Legislative Update Brief | April 2026

AT-A-GLANCE SUMMARY
• Fiduciary rule reverted to original ERISA test
• ‘Trump Accounts’ emerging as a new benefit trend
• Major VA leave law expansion ahead
• 401(k) investment flexibility under review

⚖️ Federal Update: Fiduciary Rule Reversal
• Biden-era rule overturned; return to ERISA five-part test
• Applies only when advice is regular, individualized, and relied upon
• Courts invalidated rule after DOL stopped defense
• No replacement rule expected currently

HR Impact:
• Reassess relationships with advisors
• Ensure clarity on fiduciary vs non-fiduciary roles
• Lower compliance burden but still requires diligence

📌 Emerging Benefit Trend: “Trump Accounts”
• $1,000 government-funded accounts for children (2025–2028 births)
• Families can contribute up to $5,000 annually
• Employers may contribute up to $2,500 tax-free

Why it matters:
• Supports early financial wellness
• Differentiator in competitive hiring markets

Considerations:
• Equity concerns for employees without children
• Additional administrative burden
• Unclear long-term value

🚨 Virginia Leave Laws – Big Changes Coming
Paid Sick Leave (HB 5 & SB 199):
• All employers covered
• 1 hour per 30 hours worked (max 40/year)

• Broader use including domestic violence
• Reduced documentation control
• Civil penalties possible

Paid Family & Medical Leave (HB 1207 & SB 2):
• State-run insurance model through VEC
• Up to 12 weeks paid leave
• 80% wage replacement (capped)
• Employer/employee funded beginning 2028
• Benefits begin late 2028 or early 2029

HR Impact:
• Policy revisions required
• Increased compliance exposure
• Budget and workforce planning needed

📊 **Proposed DOL Rule: 401(k) Investment Expansion**
• Expands access to crypto, real estate, private equity
• Requires fiduciary evaluation of risk, liquidity, fees

What to watch:
• Potential for higher returns and higher volatility
• Increased oversight responsibility
• _Still in proposal stage_

🔹 **What Leaders Should Do Now**
• Begin reviewing leave policies against upcoming VA requirements
• Engage benefits and retirement partners for strategy alignment
• Evaluate administrative capacity for new benefit trends
• Stay informed on regulatory changes and prepare early

Bottom line: Preparation now reduces disruption later.