

## Trump Account Reporting Requirements

**Quick-Take:** There are pros and cons when debating to contribute to a Trump Account, or a 529 account, or a Uniform Transfers to Minor's Account. One such 'con' might be the level of required reporting that is associated with a Trump Account.

**Background:** With the surprising amount of interest in Trump Accounts, often overlooked is the heavy amount of reporting that will be required each year by a Trump Account trustee for the relatively nominal amount that will be held in the Trump Account, at least in its 'early' years. [IRC 530A(i).] This level of reporting was described in Treasury's Notice 2025-68. The high level of reporting detail is needed because a Trump Account must track and document basis for the Account's *entire* existence.

**Required Annual Reporting:** Each year the trustee of a Trump Account must report: (i) the amount of contributions made to the Account; (ii) the source of each contribution to the Account, including (at times) the contributor's identity; (iii) the amount and type of Account distributions, including any rollover contributions to the Account; (iv) the fair market value of the Account at the end of the year; (v) the income tax basis in the Account; and (vi) any additional information that the Secretary of Treasury thinks, at any time, should be furnished by the trustee.

**Reported Contributions:** A Trump Account trustee must report each year the source of contributions to the Account, which means the identity of the contributor. Recall that there are three different types of contributions to a Trump Account. (i) *exempt* contributions; (ii) IRC 128 employer contributions; and (iii) qualified rollover contributions. *Exempt* contributions to a Trump Account are either a pilot program contribution (the \$1,000 *freebie*, a qualified general contribution, or a qualified rollover contribution. If an employer contribution is made to the Account, the employer is required to identify its contributions as an IRC 128 contribution when the funds are added to the Account. Moreover, special reporting rules must be followed if it is a trustee-to-trustee, i.e., a rollover, contribution to the Account.

**Rollover Reporting:** If the funds that come to a Trump Account are from another Trump Account, then:

**Transferring Trustee:** The transferring trustee must provide to the receiving trustee: (i) a statement that confirms that the transferred account is a Trump Account; (ii) the basis of the Account at the time of transfer; and (iii) the contributions made to the Account during the year of transfer.

**Receiving Trustee:** The receiving trustee must report that rollover transaction to the Department of Treasury within 30 days of receipt of the transferred funds. This report will include: (i) the name, address, and Social Security number of the Account beneficiary; (ii) the name and address of the receiving trustee; (iii) the Trump Account identification number and any relevant routing numbers; and (iv) any other information that the Secretary of the Treasury may require.

**Reporting to the Beneficiary:** Reporting obligations of the Account trustee differ when the beneficiary is under the age of 18 and starting with the year in which the Trump Account beneficiary turns age 18.

**Growth Period:** Each year the Trump Account trustee must provide disclosures, much like with a traditional IRA [Regulation 1.408-6]. These disclosures must explain the terms of the Account, fees, investment options, and restrictions that apply during the Trump Account's *growth period*, i.e., before the beneficiary turns age 18. Again, at any time, the Department of Treasury may add additional disclosures to this annual reporting.

**Post-Growth Period:** Starting on January 1 of the year that the beneficiary attains the age of 18, the 'regular' IRA reporting rules of an IRA custodian [IRC 408(i)] kick-in, including the filing of Form 5498 (contributions and the Account's fair market value) and Form 1099-R (used to report any Account distributions.)

**SEP and SIMPLE IRAs:** Even after the beneficiary turns age 18, the Account is still identified as a Trump Account, when it is treated as a traditional IRA. A Trump Account cannot accept SEP IRA or SIMPLE IRA contributions or rollovers.

**Basis:** At all times, the trustee of a Trump Account must isolate the Account's basis from the basis of any other traditional IRAs held in the name of the beneficiary. This obligation to 'track' the basis of the Trump Account is because the normal aggregation rules that deal with traditional IRAs do not apply to Trump Accounts. [IRC 408(d)(2).]

**Conclusion:** There is a considerable amount of reporting associated with maintaining a Trump Account, due to the trustee's obligation to track basis in the Account for its entire existence. This detailed reporting is needed to ensure that the traditional IRA rules will be applied correctly after the Account's *growth period* ends. The rhetorical question to be asked is whether the expense associated with this reporting to administer a Trump Account is 'worth it' if the maximum contribution to the Account during its *growth period* is \$5,000?

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