May Our Company Contribute to Employees' Trump Accounts?

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QUESTION: Can we contribute to our employees' Trump Accounts? If so, what are the rules and limits for these contributions?

ANSWER: Yes, beginning July 4, 2026, employers may contribute to the Trump Accounts (TAs) of their eligible employees or the employees' dependents through a Trump Account Contribution Program (TACP). Established under 2025 legislation, TAs are tax-advantaged savings and investment accounts established for the exclusive benefit of individuals under the age of 18 for whom a Social Security number has been issued. (These accounts have restricted investment options and prohibitions on distributions before the calendar year in which the TA beneficiary turns age 18.) Employer contributions are limited to $2,500 per employee annually; this amount includes any employee pre-tax salary reduction contributions made through a cafeteria plan on behalf of an employee's dependent. Contributions from the employer and certain other sources are also subject to an aggregate annual limit of $5,000. (These dollar amounts will be adjusted for inflation after 2027.) Thus, an employer with two employees who share an eligible dependent could contribute up to $2,500 on behalf of each employee to the dependent's TA for 2026. In contrast, if an employee has two or more eligible children with TAs, an employer with a TACP may not contribute more than $2,500 in the aggregate for 2026 to those accounts.

An employer's TA contributions will qualify for exclusion from employees' gross income if the employer has established a TACP that meets requirements similar to certain rules established for dependent care assistance programs (DCAPs) under Code § 129(d), including the following:

- The plan must be established for the exclusive benefit of employees to provide TA contributions to those employees or their dependents.
- There must be a written plan document and reasonable notification of the plan's availability and terms must be provided to eligible employees.
- The arrangement must satisfy certain nondiscrimination requirements to ensure that it does not favor the employer's highly compensated employees (HCEs).
- Employees must receive, on or before January 31, a written statement showing the amounts paid or expenses incurred by the employer under the plan on their behalf during the previous calendar year (a draft 2026 Form W-2 calls for reporting employer contributions under a TACP in Box 12 using Code TA).

The IRS has also indicated that employers making contributions pursuant to a TACP must affirmatively indicate to the TA trustee that the contribution is an employer contribution excludible from the employee's gross income. Proposed regulations regarding the establishment and operation of TAs and TACPs are expected.

For more information, see EBIA's Fringe Benefits manual at Section XXIV.H ("Trump Account Contribution Programs (TACPs)"). See also EBIA's Cafeteria Plans manual at Sections XXIII.B.1

(“DCAPs Are Subject to Code Section 129”) and XXIII.E. (“What Internal Revenue Code Requirements Apply to DCAPs?”).

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