

Publications

Vorys Benefits Brief: Introduction to Trump Accounts

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The One, Big, Beautiful Bill Act created a new savings vehicle for children: the Trump Account. Trump Accounts can be established beginning July 4, 2026 for any U.S. citizen with a valid Social Security number who is under age 18 on the last day of the calendar year in which the election to establish the Trump Account is made.

There are five types of contributions that can be made to Trump Accounts:

1. Under a pilot program, the federal government will contribute \$1,000 to a Trump Account for each eligible child who is born in calendar years 2025 - 2028 and for whom the pilot program contribution is claimed by filing IRS Form 4547, *Trump Account Election(s)*.
2. An unlimited amount of "qualified general contributions" can be contributed by states (or political subdivisions thereof), the District of Columbia, the Federal government, Indian tribal governments, or 501(c)(3) tax-exempt organizations for members of a "qualified class" of account beneficiaries. The only restrictions that can be imposed on a qualified class are year of birth and geographic area. For example, news reports indicated that Bill and Susan Dell pledged to contribute \$250 to Trump Accounts for each eligible child who resides in a zip code where the median household income is below \$150,000 (capped at \$6.25M).
3. Employer contributions not to exceed \$2,500 per employee per year (indexed for inflation after 2027). Compliance with eligibility, non-discrimination and notice requirements similar to the Dependent Care Assistance Program rules will be required. Employees can be given the opportunity to contribute through a Section 125 cafeteria plan and the contribution will not be taxable wages at the time of the payroll deduction so long as the contribution funds the Trump Account for an employee's child and not the employee.
4. Contributions from other sources (such as the child, parents, grandparents or others) not to exceed \$5,000 in total per year per child (calculated including the employer contributions described above).

5. Rollover contributions from a prior Trump Account.

Trump Accounts are like traditional individual retirement accounts (IRAs) but (1) each child can have only one Trump Account at a time; (2) the child is not required to have compensation to be eligible to fund a Trump Account; (3) until the calendar year the child turns age 18, the account can only be invested in “eligible investments” that track an index of primarily U.S. companies, like the S&P 500 index, and those investments cannot have annual fees and expenses of more than 0.1% of the balance in the investment fund; (4) until the calendar year the child turns age 18, no distribution can be taken other than withdrawals of excess contributions, certain rollovers and distributions upon death of the child (account beneficiary); and (5) there is no funding grace period (contributions for 2026 must be funded during 2026).

Starting in the calendar year in which the child turns age 18, the child can take distributions, subject to the IRA rules. Thus, a distribution will be taxable and may be subject to the 10% additional tax under Internal Revenue Code Section 72(t) unless an exception applies. For example, a child will avoid the 10% excise tax if they withdraw funds to pay for college or a first home purchase.

Next Steps – In General

The IRS has issued IRS Notice 2025-68, informing taxpayers that it intends to propose regulations providing guidance with respect to Trump Accounts. Taxpayers and other interested parties should stay alert for further updates and guidance related to Trump Accounts.

Next Steps for Financial Institutions Who Want to Offer Trump Accounts

Financial institutions that currently offer IRAs will want to consider whether they want to add this new account option. Although the rules are similar to IRAs, there are a number of nuanced differences that will require careful set-up.

Next Steps for Employers Who Want to Contribute to Employees’ Trump Accounts

Employers should consider whether they want to add Trump Account contributions to their employee benefit line-up. Employers who do so will need to establish a Section 128(c) Trump Account contribution program. Employers who would like to allow employees to make contributions through a Section 125 cafeteria will likely have to amend their cafeteria plans to permit contributions to Trump account.

Next Steps for People Who Want to Contribute to Accounts for the Children in their Lives

Individuals should consider whether they want to contribute to Trump Accounts for the children in their lives and to claim the pilot program contribution. IRS Notice 2025-68 proposes a hierarchy of the individuals who can establish a Trump Account for a child.

Contact Legal Counsel

If you have any questions or need any additional information about this Vorys Benefits Brief and its application, consult with legal counsel.