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IRS Proposes Rules Governing Trump Accounts, Including \$1,000 Federal Pilot Contributions

The Internal Revenue Service (IRS) has issued two coordinated proposed regulations that begin to define how Trump accounts will operate. One [proposal](#) addresses how Trump accounts are established for children under Internal Revenue Code Section (IRC Sec.) 530A, while a companion [proposal](#) explains how a limited group of accounts may receive a one-time \$1,000 federal pilot contribution authorized under IRC Sec. 6434. Together, the proposals outline the basic framework for creating Trump accounts and seeding certain accounts with an initial federal contribution, while reserving many substantive operational rules for future guidance.

Background

Trump accounts were created under newly enacted IRC Sec. 530A as part of the [One Big Beautiful Bill Act](#). They are a new type of traditional IRA designed specifically for minors, with special rules that apply while the beneficiary is a child.

From the time a Trump account is opened through the end of the year the beneficiary turns 17—referred to as the growth period—those special rules apply. During this period, a child may have only one funded Trump account at a time, though the account can be moved to a new trustee through a trustee-to-trustee transfer (a qualified rollover contribution). Once the growth period ends, most of the special rules fall away, and the account is generally governed by the traditional IRA rules under IRC Sec. 408.

The legislation also created two related but separate programs that include

- IRC Sec. 6434, which authorizes a one-time \$1,000 federal pilot contribution for children born between 2025 and 2028, and
- IRC Sec. 128, which allows employer contributions of up to \$2,500 per year to a Trump account for an employee or dependent.

The companion proposals focus on how Trump accounts are opened, how they are administered while the beneficiary is a minor, and how the one-time \$1,000 pilot contribution is delivered. Rules governing ongoing contributions (including employer contributions under IRC Sec. 128), investments, distributions, and reporting are largely reserved for future guidance.

It is also important to note that the rules for making Trump account elections under IRC Sec. 530A are separate from those that govern the \$1,000 pilot contribution under IRC Sec. 6434. While the two programs are related, setting up a Trump account doesn't automatically qualify a child for the pilot contribution. Each has its own eligibility criteria and its own election process.

Establishing and Administering Trump Accounts

Unlike most IRAs, an initial Trump account is not opened directly by a parent or financial institution. Instead, the federal government creates the initial account after a valid election is made on behalf of an eligible child. Because only one initial Trump account may ever be opened for an individual, the proposed regulations establish clear rules regarding who may act on a child's behalf.

How and When to Make an Election

To establish a Trump account, an authorized individual must make an election on behalf of an eligible child. Key requirements include the following.

- An election must be made no later than December 31 of the year in which the child turns age 17.
- Elections may be submitted using IRS [Form 4547](#) or an electronic portal (i.e., trumpaccounts.gov).
- Only the first processed election results in account creation; later filings are disregarded.
- Missing this deadline permanently closes the window to establish a Trump account for that child.

Who Can Make an Election?

To prevent duplicate filings and disputes, the proposed regulations clearly define who is authorized to establish a Trump account. The rules differ depending on whether a \$1,000 pilot program election is made at the same time. Because the pilot program election is limited to children born between 2025 and 2028, the proposed regulations establish a proposed priority order in cases where no pilot program election governs authority.

- **If a \$1,000 pilot program election is made at the same time as the election to establish the Trump account**, the individual making that pilot election automatically becomes the authorized individual for purposes of opening the initial Trump account.
- **If no \$1,000 pilot program election has been made at the time the Trump account election is filed**, authority to make the Trump account election follows this priority order.
 - Legal guardian
 - Parent
 - Adult sibling
 - Grandparent
- If multiple individuals share the same highest priority (e.g., two parents), either may act.
- If an election is filed by someone without proper authority—but the child otherwise qualifies—the IRS may treat the election as if it were made by the government itself, preserving the account while authority issues are resolved later.

Who controls the account while the child is a minor?

Because minors generally lack legal capacity, each Trump account must have a responsible party. Unless state law or the account agreement provides otherwise, the authorized individual is designated as the responsible party when the account is established and may

- select among eligible investments,
- direct trustee-to-trustee rollovers,
- direct certain ABLÉ account rollovers, and
- name a successor responsible party.

Funding Trump Accounts Through the \$1,000 Pilot Program

The proposed regulations also outline a temporary \$1,000 pilot program designed to provide an early federal seed contribution for certain Trump accounts. Eligibility to establish a Trump account, however, does not automatically mean a child will qualify for the \$1,000 pilot contribution, as the pilot program has its own, separate requirements. The proposed regulations focus on defining the time and manner for making an election for an eligible child's account to receive the pilot contribution.

Who is Eligible for the \$1,000 Pilot Contribution?

To qualify as an eligible child to receive the \$1,000 pilot contribution, the individual must

- be reasonably expected to qualify as the dependent child of the individual making the pilot program election under federal tax rules for the year of the election,
- be born in 2025, 2026, 2027, or 2028,
- be a U.S. citizen,
- have an issued Social Security number, and
- have no prior pilot program election made and processed on their behalf.

It is important to note that a Trump account must exist for the \$1,000 pilot contribution to be made.

How the \$1,000 Pilot Program Works

- **Affirmative Election.** The \$1,000 pilot contribution is not automatic. An eligible individual must affirmatively elect the pilot program on a child's behalf. Although this election may be made at the same time as the election to open a Trump account, it is legally distinct and subject to separate eligibility and authority rules. In practical terms, the program uses the tax system to move funds directly into the account.
 - The child is treated as making a \$1,000 tax payment for a special, stand-alone taxable period.
 - That deemed payment immediately creates a \$1,000 overpayment.
 - The IRS then deposits the entire \$1,000 directly into the child's Trump account.

The funds cannot be paid in cash and cannot be redirected to any other use.

- **Safeguards.** To ensure the full \$1,000 reaches the child's Trump account, the proposed regulations include the protections listed below.
 - The \$1,000 contribution is not subject to offset for unpaid taxes, child support, or other federal or state debts.
 - Once processed, the contribution cannot be reduced or intercepted.
 - The pilot program election is not treated as a refund claim, helping avoid common tax administration delays.
- **Timing Rules.** The proposal also establishes clear timing and finality rules that include the following.
 - A pilot program election may be made once the child is eligible and no later than December 31 of the year the child turns 17.
 - Only the first processed election triggers a contribution.
 - Late election relief is not available.

Even if an election is made near the end of the growth period, the government may still deposit the \$1,000 after the growth period ends, as long as the Trump account exists.

Next Steps

The proposed regulations would apply to tax years beginning on or after January 1, 2026, with final rules expected in early 2027. Although Trump accounts are authorized by statute and elections to establish an initial account may be made now, no contributions may be accepted into any Trump account before July 4, 2026. The IRS has expressly reserved further rules governing contribution administration, investments, distributions, reporting, and employer contribution programs. As a result, Trump accounts are authorized but not fully operational and stakeholders should expect additional regulatory detail before broader program implementation can proceed.

Futureplan will review updated guidance as it becomes available. For updates, visit futureplan.com.

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