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IRS Issues Favorable Initial PLESA Guidance on Match Restrictions

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PUBLISHED

03/11/2024

SOURCE

TAXES - The Tax Magazine

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Notice 2024-22 brings important initial guidance on appropriate matching restrictions for Pension-Linked Emergency Savings Accounts (“PLESAs”), which was added to the Internal Revenue Code by Section 127 of SECURE 2.0, and is effective this year (i.e., plan years beginning after December 31, 2023). This guidance was mandated by the Act to address the historic churning/abuse concerns with these types of in-service withdrawals that have an employer match. The idea goes, the employee saves into the account, the employer matches the savings, then the employee takes out his savings and recontributes it and gets another employer match on the same funds (and so on) – i.e., churning. The Internal Revenue Service (“IRS”) has addressed this issue over the years and provides guidance under two key Revenue Rulings—Rev. Rul. 74-55 and Rev. Rul. 74-56. This Notice provides a nice summary of the PLESA accounts and addresses the appropriate procedures to address the churning issue.

In this *TAXES – The Tax Magazine* article, “IRS Issues Favorable Initial PLESA Guidance on Match Restrictions,” Groom principals [Elizabeth Dold](#) and [David Levine](#) offer a simplification of the requirements for employers and recordkeepers to offer PLESAs.

To read the article, [click here](#).