and 2028 receive a 1,000-dollar government contribution to their Trump Account, which does not count against the annual contribution limit. Families and employers can contribute additional amounts—up to 5,000 dollars per year in aggregate per child, with an employer contribution limit of 2,500 dollars—subject to plan rules. The investments are restricted to low-cost, broadly diversified funds, reflecting the account’s emphasis on long-term growth.

Trump Accounts sit alongside existing tools like 529 college savings plans and custodial (UGMA/UTMA) accounts. 529 plans offer tax-deferred growth and tax-free withdrawals for qualified education expenses, with many states also providing tax benefits on contributions. Custodial accounts, by contrast, are taxable accounts owned by a child but controlled by a custodian until the age of majority; earnings may be subject to the “kiddie tax,” which can tax a portion of unearned income at the parents’ higher rates. Layered on top of these, Trump Accounts provide another pocket of tax-advantaged growth, potentially aimed at long-term goals like education, first-home savings, or retirement, depending on future regulatory guidance.

In a Family Tax Office framework, the key is to assign each account a clear role rather than letting them overlap randomly. A family might, for example:

- Use 529 plans as the primary vehicle for anticipated education costs, targeting a funding level that balances future tuition needs with flexibility.
- Use Trump Accounts to harness tax-deferred growth for broader long-term goals, particularly given the government seed funding for eligible children.
- Use custodial accounts for smaller gifts and teaching opportunities around investing, recognizing the tax trade-offs and potential impact on financial aid calculations.

This structure allows parents and grandparents to direct gifts strategically, knowing how each dollar supports both the child’s future and the family’s tax picture.

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Income shifting is another important dimension. The tax code allows limited shifting of income to children in lower tax brackets, but the kiddie tax rules and NIIT thresholds set guardrails. Rather than chasing aggressive shifting strategies, a Family Tax Office approach looks for balanced opportunities: paying older children reasonable wages for work in a family business, for instance, which can support Roth IRA contributions in the child's name; or using Trump Accounts and 529s to shelter growth that would otherwise occur in a parent's higher-tax account. Each tactic is small in isolation, but over years, coordinated moves may help improve tax efficiency, though results will vary based on individual circumstances..

Inter-generational planning extends beyond children's accounts into estate and gift strategies. Today's still-elevated estate and gift tax exemptions create a window for larger transfers, whether outright gifts, funding of irrevocable trusts, or seeding vehicles like 529 plans and Trump Accounts for multiple grandchildren. Properly structured, these transfers can remove future appreciation from the taxable estate while supporting education, housing, or entrepreneurship for younger generations. Families may pair outright annual exclusion gifts with contributions to tax-advantaged accounts, or use more advanced techniques like spousal lifetime access trusts (SLATs) or dynasty trusts in conjunction with children's accounts.

Education around money is a softer, but critical, part of the Family Tax Office concept. Accounts like Trump Accounts, 529s, and custodial funds are not only tax tools; they are opportunities to talk with children and young adults about saving, investing, and trade-offs. Some families involve older children in periodic reviews of their account statements, explaining how contributions, market returns, and taxes interact. Others embed expectations about future support—such as how much of college costs the family intends to cover, or what kind of help might be available for a first home—into written "family financial charters" that guide decisions over time.

The real power of viewing your household as a Family Tax Office is that it encourages alignment. Instead of separate conversations about kids' college, parents' retirement, and grandparents' estate plans, you step back and ask: how do all of these pieces fit together, across time, taxes, and people? An advisory team can help map cash flows and tax exposures across generations, showing how different combinations of gifts, account types, and estate structures affect the family's long-term net spendable wealth. That map, in turn, makes it easier to make day-to-day decisions about contributions, distributions, and gifting with confidence.

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