

GMS Flash Alert

2025-256 | 5 December 2025

United States – IRS Issues Guidance for New ‘Trump Accounts’: Key Implications for Global Mobility Programs

On December 2, 2025, the IRS released Notice 2025-68¹ and a draft of IRS Form 4547,² providing initial guidance and seeking public comment on the newly established ‘Trump Accounts.’ These accounts, introduced by the One, Big, Beautiful Bill Act (OBBBA), are designed as a new type of traditional IRA for eligible children under age 18. The notice outlines operational rules, eligibility criteria, contribution procedures, and reporting requirements, while the draft form and instructions clarify how authorized individuals and employers may establish and contribute to Trump Accounts.

WHY THIS MATTERS

The release of IRS Notice 2025-68 and the accompanying draft Form 4547 provides significant guidance for both individuals and employers on the potential benefits of Trump Accounts. As regards globally mobile employees, it is important to note that only children with a U.S. Social Security Number (SSN) can be beneficiaries of Trump Accounts, and participation in the pilot program (described below) requires U.S. citizenship.

Employers are not required to establish Trump Accounts for their employees, but if they choose to make contributions, they must follow specific procedures and adhere to aggregate contribution limits and deductibility rules.

Global mobility professionals should work closely with their tax service providers to assess the impact of these changes on program costs and compliance.

Eligibility and Establishment:

Trump Accounts may be established for children who have not attained age 18 before the close of the calendar year in which the election is made, have a valid SSN issued before the election, and have not previously had a Trump Account election made for them. The account is created on the application of an authorized individual (defined as a legal guardian, parent, adult sibling, or grandparent, in order of priority) using IRS Form 4547 (once this form has been finalized).

Pilot Program:

Through a special “pilot program”, the U.S. government will contribute \$1,000 to the accounts of children with U.S. citizenship born from the beginning of 2025 through the end of 2028. These contributions will be made no earlier than July 4, 2026. An election to participate in the pilot program can be made at time of opening an initial Trump Account.

Growth Period and Special Rules:

During the “growth period”, which applies through the end of the calendar year in which the child attains age 17, contributions may be made by various sources, including the Treasury (under the pilot program), employers, states, tax-exempt organizations, and individuals. Contributions from the pilot program, qualified general contributions, and rollovers are not subject to annual limits, while other contributions are capped at \$5,000 per year (subject to cost-of-living adjustments after 2027). Contributions during the growth period are not includible in the beneficiary’s income, and certain types do not create basis in the account.

Employer Contributions and Procedures:

Employers may make contributions to Trump Accounts for employees or their dependents, subject to an annual limit of \$2,500 per employee (adjusted for inflation after 2027). Employers may choose to offer the contribution to an employee’s dependent in the form of an employee salary reduction under a section 125 cafeteria plan. Employers wishing to make eligible contributions must do so under a Trump account contribution program. If employers choose to contribute, they must follow the IRS’s special rules regarding deductibility and aggregate limits and affirmatively indicate the nature of the contribution to the trustee. Employer contributions made in accordance with these requirements will not be includible in employees’ income.

Request for Comments:

The IRS is actively seeking input from stakeholders on the proposed rules and draft forms, with comments due by February 20, 2026. This presents an opportunity for employers and global mobility professionals to raise concerns or suggest modifications, particularly regarding the impact of eligibility restrictions on internationally mobile employees.

KPMG INSIGHTS

For global mobility program managers and HR professionals, the introduction of Trump Accounts may have limited practical application due to the strict beneficiary requirements. The necessity for an SSN—and, for the pilot program, U.S. citizenship—means that many foreign nationals and their dependents will not qualify. This is especially relevant for organizations with a significant population of international assignees.

Employers are not obligated to establish Trump Accounts, but those considering contributions should be aware of the special rules governing deductibility and aggregate limits. The elimination of certain deductions under recent tax law changes further underscores the importance of understanding the new rules for Trump Account contributions.

FOOTNOTES:

1. [IRS Notice 2025-68 – Intent to Issue Regulations for Section 530A Trump Accounts.](#)
2. [Draft IRS Form 4547 – Trump Account Election\(s\).](#)

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