TRUMP ACCOUNT

CONTRIBUTION PROGRAMS

Employers have a new tax-advantaged benefit that can help support families and attract and retain talent.

1. WHAT IS A TRUMP ACCOUNT CONTRIBUTION PROGRAM (TACP)?

A TACP allows employers to make tax-advantaged contributions to individual Trump Accounts established by their employees on behalf of their child(ren) under age 18.

- Built for long-term growth and financial opportunity
- Encourages saving and investing for the future
- Distributions generally are not allowed until the child is 18

2. ARE THERE LIMITS TO WHAT EMPLOYERS CAN CONTRIBUTE ANNUALLY?

AN EMPLOYER CAN CONTRIBUTE UP TO

$2,500

per account, per year

(Subject to change for inflation adjustment)

Employees can receive contributions for more than one eligible child, so long as the total employer contribution doesn't exceed $2,500.

3. CAN OTHERS CONTRIBUTE TO A TRUMP ACCOUNT?

Annual contributions are allowed up to $5,000 a year per account. Contributions can be made by individuals and entities, including

- ✓ Parents or guardians
- ✓ Other family members
- ✓ Employers
- ✓ Grandparents
- ✓ Friends
- ✓ Any U.S. person or entity

During a pilot phase, the government will fund an initial $1,000 to accounts opened for children born between January 1, 2025, and December 31, 2028. This contribution does not affect the $5,000 annual limit .

4. HOW CAN EMPLOYERS ESTABLISH A TACP?

1. Choose a provider and/or administrator. Trump Accounts must be invested in eligible, low-cost mutual funds or exchange-traded funds rather than individual stocks or speculative investments.
2. Adopt a written plan document defining eligibility and plan rules.
3. Educate employees and encourage individual Trump Account activation for those eligible.

5. WHO OWNS THE TRUMP ACCOUNT?

A parent or legal guardian is generally the responsible party who will open the account and manage contributions.

Ownership is transferred to the account beneficiary on January 1 of the year they turn 18. Distributions will generally be subject to ordinary income tax similar to Individual Retirement Accounts (IRAs). A 10% penalty is applied to non-qualified withdrawals prior to age 59 and a half.

For additional employee benefit solutions, contact our experts.

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