

Trump Accounts: The Auto-Enrollment Program and Stock Contributions

Take-Away: Treasury is definitely trying to expand the number of Trump Accounts with its new auto enrollment program and permit the contribution of stock to Trump Accounts.

Background: Changes to the Trump Account rules continue unabated. After a series of Proposed Regulations earlier this year, Treasury announced on September 29 even more Temporary Regulations that modify some of its earlier rulings. These Regulations create ***auto Trump Accounts*** for millions more children. [Treasury Decision 10056; Regulation CC-00226466-26.] Previously, Treasury automatically enrolled millions of kids for Trump Accounts who were eligible under the age of 18 who have a Social Security number. [IRC 530A(b)(2)(C)(ii).] Since July 4, 2026, over 7 million Trump Accounts have been opened. However, several millions of children remain eligible to have a Trump Account, but they have yet to have an account opened on their behalf. In response, Treasury decided to initiate an auto-enrollment program for Trump Accounts on their behalf. [Trust me, this has absolutely no connection with President Trump not winning the Nobel Peace Prize for yet another year.]

Temporary Regulation: Parents or guardians must actively establish a Trump Account for a child. Under the recent Temporary Regulation, Treasury automatically will automatically create a Trump Account for each eligible child. However, to receive the government \$1,000 one-time 'seed' contribution for children born between 2025 and 2028, or to make contributions to a child's account, a parent or guardian must still 'claim' the account through a mobile app to be established by Treasury.

Auto Account: The Temporary Regulations provide that Treasury will make the election and establish an initial Trump Account that is called an *auto account* for an eligible child. [The definition is provided below.] If the plan is for a parent or grandparent (or an employer) to contribute to this *auto account* ***they will need to take additional steps, and the \$1,000 pilot contribution will require another separate election by the individual who is authorized to make that election.***

Responsible Party: Although a parent or a guardian ordinarily acts as the responsible party for the child's Trump Account, Treasury is the *responsible party* for an *auto account*, and it is deemed to have activated that *auto account*.

Investments: Trump Account records are maintained separately for each child, while investments are held collectively through a master group trust.

Election Deadline: As noted previously, a child must be under age 18 at the end of the 'election' year and have a Social Security Number issued before the election is made. Thus, a child who turns age 18 during 2026 does *not* qualify for a 2026 election, even if the election would be made before the child's 18th birthday. Restated, the filing election, alone, does *not* establish the Trump Account. For example, if a parent elected to establish a Trump Account prior to October 1, 2026, but did not complete the required activation by September 30, 2026, the Trump Account that is established under the election will be an *auto account*. Once enrollment begins, initial *auto accounts* established through the account-opening elections will also be treated as *auto accounts*, even when the parent makes the election. If that is the case, the parent must follow a claims process to establish a separate Trump Account that can accept individual (or employer) contributions and to which an *auto account* can be transferred.

Pilot Election: If an *auto account* is created it can receive the \$1,000 pilot contribution. However, Treasury cannot make this pilot election for the child, e.g., child born between 2025 and 2028 with a Social Security number. The parent or guardian must make that pilot election.

Contributions: An *auto account* can receive qualified contributions without receiving a pilot contribution, or the *auto account* could remain unfunded. A separate claimed initial Trump Account or a rollover Trump Account must be established to receive the balance of the *auto account* (if any); the process does not change the designation of the existing *auto account*.

Transfer of Balance: If a parent submits a claim, that alone does not establish the claimed initial Trump Account. The balance remains in the *auto account* until the 'receiving' Trump

Account is established. An unfunded *auto account* can also be claimed, so a family will not need to wait for a pilot or qualified general contribution before proceeding to transfer the *auto account*. As previously reported, the transfer must be trustee-to-trustee and can cover the balance of the *auto account*, i.e., there is no 60-day rollover as there is with a traditional IRA. Recall, too, that a child can only have one Trump Account at any given time.

Unclaimed Accounts: It is possible for a family to decline to claim or contribute to an *auto account*, yet a qualified general contribution or a property elected pilot contribution could still fund the *auto account*. The child's estate is the beneficiary of the *auto account* should the child die prior to age 18; the *auto account* will be treated as an IRA of the deceased child.

App: Using an official Treasury app the parent/guardian must verify their identity and their relationship to the child, review the child's information, and agree to the *auto account* terms. Once the claim is made and approved by Treasury, the parent/guardian becomes responsible for the *auto account*, which can receive up to \$5,000 in contributions from family and friends each year until the child attains age 18, at which time the *auto account* effectively becomes a traditional IRA equivalent. Unfortunately, the Temporary Regulations do not yet specify the documentation the parent/guardian must submit to claim or prove their legal authority to become the *responsible party*.

Auto Accounts Defined: The Temporary Regulation defines an *auto account* for each eligible child by the following.

"Under this structure, a separate initial Trump account is established for each eligible individual pursuant to a separate written governing instrument, and separate account-level records are maintained for each account, which are referred to as auto accounts.

Contributions are received and recorded by the individual auto account, and the assets attributable to auto accounts are invested collectively through a master group trust that is intended to satisfy the applicable requirements of Rev. Rul. 81-100, as modified. Each auto account holds an undivided proportionate beneficial interest in the investments held through the master group trust that are attributable to contributions allocated to qualified classes of which the account beneficiary was a member and any \$1,000 pilot program contribution made to that account, and records maintained for the Trump accounts

program identify the assets attributable to each auto account. The structure thus combines separate account ownership and account-level recordkeeping with collective investment and administration....A person seeking to claim an auto account must independently submit the information required by the Secretary, authenticate the person's identity, establish the person's legal authority to act with respect to the account and to receive the account beneficiary's return information, and execute any consent required for disclosures necessary to process the claim and transfer the account balance. This process permits an authorized person to claim and control the account without disclosing protected account information before the person's legal authority to that information has been established."

Stock Contributions: Treasury also decided that direct donations of stock will be allowed to a Trump Account as long as the stock is received by the Trump Account and not being purchased with funds held in the Trump Account. Recall that Trump Account contributions must be invested in low-cost index funds. The contributed stock must generally be held for five years in the Trump Account before the stock can be sold. This is a surprising change from the 'earlier' Trump Account rules. This change, apparently, is now allowed in part due to the \$6.25 billion gift of Michael and Susan Dell for 25 million children who do not qualify for the government's \$1,000 pilot or 'seed' contribution. Consequently, unlike an IRC 529 account which must be funded with cash (possibly triggering gain recognition for the donor) a contribution to a Trump Account can receive a direct transfer of marketable securities, thus making it arguably a more attractive savings device for the child.

Practical Observations: When providing guidance to individuals who inquire about funding a Trump Account, consider the following:

- 1.Determine the child's eligibility. Has the growth period (prior to the child's age 18) expired?

- 2.Determine whether the child has a Trump Account that accepts individual or employer contributions. Is it an *auto account* that must be first formally claimed by the parent or guardian?

3. Determine the child's pilot contribution eligibility. Was the separate pilot election completed by the parent or guardian?

4. Determine whether the person who intends to claim the *auto account* possesses the legal authority to do so. Does the claimant formally qualify, i.e., is he/she is more than just a 'family member.'

5. Before the transfer of an *auto account*, determine that the 'receiving' Trump Account is formally established, activated, and meets all of the transfer requirements.

Conclusion: Seemingly each month the Department of Treasury attempts to make Trump Accounts an even more attractive savings vehicle for children. This new automatic enrollment will remove the need for a family to elect to establish a Trump Account, but they will still require guidance on how to claim *auto account* and make contributions to it. With millions more Trump Accounts now automatically created by Treasury which may exist for decades far into its future, President Trump should be very happy that his name will last perpetuity, even if his face won't enhance Mount Rushmore.

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