



## HIGHLIGHTS

- Trump Accounts are a new type of tax-favored savings account for children, effective in 2026.
- The federal government will make a one-time \$1,000 pilot program contribution to the Trump Accounts of eligible children born in 2025-28.
- Employers can make tax-free contributions to the Trump Accounts of their employees or their employees' dependents.
- The annual limit for employer contributions is \$2,500 (adjusted for inflation after 2027).
- Employers can allow employees to make salary reduction contributions to their dependents' Trump Accounts through a Section 125 cafeteria plan.

## IRS Issues Guidance on New Trump Accounts for Children

On Dec. 2, 2025, the IRS issued [Notice 2025-68](#) announcing upcoming regulations and providing initial guidance regarding Trump Accounts. Created by the [One Big Beautiful Bill Act](#) (OBBBA), Trump Accounts are a new type of tax-favored savings account for children **under the age of 18** that will be available in 2026.

This Legal Update summarizes the guidance from Notice 2025-68, including the rules for employer contributions to Trump Accounts.

### General Overview

Contributions to Trump Accounts may start **July 4, 2026** (one year after the OBBBA's enactment), and can be made by anyone, including the account beneficiary, parents or guardians, grandparents, employers, philanthropic contributors or any other source. Children born between 2025 and 2028 may be eligible to receive a **special \$1,000 contribution** from the federal government through a pilot program.

Taxpayers will use **IRS Form 4547** to establish Trump Accounts for eligible children. This same form is used to make an election to participate in the federal government's \$1,000 pilot program. Beginning in May 2026, the IRS will send information to taxpayers who make this election to activate Trump Accounts through an authentication process. The IRS has indicated that a draft version of Form 4547 will be made available [here](#).

### Special Rules

Notice 2025-68 clarifies that Trump Accounts are a type of traditional individual retirement account (IRA) subject to special rules during the **"growth period,"** which is the period that ends before Jan. 1 of the calendar year in which the account beneficiary attains age 18. For example, a child born on Oct. 1, 2025, would attain age 18 on Oct. 1, 2043, and therefore the last day of the growth period for that child would be Dec. 31, 2042. After the growth period, most of these special rules cease to apply, and the rules governing traditional IRAs generally apply to Trump Accounts.

The following special rules apply to Trump Accounts during the growth period:

- **Investments:** Funds may be invested only in eligible investments. An eligible investment, generally, is a mutual fund or exchange traded fund that tracks an index of primarily U.S. companies, such as the Standard and Poor's 500 stock market index, does not use leverage, does not have annual fees and expenses of more than 0.1% of the balance of the investment in the fund, and meets other criteria that the IRS determines appropriate;
- **Contributions:** Contributions are subject to an annual limit of **\$5,000** (subject to cost-of-living adjustments after 2027), although certain types of contributions are not counted toward this limit, such as the federal government's \$1,000 pilot program contributions and contributions from governments or tax-exempt organizations. Contributions are not includible in the account beneficiary's income for federal tax purposes when they are made;

- **Distributions:** Distributions are not allowed from Trump Accounts during the growth period, subject to a few limited exceptions. After the end of the growth period, distributions are generally subject to the rules that apply to traditional IRA distributions, including the 10% additional tax on early distributions if an exception does not apply (such as a distribution for qualified higher education expenses or first home purchases or distributions made after age 59 and a half); and
- **Reporting:** Trump Accounts are subject to additional reporting requirements, such as providing information regarding the source of contributions, under Internal Revenue Code (Code) Section 530A(i) during the growth period. After the growth period, the IRA reporting requirements of Code Section 408(i) apply.

## Employer Contributions

Employers can contribute to the Trump Account of an employee or an employee's dependent pursuant to a Code Section 128(c) Trump Account Contribution Program. These contributions are not includible in the employee's income for federal tax purposes. Contributions are limited to **\$2,500 per employee per year**, subject to cost-of-living adjustments after 2027. This program must be established pursuant to a written plan document and must meet certain tax rules that apply to dependent care assistance programs regarding discrimination, eligibility, notifications and benefits.

Notice 2025-68 also provides the following guidance for employer-sponsored Trump Account Contribution Programs:

- The annual contribution limit is a **per-employee limit** (not a per-dependent limit). For example, if an employee has two or more children who have Trump Accounts, an employer may only contribute up to \$2,500 in the aggregate for 2026 to those Trump Accounts;
- An employer must **affirmatively indicate to the trustee** of the Trump Account that the employer's contribution is a Section 128 employer contribution excludible from the gross income of the employee; and
- A Trump Account Contribution Program may be offered **via salary reduction under a Section 125 cafeteria plan** if the contribution is made to the Trump Account of the employee's dependent but not if the contribution is made to the Trump Account of the employee.

## More Guidance

The Treasury and the IRS have indicated they will issue proposed regulations on a variety of topics related to Trump Accounts in the future, including the coordination of Trump Account Contribution Programs and Section 125 cafeteria plans. Employers that are interested in making Trump Account contributions should watch for additional implementation guidance, including these proposed regulations. More general information on Trump Accounts is also available at [trumpaccounts.gov](https://trumpaccounts.gov).