

News

“Pension-Linked Emergency Savings Accounts” — Qualified Plans Provide More Than Just Retirement Benefits

ATTORNEYS & PROFESSIONALS

Elizabeth Thomas Dold

edold@groom.com

202-861-5406

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Tax-qualified retirement plans are designed to provide savings for retirement. Accordingly, the Internal Revenue Code (Code) has historically provided numerous restrictions (and penalties) on in-service distributions to prevent savings leakage. But times are changing with the SECURE 2.0 Act of 2022. For the first time, the Code has a provision that is designed to provide special tax relief for an emergency savings account that is linked to a tax-qualified retirement plan. That’s right, leakage is actually permitted, and, in 2 Journal of Pension Benefits fact, embraced to help facilitate lifetime savings. Although there are a number of options available for emergency savings accounts, this is the first one that provides both a way to encourage retirement savings (so no one outlives their retirement savings) and at the same time provide a tax-advantaged way to meet immediate financial needs that arise in one’s day-to-day activities.

In this *Journal of Pension Benefits* article, ““Pension-Linked Emergency Savings Accounts” — Qualified Plans Provide More Than Just Retirement Benefits,” Groom principal [Elizabeth Thomas Dold](#) examines the features of the Pension-Linked Emergency Savings Accounts (“PLESA”) under Section 127 of SECURE 2.0.

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