

Trump Accounts: What Employers Need to Know

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Trump Accounts (“**TAs**”), which became effective earlier this year, are traditional IRAs for children under the age of 18. Employers may elect to make contributions to an employee’s TA by establishing a written plan. The following checklist summarizes the key requirements for TAs:

- **Annual Contribution Limit.** Annual contributions of up to \$5,000 can be made to each minor’s TA by parents, family members, friends, employers, and other permitted contributors. Employer contributions (as described below) count toward this \$5,000 annual contribution limit.
- **Employer Contribution Limit and Tax Treatment.** Employers may contribute up to \$2,500 annually per employee, with applicable contributions exempt from federal income tax, but not FICA and FUTA employer taxes.
- **Nondiscrimination Requirements.** Employer contributions are subject to nondiscrimination rules.
- **Written Plan Document.** Employers must maintain a separate written plan document. The plan must include details regarding employee eligibility, the contribution formula, the plan year nondiscrimination testing period, and other required items. An IRS model plan document is not yet available.
- **ERISA Exemption.** As we previously reported [here](#), Trump Account contribution programs established by employers are generally not subject to ERISA.

Additional resources regarding Trump Accounts are available [here](#), [here](#), and [here](#).