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Legislative and Regulatory Report

A monthly review of the latest information of importance to retirement plan sponsors

August 2026

Inside this issue

Treasury and IRS release proposed regulations on Trump Account employer contributions

On August 10, the Treasury department and the IRS issued proposed regulations allowing employers to contribute up to $2,500 per employee annually to Trump Accounts on a federal income-tax-excluded basis in 2026 and 2027. Employer programs would require a separate written plan and must comply with nondiscrimination rules; Section 125 plans could permit pretax contributions to dependents' accounts. Contributions remain subject to FICA taxes, and the Department of Labor indicated that programs benefiting dependents generally would not be ERISA-covered plans when employer involvement is limited. Comments are due September 25, 2026, with a public hearing scheduled for October 15. Treasury and the Bank of New York Mellon are also developing a hub for account verification and fund remittance, initially focused on matching the $1,000 pilot contribution by year-end.

Senate banking committee discusses retirement plan investment parity

On August 6, the Senate Banking Committee held a hearing on capital formation. During the hearing, Sen. Katie Britt (R-AL) advocated for the Retirement Fairness for Charities and Educational Institutions Act, which would allow 403(b) plans to offer collective investment trusts (CITs), which are available to many 401(k) plans and can provide participants with broader investment options and potentially lower fees through pooled assets. Kenneth Bentsen Jr., President of the Securities Industry and Financial Markets Association (SIFMA), supported closing the statutory gap, noting that plan sponsors would remain responsible for selecting investments and would continue to owe fiduciary duties to participants. Dalia Blass of Sullivan & Cromwell also supported parity between 403(b) and 401(k) plans, including broader access to private-market investments. The discussion could inform the Senate Banking Committee's bipartisan capital formation package, which is expected to be marked up in September.

Lawmakers introduce SMART Savings Act

On July 30, Sen. John Barrasso (R-WY) and Rep. Claudia Tenney (R-NY) introduced the Simplifying Modern Access to Retirement Tools for Savings Act of 2026, or SMART Savings Act. The legislation would amend the Internal Revenue Code to remove individual retirement accounts from statutory prohibited transaction rules that give the Department of Labor authority over certain IRA-related transactions, while preserving prohibitions on self-dealing and existing investor protections. Although IRAs generally are not ERISA plans, they remain subject to these rules because Congress incorporated them into the Internal Revenue Code. The bill also would allow IRA savers to receive reduced-cost or enhanced products and services without seeking individual DOL exemptions.

References and source material used in this publication

"Treasury announces employer contributions to Trump Accounts, drawing corporate support," https://home.treasury.gov/news/press-releases/sb0602 (Aug. 11, 2026).

"Chairman Scott: Opportunity should not be determined by your ZIP code," https://www.banking.senate.gov/newsroom/majority/chairman-scott-opportunity-should-not-be-determined-by-your-zip-code (Aug. 6, 2026).

"Barrasso introduces legislation to modernize retirement savings regulations," https://www.barrasso.senate.gov/barrasso-introduces-legislation-to-modernize-retirement-savings-regulations/ (July 30, 2026).

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants on the Employer page of our plan website, NRSforu.com/plansponsor.

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