New Trump Account Proposed Regulations Give Employers a Roadmap for Implementation

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Employers interested in adding Trump Accounts to their benefits offerings now have their first detailed framework for doing so. On Aug. 11, 2026, the Department of the Treasury and Internal Revenue Service (the Agencies) issued proposed regulations explaining how employers may contribute to Trump Accounts for employees and their dependents, including the requirements for establishing and administering a Trump Account Contribution Program (TACP). The proposed regulations generally would apply for plan years beginning on or after final regulations are published, but employers may rely on them now.

Trump Accounts were created by the One Big Beautiful Bill Act in 2025 as tax-advantaged individual retirement accounts for individuals generally under age 18. In addition to contributions from families and other sources, the law permits employers to make tax-favored contributions through a qualifying employer program.

Proposed Regulations Takeaways

Employers can contribute up to $2,500.

A qualifying TACP may provide up to $2,500 per employee each year in contributions that are excluded from the employee's gross income, with the limit indexed after 2027. The limit applies per employee, not per child, and across all employers. Qualifying contributions remain subject to employment taxes even though they are excluded from federal income tax.

A separate written plan is required.

An employer that establishes a TACP must maintain a separate written plan addressing eligibility, contribution formulas, employee account designation, employee notices, reporting, and corrections. To qualify for the tax benefits, employers must operate within the terms of the written plan.

Employees may make certain pre-tax contributions.

Employers may allow employees to make pre-tax contributions through a Section 125 cafeteria plan to a dependent's Trump Account, but not to the employee's own Trump Account. If this feature is offered, the cafeteria plan must describe the benefit and permit prospective election changes or revocations at least monthly.

Employers will have verification and reporting duties.

Employers generally may rely on employee certifications regarding a beneficiary's relationship, dependent status, and age, but must separately use a reasonable method to verify that contributions are going to a valid Trump Account. Employers also provide employees with annual contribution information, which may be reported in Box 12 of Form W-2 using code "TA."

Nondiscrimination rules apply.

A TACP may not discriminate in favor of highly compensated employees, and the proposed regulations establish eligibility, contributions-and-benefits, and average-benefits standards. The proposed regulations also include a safe harbor for employers to offer match the federal government's $1,000 contribution for qualifying children.

Action Items for Employers

- Submit public comment. Employers and other interested parties have until Sept. 25, 2026, to submit comments on the proposed regulations.
- Consider whether a TACP fits the company's benefits portfolio. While the regulations are not yet in effect, employers may rely on the proposed framework while establishing a TACP.
- Start with program design and prepare a written plan document. Determine eligible employee groups, the employer contribution formula, whether to permit pre-tax employee contributions for dependents, and whether to take advantage of the proposed pilot-match safe harbor. Employers that decide to move forward with the plan design should develop a written plan document and establish procedures for implementation and administration.
- Model nondiscrimination testing before launch. Contribution formulas and eligibility provisions should be evaluated against the proposed testing rules before the program is implemented.