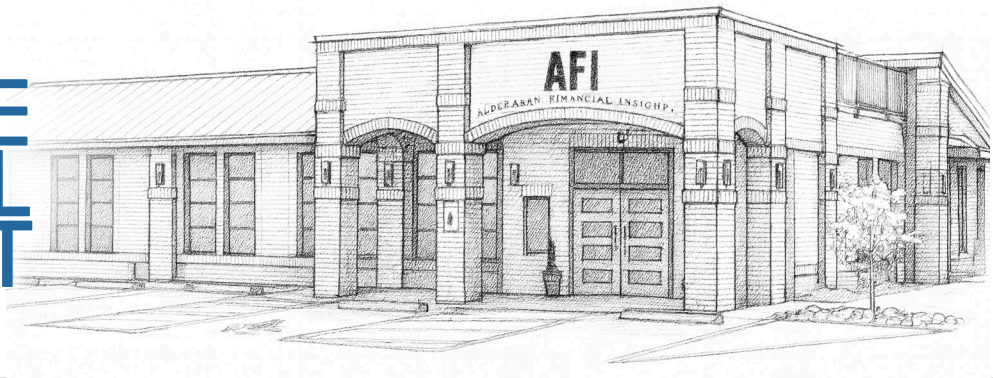
TIME WELL SPENT



AFI

March 2026

Turning Early Savings

Into A Tax Free Legacy!

The passage of the One Big Beautiful Bill Act (OBBBA) has introduced a transformative vehicle for family wealth: the Trump Account (Section 530A). While much of the initial buzz surrounds the $1,000 federal "seed" grant for children born between 2025 and 2028, the true long-term power of these accounts lies in their eventual transition into the broader retirement ecosystem—specifically through strategic Roth conversions.

The Path from Traditional to Roth

Structurally, a Trump Account functions as a specialized custodial traditional IRA during the "growth period" (until the beneficiary turns 18). Because the account is designed to capture decades of compound interest in low-fee, U.S. index-tracking funds, the eventual balance could be significant. However, as a traditional IRA structure, future withdrawals would typically be taxed as ordinary income.

The OBBBA explicitly allows for these accounts to be converted into Roth IRAs once the beneficiary reaches adulthood. By executing a Roth conversion, you can shift the tax burden to the present, allowing the entire balance—including all future growth—to be withdrawn completely tax-free after age 59½. This is a particularly potent strategy for young adults who are likely in their lowest lifetime tax bracket, making the "cost" of the conversion relatively minimal compared to the decades of tax-free appreciation that follow.

Strategic Timing

For families looking to optimize this transition, timing is everything. While the account remains locked until age 18, the window immediately following the beneficiary's 18th birthday presents a prime opportunity. It is important to coordinate these conversions with a tax professional to navigate.

For high-net-worth families, there is an additional estate planning benefit: parents or grandparents can choose to gift the funds necessary to pay the taxes due on the conversion. This effectively allows the elder generation to move additional capital out of their taxable estate while supercharging the "tax-deferred" nature of the heir's retirement bucket.

Strategic Timing

While both 529 plans and Trump Accounts offer tax-advantaged growth, they serve distinct purposes in a diversified family plan.

Feature	Trump Account (OBBBA)	529 College Savings Plan
Primary Goal	Long-term wealth / Retirement	Education expenses
Federal Seed	$1,000 for 2025–2028 births	None
Annual Limit	$5,000 (indexed for inflation)	Varies by state (subject to gift tax limits)
Investment Choice	Broad U.S. index funds (fees ≤ 0.10%)	State-selected plan options
Access to Funds	Locked until age 18	Anytime for education; 10% penalty if non-qualified
Roth Flexibility	Eligible for Roth conversion at age 18	Limited rollover to Roth (SECURE 2.0 rules)
Control at 18	Becomes a Traditional IRA for the child	Owner (often parent) retains control

By utilizing the Trump Account alongside traditional education and trust planning, families can ensure their children have a dedicated "economic engine" ready to be converted into a tax-free Roth legacy as they enter adulthood.



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THE AFI IMPACT

COMMUNITY - CONNECTION - COMMITMENT



On the Ground with United Way

Josh recently participated in the United Way Citizens Review Panel, visiting local nonprofits to hear firsthand about their work and funding needs. During a stop at the Children's Advocacy Center of Sullivan County, the group met Bogart, a canine companion who helps support children in difficult moments. It was a meaningful reminder of the many ways care and support show up throughout our community.



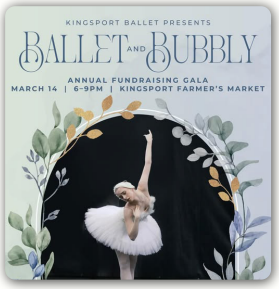
Stepping Out for a Great Cause

Brian attended the CASA for Kids Red Shoe Gala on behalf of AFI, supporting an organization dedicated to advocating for children in need. The evening brought together community members for a meaningful night of connection, generosity, and awareness. Events like this highlight the impact of coming together to support causes that make a lasting difference.



Exploring the Future of AI

Josh attended the Tusculum University AI Summit, joining others in learning more about the growing impact of artificial intelligence. The sessions covered practical applications, education, and how AI is shaping day-to-day decision-making across industries. Events like this help us stay informed and thoughtful as technology continues to evolve.



Supporting the Arts in Our Community

Kaylee attended the Kingsport Ballet's Ballet and Bubbly fundraising gala, an evening dedicated to supporting local arts. AFI was proud to contribute to the event through a silent auction item, helping further the organization's mission. Events like this highlight the importance of investing in the cultural experiences that enrich our community.

Client Question of the Month

"I feel like I should be doing more with my money, but I also feel like I might be too late to really make a difference… is that true?"

It's a common feeling—and one that holds more people back than it should. Financial progress isn't about perfect timing or starting early enough to do everything "right." It's about making thoughtful decisions with what you have today. Whether you're just getting started or refining an existing plan, small, consistent steps can still lead to meaningful long-term impact.

Question For the Newsletter?

Email Now ➤➤➤➤

Behind the Scenes at AFI





We recently welcomed Trident Media into the office for a new round of website photos—and let's just say, we're far more comfortable talking finances than posing for a camera. Between a few laughs and some creative direction, the team managed to capture some great shots, along with a few unexpected moments. At one point, things even escalated into a lightsaber battle between Brian and Peter—proof that not everything at AFI is taken too seriously.



Continuing the Conversation

We recently shared a recap video from our latest Lunch & Learn, highlighting key takeaways from "5 Decisions That Matter in Every Market." The session focused on practical areas like risk, cash flow, and long-term planning strategies that impact everyday financial decisions. If you weren't able to attend—or would like a quick refresher—the full recap is available now on our YouTube channel.



On the Podcast

We recently welcomed Kathrine Hackler to the podcast for a conversation around entrepreneurship, leadership, and building something meaningful. The episode highlights her journey, key lessons learned, and the perspective she's gained along the way. If you haven't had a chance to watch—or would like to hear the full discussion—scan the QR code to view the complete episode.