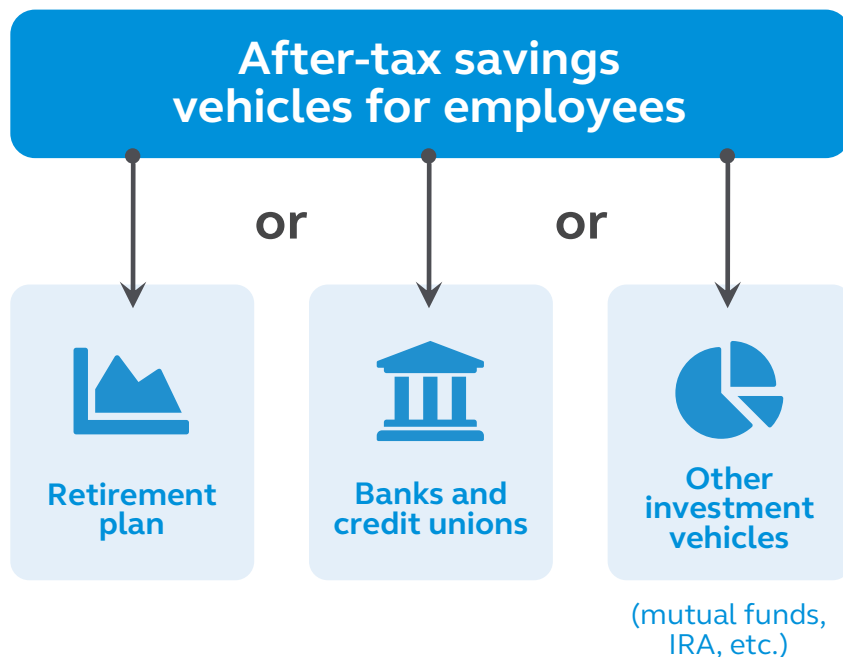


Emergency savings account

Employees

Current lack of emergency savings:

- Not utilizing traditional savings vehicles
- Wide variety of competing interests for cash
- Saving money not part of natural human behavior



✓ Pros of emergency savings account in retirement plan:

- Plan is already established and can provide payroll deduction for saving at a potentially lower cost
- Voluntary after-tax contributions may be withdrawn at any time
- Having access to emergency savings may reduce leakage from retirement assets and may reduce employer cost (due to delayed retirement)

✗ Cons of emergency savings account in retirement plan:

- Complexities with payroll and retirement plan design for employer
- Portion of distributions may be taxable to employee and excise tax*
- Potential nondiscrimination testing concerns and no longer deemed to satisfy top-heavy
- Will subject Safe Harbor plans to nondiscrimination testing

*May be subject to a 10% excise take if distribution taken before age 59 1/2.

This document is intended to be educational in nature and is not intended to be taken as a recommendation.

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