

Publications

Qualified Plans Provide for More than Retirement Benefits—Introducing “Pension-Linked Emergency Savings Accounts”

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Tax-favored retirement plans (qualified plans) have historically been designed to provide savings for retirement, and therefore have been focused on increasing savings and restricting withdrawals. But as more and more employees feel the pressure of choosing between increasing their retirement savings or paying the bills, and being prepared for those emergency situations where access to funds is needed in the short term, there has been a growing need for qualified plans to provide some flexibility in accessing funds, while still encouraging retirement savings. The solution—here comes Pension-Linked Emergency Savings Accounts (“PLESA”) under Section 127 of Setting Every Community Up for Retirement Enhancement Act (“SECURE”) 2.0. This new financial wellness benefit brings us the best of both worlds—employees can continue to save for retirement (and even earn employer match on emergency savings), and have access to emergency savings when and if needed, which grows tax-free within the plan, and are available tax-free on distribution.

In this *TAXES – The Tax Magazine* article, “Qualified Plans Provide for More than Retirement Benefits—Introducing ‘Pension-Linked Emergency Savings Accounts,’” Groom principals [Elizabeth Dold](#) and [David Levine](#) review how this all works. For sure, the devil is in the details, but hopefully, pending Internal Revenue Service (“IRS”) guidance will help make these accounts work and give employees the added security they were looking for when it comes to making retirement savings decisions.

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