

Trump Accounts: At least 5 Million Reasons Why Employers Should be Ready for Questions

When filing your taxes this year, whether through an online provider or with the help of an accountant, you may have been asked some new questions—particularly if you claimed any dependents. As discussed in our last [article](#) regarding Trump Accounts (“Accounts”), the 2026 tax filing season marked the first where parents and other “authorized individuals” could elect to open an Account for their children using [Form 4547](#) which could be filed along with their 2025 federal income tax return. On April 15, 2026, the Department of Treasury [announced](#) 5 million Accounts had been opened—with 1.2 million claiming the federal government’s \$1,000 seed contribution. These numbers are certainly expected to increase because the announcement does not include last minute or late filers, and [Internal Revenue Service](#)’s historical data shows hundreds of millions of returns are filed just before or after April 15 each year. If you have not already received questions from employees about Trump Accounts and whether they can contribute to them via payroll deduction you almost certainly will soon.

What’s an Account?

As a refresher, the One, Big, Beautiful Bill Act (“[OBBA](#)”) amended the Internal Revenue Code (“[Code](#)”) to add provisions related to the establishment of, and contributions to, the Accounts. Basically, an Account is a new type of traditional individual retirement account that can be established for an “eligible individual” who will not turn 18 before the end of the calendar year when the election to open the Account is made. The annual contribution limit for an Account is \$5,000 (indexed for inflation beginning after 2027). Some contributions count towards that limit (e.g., parents’ and employers’ contributions) and others do not (e.g., the \$1,000 federal seed contribution). Employers can contribute up to \$2,500 *per employee* (also indexed for inflation beginning after 2027) to Accounts.

Is it really that simple?

According to IRS Chief Executive Officer Frank J. Bisignano, claiming the federal government’s limited seed contribution is as simple as checking a box on an income tax return. (See, [IR-2026-42](#) (March 31, 2026)). Preparing for Accounts to begin accepting contributions on July 4, 2026, however, has been far from simple and substantial government resources have been devoted to implementation of the Accounts. To date, two packages of proposed regulations regarding Accounts have been issued—both aimed at clarifying the existing statutes and proposed to apply to tax years beginning after January 1, 2026.

The [first set of proposed regulations](#) regarding new Code Section 530A was published on March 9, 2026. These proposed regulations define key terms in Code Section 530A, further explain the lifecycle of an Account, and define the requirements an Account must

meet (e.g., a separate written plan, restricted investments during the growth period, etc.). The proposed regulations also explain how to make an election to open an Account under Code Section 530A, clarify *who* may elect to open an Account, and designate a default party responsible for managing an initial Account on its beneficiary's behalf. Comments on this set of proposed regulations are due on or before May 8, 2026.

The [second set of proposed regulations](#) regarding new Code Section 6434 was also published on March 9, 2026. These proposed regulations establish the framework for the federal government's pilot program contribution (i.e., the federal government's \$1,000 seed contribution). The proposed regulations clarify an election is required to receive the seed contribution, but no one is required to elect to open an Account. In other words, if no election is made an eligible child will not receive a seed contribution—but, there is no requirement that an election be made to open an Account for an eligible child or eligible individual. The proposed regulations also outline how to make an election to receive the federal government's seed contribution, when to make this election, and how these elections will be processed. Comments on these proposed regulations were due by April 8, 2026.

What questions should employers be prepared to answer?

Accounts can begin accepting contributions on July 4, 2026, and millions of elections to open Accounts have already been made, so it is just a matter of time before employees begin asking questions. Employers should be prepared to answer whether employees can contribute through their cafeteria plans. As confirmed in [IRS Notice 2025-68](#), employees can generally make contributions to Accounts via their employer's Code Section 125 cafeteria plans, and additional proposed regulations on this topic are anticipated in the future. Employers should also expect employees to ask whether they will be offering Account contributions as an employee benefit. While this is certainly not a requirement, employers may want to consider whether implementing a contribution fits its overall goals when designing its employee benefits package.

If employers want to make contributions to employees available through their cafeteria plan, they will need to review and amend their cafeteria plan. Employers will also need to speak with their third-party administrator(s) and/or recordkeeper(s) and see if they are prepared to handle Account contributions, inquire about the associated costs, and determine what amendments need to be made to the related service agreements.

How can we help?

We are continuing to monitor developments related to Trump Accounts that affect employers. If you have any questions regarding Trump Accounts, please do not hesitate to reach out to your Boutwell Fay attorney.