COMPLIANCE CHECKLIST

IMPLEMENTING A TRUMP ACCOUNT CONTRIBUTION PROGRAM

Trump Accounts are a new tax-advantaged savings program for children under the age of 18, effective for tax years beginning in 2026. These accounts are a type of traditional individual retirement account, with special tax rules that apply during a "growth period" that ends on Dec. 31 of the year in which the child reaches age 17. During the growth period, contributions to a Trump Account are generally capped at $5,000 per year (indexed for inflation after 2027).

Employers may make tax-favored contributions of up to $2,500 per year (indexed for inflation after 2027) to the Trump Accounts of their employees' dependents (or their employees) pursuant to a Trump Account contribution program under Section 128 of the Internal Revenue Code (Code). Trump Account contribution programs must meet certain administrative and nondiscrimination requirements similar to those that apply to dependent care assistance programs under Code Section 129. As part of a Trump Account contribution program, employers may allow employees to make pre-tax salary reduction contributions to their dependents' Trump Accounts through a Section 125 cafeteria plan.

On Aug. 11, 2026, the IRS released proposed rules for implementing Trump Account contribution programs. Although the rules are not yet final, employers may rely on them for plan years beginning before final rules are published.

This checklist outlines the IRS' requirements for implementing a compliant Trump Account contribution program.

STEP 1: ADOPT A WRITTEN PLAN DOCUMENT

A Trump Account contribution program must be established under a separate written plan, and the employer must follow the terms of the plan document.

WRITTEN PLAN DOCUMENT	COMPLETE
Adopt a written plan document that includes the following information: + The classes of employees eligible to participate; + The rules governing employer contributions, including the contribution amount and whether employees can make pre-tax contributions through a Section 125 cafeteria plan; + The procedures an employee must follow to designate the Trump Account that will receive contributions; + The certification, notice and reporting procedures for Trump accounts; + The plan year; and + Procedures for correcting administrative failures and for notifying employees and trustees when amounts previously designated as Trump Account contributions are subsequently determined not to be excludable from an employee's gross income.	☐

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STEP 2: CONFIRM CONTRIBUTION RULES

Employer contributions to an employee's or dependent's Trump Account are limited to $2,500 per year (indexed for inflation after 2027). This limit applies per employee, regardless of how many dependents the employee has or how many employers contribute on the employee's behalf. Contributions in excess of the limit are not excludable from the employee's income and are treated as taxable wages.

CONTRIBUTION RULES	COMPLETE
Apply the $2,500 (as indexed) annual limit on a per-employee basis, regardless of the number of dependents with Trump Accounts. If an employee has multiple dependents, the program may permit the employee to allocate the contribution among the dependents' Trump Accounts, as long as the aggregate amount does not exceed the annual limit.	☐
Do not limit contributions to Trump Accounts held by a particular trustee or trustees. Because only one Trump Account may exist for a given beneficiary, a Trump Account contribution program may not restrict contributions to a preferred trustee or trustees.	☐

STEP 3: DESIGN THE SECTION 125 CAFETERIA PLAN FEATURE

A Trump Account contribution program may allow employees to make pre-tax contributions to their dependents' Trump Accounts through a Section 125 cafeteria plan. If these contributions are allowed, the written plan must specifically describe the pre-tax contribution benefit and allow frequent election changes.

CAFETERIA PLAN FEATURE	COMPLETE
Limit the salary reduction benefit to contributions made to a dependent's Trump Account. Do not allow pre-tax contributions to an employee's own Trump Account. A Trump Account contribution program may be offered via salary reduction under a Section 125 cafeteria plan if the contribution is made to the Trump Account of an employee's dependent, but not if the contribution is made to the Trump Account of the employee.	☐
Ensure the plan's written document specifically describes the pre-tax Trump Account contribution benefit. A cafeteria plan must be maintained pursuant to a written plan document, which should include the pre-tax Trump Account contribution benefit.	☐
Allow employees to prospectively make, change or revoke Trump Account salary reduction elections at least monthly, before the salary becomes currently available.	☐

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STEP 4: ESTABLISH EMPLOYEE CERTIFICATION AND ACCOUNT VERIFICATION PROCEDURES

A Trump Account contribution program may only contribute to a Trump Account whose beneficiary is in their growth period and is an employee or an employee's dependent. Employers may rely on certain employee certifications regarding eligibility for Trump Account contributions; however, employers must use third-party information to confirm the receiving account is a valid Trump Account.

CERTIFICATION AND VERIFICATION	COMPLETE
Obtain written employee certifications regarding eligibility for Trump Account contributions. An employee certification must be in writing and include the following representations: + That the account beneficiary is the employee or is anticipated to be the dependent of the employee for that employee's taxable year during which the contribution is made; + The beneficiary's date of birth (which allows the employer to determine whether the beneficiary is in their growth period for the calendar year in which the contribution is made); and + That no facts are known to the employee that would make the account beneficiary ineligible to receive a contribution to their Trump Account for that calendar year. The employer may rely on this certification unless it has actual knowledge that the certification is incorrect.	☐
Use a method, beyond the employee's certification, that is reasonably designed to verify that the contribution is being made to a valid Trump Account. An employer cannot rely solely on an employee certification to establish that the recipient account is a valid Trump Account. The employer must use a method reasonably designed to verify, through information provided by the trustee, payroll processor or other service provider, that the contribution is made to a valid Trump account.	☐

STEP 5: ESTABLISH EMPLOYER-TO-TRUSTEE COMMUNICATION

Employers must communicate with Trump Account trustees when contributions are made and if a contribution is later determined not to qualify as a tax-advantaged contribution under Code Section 128.

TRUSTEE COMMUNICATION	COMPLETE
Adopt procedures to ensure Trump Account contributions are properly identified to the trustee, including when a previously identified Section 128 contribution is later determined not to qualify. At the time a Trump Account contribution is made, employers must affirmatively identify the amount to the trustee, in writing, as a Section 128 contribution. Also, if an employer later determines that a contribution is not a valid Trump Account contribution, it must notify the trustee within a reasonable period of time. An employer that provides this notice within 21 calendar days of making this determination is deemed to satisfy the timing requirement.	☐

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STEP 6: EMPLOYEE NOTIFICATION AND REPORTING

An employer must provide reasonable notification of the availability and terms of the Trump Account contribution program to eligible employees. This ensures that employees who are eligible to participate are adequately informed by the employer about the existence of the program and the terms governing participation. Also, employees must be provided with a written statement by Jan. 31 of each year showing the amount of Section 128 contributions made for the employee during the previous calendar year.

NOTICE AND REPORTING REQUIREMENTS	COMPLETE
Provide eligible employees with reasonable notification of the availability and terms of the program. The IRS' proposed rules do not prescribe specific content or a required method of delivery for this notice.	☐
Confirm that each participating employee will be furnished with a written statement of the prior year's Section 128 contributions by Jan. 31 of each year. This requirement may be satisfied by reporting the contribution amount in Box 12 of Form W-2 using Code TA.	☐

STEP 7: TEST THE PROGRAM FOR NONDISCRIMINATION

A Trump Account contribution program must satisfy three nondiscrimination tests, each comparing the program's treatment of highly compensated employees (HCEs) to its treatment of non-HCEs. An employee is generally an HCE if they are a more-than-5% owner at any time during the current or prior year, or if their prior-year compensation exceeded the applicable dollar threshold ($160,000 for 2025 and 2026). If a program meets the Section 128 requirements but fails nondiscrimination testing, contributions to HCEs lose their tax-favored treatment; however, contributions for non-HCEs are unaffected.

Children born between 2025 and 2028 may be eligible to receive a special $1,000 Trump Account contribution from the federal government through a pilot program, which does not count toward a beneficiary's $5,000 limit (as indexed). Some employers have announced plans to "match" the federal government's $1,000 pilot program contribution. Employers that make these matching contributions can rely on a safe harbor that disregards matching contributions for purposes of the contributions and benefits test and the average benefits test.

CONTRIBUTION AND BENEFITS TEST	YES	NO
Will the program's contributions and benefits be nondiscriminatory? Contributions or benefits under a Trump Account contribution program may not discriminate in favor of HCEs or their dependents. A Trump Account contribution program does not satisfy this test if it provides more favorable terms to HCEs than to other employees. However, a program that provides contributions and benefits on the same terms to all eligible employees satisfies this test, even if employees receive different dollar amounts due to differing elections or utilization.	☐	☐

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ELIGIBILITY TEST	YES	NO
Will the program benefit employees under a classification that is both reasonable and based on objective business criteria and nondiscriminatory in operation? Reasonable classifications generally include specified job categories, nature of compensation (salaried or hourly), geographic location and similar bona fide business criteria. Enumeration of employees by name or by criteria having substantially the same effect is not a reasonable classification. A classification can establish nondiscriminatory operation in either of two ways: 1. **Facts-and-circumstances test:** This test evaluates factors including the business justification for the classification, the percentage of the workforce covered, whether coverage is representative across salary ranges and how close the plan comes to the numerical safe harbor described below; or 2. **Numerical safe harbor:** A program satisfies the safe harbor if its ratio percentage (the percentage of eligible non-HCEs compared to the percentage of eligible HCEs) is at or above the employer's safe harbor percentage. The safe harbor percentage starts at 90% and is reduced by 0.75 percentage points for every whole percentage point by which the employer's non-HCE concentration percentage exceeds 60%. The non-HCE concentration percentage is the percentage of all the employer's employees who are non-HCEs. A classification that satisfies the safe harbor is treated as nondiscriminatory without the need to establish, based on all the relevant facts and circumstances, that the classification is nondiscriminatory.	☐	☐
AVERAGE BENEFITS TEST	**YES**	**NO**
Will the average benefits provided to non-HCEs under the program equal at least 55% of the average benefits provided to HCEs? In general, the average benefits provided to a group of HCEs or non-HCEs is measured as of the last day of the plan year and equals the total dollar amount of contributions provided to employees in that group, divided by the number of employees in that group who receive contributions. For contributions funded through salary reduction, employees earning less than $25,000 may be disregarded. Also, if a program fails the average benefits test as of the last day of the plan year, a self-correction option is available that allows the employer to include the excess benefit amount in the affected HCEs' income no later than the Form W-2 filing deadline for the applicable year and send the trustee a corrective notice.	☐	☐
PILOT PROGRAM MATCH SAFE HARBOR	**YES**	**NO**
Will the matching contributions generally be made available on the same terms and conditions to all employees with dependents who are eligible to receive pilot program contributions to their Trump Accounts? If an employer also makes other Section 128 contributions outside the match arrangement, those other contributions must satisfy the nondiscrimination tests, though the match contributions themselves may be disregarded in that analysis.	☐	☐