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Empowering Wealth

Trump Accounts

For Plan Sponsors

A new federal savings account for employees' children — what it means for your benefits strategy

Beginning July 4, 2026 Trump Accounts became available for children under 18. Employers can choose — but are not required — to add a contribution to these accounts as an added benefit for employees who have established one for their children.

The 30-Second Version

- Parents or other authorized individuals can open a Trump account for their children, so long as the child is under the age of 18. By filing IRS Form 4547 or using the official Trump Accounts process; Treasury or its agent then facilitates account activation with an approved trustee. Your company doesn't need to do anything for employees to access the base benefit.
- Employers have the option to contribute up to $2,500/year per employee, tax-free, through a formal contribution program layered on top of payroll — similar in spirit to a dependent care benefit.

Does This Affect Your 401(k) Plan?

Trump Accounts are a type of traditional individual retirement account with special rules during the child's growth period; they are not employer-sponsored retirement plans. The Department of Labor stated in June 2026 that Trump Accounts and qualifying voluntary employer contribution programs generally should not be treated as ERISA Title I pension plans, provided the employer stays within the DOL's neutral-involvement conditions. Offering a Trump Account contribution program generally should not affect your existing 401(k) plan or create ERISA Title I pension-plan status, provided the employer follows the applicable contribution-program, payroll, notice, nondiscrimination, tax-reporting, and neutral-communications rules.

If You Want To Offer An Employer Contribution

- Requires a written "Trump Account Contribution Program" (TACP) document meeting nondiscrimination and notice rules similar to dependent care benefit programs.
- Employers may contribute up to $2,500 per employee per year, excluded from the employee's taxable income, through a formal Trump Account Contribution Program. Employer contributions count toward each account's overall $5,000 annual contribution limit, and the $2,500 amount can be divided between children if an employee has set up more than one child's account.
- Payroll-deduction-only arrangements with no employer contribution generally may remain outside ERISA, but the employer must keep its involvement neutral and limited to administrative support, such as collecting and remitting payroll deductions and providing non-promotional information.
- Requires coordination across payroll, benefits, tax reporting, and, if salary-reduction contributions are offered for dependent children's Trump Accounts, the employer's Section 125 cafeteria plan administrator. Full IRS/Treasury operating guidance is still being finalized.

Why Some Employers Are Making The Choice To Offer This Benefit

- Low-cost, high-visibility family benefit — several large employers have announced one-time supplemental contributions for eligible employees' children, often framed as matching the $1,000 federal pilot contribution. Confirm each employer's program terms before describing it as a match.
- Differentiator in a competitive labor market at minimal ongoing cost relative to traditional benefits.
- Employers should not select or influence investments. During the growth period, accounts may invest only in eligible low-cost, non-leveraged mutual funds or ETFs tracking indexes of primarily U.S. companies, such as the S&P 500, with fees and expenses capped at 0.10%.

Talk to your Osaic advisor

We can assist your leadership and HR team when considering whether a Trump Account contribution program fits your total-rewards strategy.

Employer participation is optional. Employers that contribute must operate a written Trump Account Contribution Program that satisfies applicable eligibility, notice, nondiscrimination, contribution-limit, and reporting requirements.

Trump Account rules are new and operational guidance from Treasury, IRS, and other regulators may continue to evolve. Employers should consult their tax, legal, payroll, and benefits advisors before implementing or relying on a Trump Account contribution program.