

# Trump Account Proposed Regulations

## Cross References

- Notice 2025-68

The IRS has announced that it intends to issue proposed regulations providing guidance with respect to Trump Accounts, which were created by the One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025. The notice also provides the following overview summary of Trump Accounts.

A Trump Account is a type of traditional individual retirement account (IRA) that is established for the exclusive benefit of an eligible individual and that is designated at its establishment as a Trump Account. When the Trump Account is opened, the eligible individual is the owner of the Trump Account and is referred to as the account beneficiary.

A Trump Account is subject to certain special rules inapplicable to other individual retirement arrangements, most of which apply only during the period that ends before January 1 of the calendar year in which the account beneficiary attains age 18 (growth period). For example, a child born on October 1, 2025, would turn age 18 on October 1, 2043, and therefore the last day of the growth period with respect to the child would be December 31, 2042. The special rules that apply only during the growth period include:

- Funds in a Trump Account can be invested only in eligible investments,
- A Trump Account has a separate contribution limit from other individual retirement arrangements,
- A Trump Account is generally not allowed to make distributions,
- No deduction by an individual is allowed under IRC section 219 for any contribution to a Trump Account, and
- Trustees of Trump Accounts have similar but different reporting requirements from trustees of other IRAs. After the growth period, most of these special rules cease to apply and the rules under IRC section 408 governing traditional IRAs generally apply.

**Establishment.** A Trump Account is established for the exclusive benefit of an eligible individual. An eligible individual is any individual:

- For whom an election is made to establish a Trump Account,
- Who has not attained age 18 before the close of the calendar year in which the election is made, and
- For whom a social security number has been issued before the date of the election.

The IRS will create or organize the Trump Account (initial Trump Account) for each eligible individual.

During the growth period, a subsequent Trump Account (rollover Trump Account) may be established for an individual and must be funded by a trustee-to-trustee transfer of

the entire account balance from the individual's existing Trump Account (qualified roll-over contribution).

**Trump Accounts contribution pilot program under section 6434 (pilot program).** Upon an election under the pilot program, \$1,000 is paid by the IRS to the Trump Account of an eligible child. An eligible child means a qualifying child [as defined in IRC section 152(c)] who is born after December 31, 2024, and before January 1, 2029, who is a U.S. citizen, and for whom no prior pilot program election has been made. Additionally, the eligible child must have a Social Security Number that is included with the election. The \$1,000 deposited into the Trump Account under the pilot program is excepted from reduction or offset and is subject to a special rule regarding interest under IRC section 6611(a). Individuals making improper elections under the pilot program are subject to penalties under IRC section 6659.

**Contributions.** During the growth period, there are five types of contributions that can be made to a Trump Account:

- 1) A pilot program contribution from the IRS of \$1,000 for an eligible child,
- 2) Qualified general contributions [funded by states (or political subdivisions thereof), the United States, the District of Columbia, Indian tribal governments, or IRC section 501(c)(3) tax-exempt organizations] for members of a qualified class of account beneficiaries,
- 3) Employer contributions that are not includable in the gross income of the employee under IRC section 128,
- 4) Qualified rollover contributions, and
- 5) Contributions from other sources (such as the account beneficiary, parents, or any other person).

Contributions to a Trump Account during the growth period are not includable in income by the account beneficiary when made. Pilot program contributions, qualified general contributions, and section 128 employer contributions do not create basis in a Trump Account. Qualified rollover contributions are transfers from a prior Trump Account and carry over any basis attributable to the funds being transferred. Contributions from other sources during the growth period create basis in the Trump Account.

**Author's Comment**

Contributions from other sources create basis because they are non-deductible contributions, similar to the non-deductible IRA rules. Contributions that do not create basis are those that are tax-free to the beneficiary at the time the contribution is made.

Unlike contributions to IRAs (which require an IRA owner to have includable compensation), contributions may be made to a Trump Account during the growth period even if the account beneficiary does not have includable compensation. Pilot program contributions, qualified general contributions, and qualified rollover contributions are not subject to an annual contribution limit. However, all other contributions (that is, section 128 employer contributions and contributions from other sources) during the growth period are subject to an aggregate annual limit of \$5,000 (subject to cost-of-living adjustments after 2027).

Contributions to Trump Accounts cannot be made before July 4, 2026.

**Eligible investments.** During the growth period, funds in a Trump Account may be invested only in eligible investments. An eligible investment, generally, is a mutual fund or exchange traded fund (ETF) 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 percent of the balance of the investment in the fund, and meets other criteria that the IRS determines appropriate.

**Distributions.** During the growth period, no distributions may be made from a Trump Account, except for qualified rollover contributions, qualified ABLE rollover contributions, distributions of excess contributions, and distributions upon death of the account beneficiary. After the growth period (that is, starting January 1st of the calendar year in which the account beneficiary attains age 18), distributions from a Trump Account generally are subject to the rules that apply to distributions from a traditional IRA, including that a distribution may be subject to the IRC section 72(t) 10% additional tax on early distributions if an exception does not apply with respect to the account beneficiary (such as for distributions for qualified higher education expenses or first home purchases or distributions made after age 59½).

**Reporting.** During the growth period, Trump Accounts are not subject to the IRA reporting requirements of IRC section 408(i). Instead, Trump Accounts are subject to reporting requirements under IRC section 530A(i). The reporting requirements under IRC section 530A(i) include language similar to the reporting requirements for IRAs under IRC section 408(i). However, IRC section 530A(i) includes additional reporting requirements that do not apply to other types of IRAs (such as information regarding the source of certain contributions, the investment in the contract (basis), and a report to the IRS by a trustee that accepts a qualified rollover contribution no later than 30 days after such contribution is made). A person that fails to provide a required report is subject to a penalty under IRC section 6693(a) unless the failure is due to reasonable cause.

After the growth period, the reporting requirements of IRC section 408(i) apply to the Trump Account. For any given calendar year, a Trump Account is never subject to reporting under both IRC sections 408(i) and 530A(i).

**Coordination with IRA rules.** After the growth period, nearly all of the special rules for Trump Accounts (including those relating to contributions, investments, distributions, and trustee reporting) cease to apply. Accordingly, after the growth period, Trump Accounts generally will be subject to the IRC section 408 rules that apply to other traditional IRAs (such as the rules related to contributions, distributions, required minimum distributions, rollovers, Roth conversions, ordinary income taxation, and reporting).

Nevertheless, a Trump Account continues to be a Trump Account after the growth period. An account initially established as a Trump Account can never receive contributions under an IRC section 408(k) SEP arrangement or IRC section 408(p) SIMPLE IRA plan. Similarly, an account initially established as a Trump Account can never be aggregated with other individual retirement arrangements when allocating basis related to a distribution from either the Trump Account or another individual retirement arrangement.

**Qualified general contributions.** A qualified general contribution is made by the IRS and funded by a general funding contribution from a state (or political subdivision thereof), the United States, the District of Columbia, an Indian tribal government, or an IRC section 501(c)(3) tax-exempt organization. It is distributed to the Trump Accounts of account beneficiaries who are members of a qualified class.

**Section 128 employer contributions.** Section 128 employer contributions paid to a Trump Account of an employee or a dependent of an employee are not includable in the employee's income. Such contributions are limited to \$2,500, subject to cost-of-living adjustments after 2027. Section 128 employer contributions must be made pursuant to an IRC section 128(c) Trump Account contribution program. Requirements similar to requirements that apply to a section 129 dependent care assistance program (regarding discrimination, eligibility, notification, statements, and benefits) apply to a Trump Account contribution program.