TAX NEWS

FALL 2026

Dear Client,

This newsletter will be focusing on the benefits available to your children as a result of the One Big Better Bill Act of 2025, and specifically the Trump Accounts and other education benefits.

There has been a great deal of activity associated with the rollout of the Trump Accounts in July and some changes to the process of enrolling eligible children in the account. We will review the regulations regarding the Trump Accounts, who is an eligible child, who is a qualified parent or guardian, and how the accounts will be processed during the "growth period" when the child is under the age of 18, and what happens in the year the child turns 18.

In October 2026 there were two rebate/refund programs issuing payments to specific individuals from the Medicare program and the Affordable Care Act. You may have seen these deposits show up in your personal bank accounts. These are two separate programs that have different payment criteria that we cover in this newsletter.

Now is the time to start year-end tax planning. It is better to plan your tax liability, rather than be surprised at tax time.

As always, our office is here to help you navigate the tax landscape, whether it is a topic covered in this newsletter or other questions you may have. Our office is open year-round to provide you with comprehensive tax guidance and tax preparation services.

TRUMP ACCOUNTS: A NEW SAVINGS OPPORTUNITY FOR CHILDREN

The One Big Beautiful Bill Act (OBBBA), enacted July 4, 2025, established a new type of tax-advantaged savings arrangement known as a Trump Account. These accounts are intended to encourage long-term investing for children through a combination of private contributions, employer contributions, and, for certain children, a one-time $1,000 federal government contribution. The maximum amount of $5,000 can be contributed annually to the Trump Account with certain exceptions.

Who qualifies for a Trump Account?

A Trump Account may generally be established for a child who:

- Is under age 18 at the end of the calendar year in which the election is made. Trump Accounts are only for those children between the years of birth and the year in which they turn 17 years old.
- Has a valid Social Security number issued before the application. The social security number must be valid for employment in the U.S. Starting in July, Social Security will update guidance to hospitals to include Trump Account enrollment information. SSA will assist the states to modify their existing hospital forms used by parents to apply for Social Security numbers through the Enumeration at Birth (EAB) program to include the automatic creation of a Trump Account. Future Social Security card mailers for newborns will also include information to inform parents about the benefits of Trump Accounts and convenient and streamlined ways to open an account.
- Has not previously had an initial Trump Account election filed on their behalf. Every eligible child can only have one Trump Account which is monitored by the U.S. Treasury. An application for a Trump Account for a child for whom an account has been established will be rejected.
- U.S. residency is generally not required to establish a regular Trump Account. Consequently, a qualifying child living abroad may participate, as long as they are eligible for a social security number.
- The child does not need to have earned income

The federal pilot contribution

There are two parts to the Trump Accounts, for those children born prior to 2025, a Trump Account can be established and contributions deposited into the account. For children born in years 2025 through 2028, in addition to the annual contributions, a one-time deposit from the Treasury of $1,000 will be deposited into the child's account.

The child must generally be a U.S. citizen, have a qualifying Social Security number, and have been born between January 1, 2025, and December 31, 2028. The required pilot-program election must also be made (see instructions later for the election).

For example, a child born in 2020 can qualify for a Trump Account but not for the $1,000 federal contribution. A U.S. citizen born in Spain in 2026 may qualify for both, assuming the other requirements are satisfied.

There is no income limitation on the parents for purposes of receiving the federal pilot contribution. The parents do not have to have a social security number but may have an ITIN. Either way, the parent or authorized guardian must be able to establish an ID.me account to establish and monitor the account.

Every child should be enrolled in a Trump Account. It does not need to be funded when opened and no additional contributions are required. However, if there is a grant or foundation contributing to the Trump Accounts, it is important that your child be included.

For example, the Dell Foundation has pledged a $250 contribution into every Trump Account for children under 10 years old who live in an area with a median average income of $150,000 or less. These funds have been sent to the Treasury, which has already started funding the eligible Trump Accounts.

Establishing the account

Form 4547, Trump Account Elections(s), is a new form designed to enroll an eligible child for a Trump Account. Initially, this was

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the only method to establish the Trump Account. The form could be filed with either the Form 1040, Individual Income Tax, or submitted separately.

However, subsequent guidance from the Treasury indicated that the preferred method is online either through the parent's or guardian's Individual Online Account (IOLA) or the Trump App available for both android and Apple phones.

A significant regulatory development occurred on September 30, 2026, when Treasury issued temporary regulations allowing automatic establishment of certain initial Trump Accounts by Treasury without requiring a parent to initiate the account-establishment election.

However, automatic account establishment should not be confused with entitlement to the $1,000 pilot contribution. The pilot contribution has separate eligibility and election requirements.

Download the official Trump Accounts app to claim your child's account. During the claiming process, you'll verify your identity, confirm your relationship to your child, review your child's information, and accept the account terms. You can also claim a one-time $1,000 seed contribution from Treasury if your child is eligible. The important distinction under the September 30, 2026, regulations is that the election for the $1,000 contribution is separate from the establishment or activation of the Trump Account.

Even if Treasury has automatically established an account for the child, the parent must still submit the pilot contribution election. Simply having an account does not constitute a request for the $1,000.

Notably, under the September 30, 2026, temporary regulations, a parent must distinguish between two separate actions:

1. Electing to receive the $1,000 federal pilot contribution
2. Activating or claiming the child's Trump AccountThe new regulations allow Treasury to establish certain accounts automatically, but an automatically established account does not automatically entitle the child to the $1,000 contribution. A parent or other authorized individual must still make an affirmative pilot-program election.

Who can contribute to the child's Trump Account?

Trump Accounts can receive contributions from parents, grandparents, other individuals, employers, the federal government, state and local governments, and certain charitable organizations. The child may also contribute to their Trump Account. Earned income or other limits are not applicable, simply that no more than $5,000 annually is contributed into the child's account.

TRUMP ACCOUNTS: A NEW SAVINGS OPPORTUNITY FOR CHILDREN

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An important distinction is that not all contributions count toward the $5,000 annual contribution limit, and different contributions have different tax consequences.

Contributions are permitted by parents, legal guardians, grandparents and other relatives, as well as friends and other unrelated individuals. Employers may contribute up to $2,500 annually per employee (who would then distribute to their eligible children). The maximum allowed from these contributors is $5,000 per child. Once the account has received the maximum allowable, other contributions will be rejected by the fund administrator.

Other eligible contributions, that would not fall under the $5,000 annual limitation, include state and local governments, charitable organizations, and other foundations and grants.

Funds will be invested in approved, diversified investment vehicles designed to maximize long-term growth while minimizing risk. The accounts are subject to a strict set of rules regarding fees and other investment options.

When are the funds available for distribution?

Generally, funds cannot be withdrawn before January 1 of the year the child turns 18, except for limited situations such as death of the beneficiary, excess contributions or certain permitted rollovers.

Once the beneficiary reaches age 18, the account is generally treated under the rules applicable to traditional IRAs, allowing distributions subject to the applicable tax rules.

The funds can start to be withdrawn at age 18, with no early distribution penalty, if used for qualified expenses such as education, or first home but would still be subject to ordinary income taxes.

Conclusion

The Trump Account program has evolved from a relatively straightforward statutory savings arrangement into a system involving automatic enrollment, separate pilot contribution elections, employer programs, restricted investments and specialized reporting. The September 30 regulations are especially important because they change how accounts are established and accessed, while preserving the distinction between account eligibility and eligibility for the federal $1,000 contribution.

Our office is here to help you navigate these new rules, and to assure that all eligibility requirements are met. Let us know if you have any questions regarding the eligibility process or ongoing management of the Trump Account.

MEDICARE ISSUES ONE-TIME $90 PAYMENTS TO MILLIONS OF BENEFICIARIES

Millions of Medicare beneficiaries are receiving an unexpected $90 payment from the federal government this October. The payment is part of a new initiative announced by the Trump administration on October 2, 2026, intended to help offset the cost of Medicare Part B premiums.

According to the Centers for Medicare & Medicaid Services (CMS), approximately 20.8 million Americans are eligible for this one-time payment, which is funded through the Medicare Improvement Fund.

Who qualifies for the $90 payment?

The rebate is targeted to beneficiaries enrolled in Original Medicare Part B, which generally covers physician services, outpatient care, and certain preventive services.

To qualify, beneficiaries generally must:

- Be enrolled in Original Medicare Part B.
- Reside in the United States.
- Not receive Medicaid assistance paying their Medicare premiums.
- Not pay higher Medicare premiums under the income-related monthly adjustment amount (IRMAA).

Individuals enrolled in Medicare Advantage plans (Part C) are not eligible. Beneficiaries whose Medicare premiums are paid

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through Medicaid, as well as higher-income individuals subject to IRMAA, are also excluded.

As a result, the $90 payment is not available to every Medicare beneficiary.

When and how will payments be issued?

The Social Security Administration is handling most of the payments.

Eligible beneficiaries who receive Social Security benefits through direct deposit should have received their $90 payment on or around October 8, 2026.Those who do not receive direct deposits will generally receive a paper check from the U.S. Treasury later in October.

The payment is separate from the beneficiary's regular monthly Social Security benefit.

Beneficiaries may also receive an explanatory letter or email concerning the payment.

Why is Medicare issuing the $90?

The payments are funded through the Medicare Improvement Fund, which Congress established in 2008 to support improvements to Original Medicare.

The administration has directed approximately $2 billion from the fund toward these one-time premium rebates.

For 2026, the standard Medicare Part B premium is $202.90 per month, compared with $185 in 2025. The $90 payment is intended to provide partial relief from these costs.

It is important to understand that the $90 is a one-time payment, not a permanent reduction in Medicare premiums. Monthly premiums will continue to be assessed under the regular Medicare rules.

Do beneficiaries need to apply?

No. Eligible beneficiaries should receive their payments automatically.

There is no application to complete, and beneficiaries should not have to provide banking information or pay a processing fee.

Anyone receiving a telephone call, text message, or email requesting personal information to obtain the payment should be cautious of potential scams.

What if the payment has not arrived?

Beneficiaries who believe they qualify but have not received their payment can contact:

- **Medicare**: 1-800-633-4227, for eligibility questions.
- **Social Security Administration**: 1-800-772-1213, for payment-status questions beginning October 15, 2026.

AFFORDABLE CARE ACT REFUND

The federal government has begun issuing one-time $500 payments to approximately 950,000 Americans who purchased health insurance through the Affordable Care Act (ACA) Marketplace.

The program, announced September 10, 2026, is called the Working Families Obamacare Refund. Payments began going out around September 30–October 1, 2026.

Who qualifies for the $500 payment?

Requirement	Eligibility
Health insurance	Purchased a 2026 ACA policy through the federal HealthCare.gov Marketplace
Premium tax credit	Did not receive federal premium assistance
Income	Generally higher-income individuals, although some lower-income unsubsidized enrollees also qualify
Residence	One of the 30 states using the federal Marketplace
Payment amount	$500 per eligible person
Application required	No — payments are automatic

Why are these payments being made?

The White House describes the payments as refunds of excess HealthCare.gov administrative user fees that were passed along to consumers through their insurance premiums. The administration says the refunds are being directed to people who paid the full cost of their ACA coverage without premium tax credits.

How will recipients receive the money?

Eligible individuals are being identified automatically. Payments are being issued by the Treasury Department, reportedly by check or direct deposit, with an accompanying letter.

There is no application, tax form, or separate refund claim required. The exact delivery date may vary.

A key point is that the $500 ACA refund and $90 Medicare rebate are two separate federal payment programs, with different eligibility rules and potentially different tax considerations.

CLIENT CHECKLIST: SETTING UP A TRUMP ACCOUNT

A step-by-step guide for parents and guardians | October 2026

Trump Accounts are tax-advantaged investment accounts established for eligible children under age 18. Certain children may also qualify for a one-time $1,000 contribution from the U.S. Treasury.

Use this checklist to determine eligibility and complete the enrollment process.

Step 1 — Determine whether your child qualifies

- My child is under age 18 at the end of the year the account is established.
- My child has a valid Social Security number.
- I have my child's full legal name, date of birth, and Social Security number available.
- I have determined whether my child already has a Trump Account, including an account automatically established by Treasury.

Important: A child does not generally have to be a U.S. citizen or live in the United States to qualify for a regular Trump Account.

Step 2 — Determine eligibility for the $1,000 government contribution

Check each requirement:

- My child is a U.S. citizen.
- My child was born between January 1, 2025, and December 31, 2028.
- My child has a qualifying Social Security number.
- I meet the requirements to make the pilot contribution election for my child.

Children born before 2025 may qualify for a Trump Account but are not eligible for the $1,000 government contribution.

The $1,000 payment is not automatic simply because an account exists. A separate election is required.

Step 3 — Complete IRS Form 4547

- Obtain Form 4547, Trump Account Election(s), from IRS.gov.
- Enter my identifying information and my child's information.
- Complete the election to establish the account, if an account has not already been established.
- If my child qualifies for the $1,000 government contribution, make the separate pilot contribution election in Part III.
- If Treasury has already established an account, do not submit a duplicate account-opening election.
- Submit Form 4547 using an authorized IRS filing method.
- Keep a copy of the completed election and confirmation.

Step 4 — Claim and activate the account

- Set up an individual online account (IOLA), or download the Trump app, available for both android and Apple phones
- Follow the instructions to access or claim my child's account.
- Complete the required identity verification.
- Confirm my relationship to the child and my authority to act on the child's behalf.
- Complete any required account agreements or activation steps.
- Save the account confirmation and custodian information.

If Treasury automatically established the account, the account-claiming process allows the parent or other authorized individual to access and manage it.

Step 5 — Decide whether to make additional contributions

- Determine whether parents, grandparents, or other relatives will contribute.
- Check whether my employer offers a Trump Account contribution program.
- Coordinate contributions to avoid exceeding the annual limit.
- Keep records showing who contributed and how much.

For 2026, the general contribution limit is $5,000 per child, shared among individual and qualifying employer contributions.

A qualifying employer may contribute up to $2,500 per employee under a special program. The federal $1,000 contribution does not count toward the $5,000 annual limit.

Step 6 — Understand the account restrictions

- Understand that the account is invested for the child's long-term benefit.
- Understand that withdrawals are generally restricted before age 18.
- Understand that the account generally becomes subject to traditional IRA rules beginning in the year the child turns 18.
- Recognize that future withdrawals may be taxable and may be subject to early-distribution penalties.

Step 7 — Maintain records for tax purposes

- Keep copies of Form 4547 and enrollment confirmations.
- Retain records of contributions from family members and employers.
- Save annual account statements.
- Retain Form 5498-TA when issued by the account custodian.
- Provide relevant contribution and account information to my tax professional.

Personal contributions generally create tax basis, while government and qualifying employer contributions generally do not. Accurate records will be important when the child eventually takes distributions. Those funds that create basis are not taxable when withdrawn by the child when they reach the age of 18. Other contributions will create taxable income when withdrawn. It is important to maintain and keep accurate records of the source of the contributions to the child's account.

Our office is here to help you during each step of the enrollment and monitoring process. Contact us if help is needed to understand the rules and regulations of the Trump Account.