

RETIREMENT PLAN LOAN CHECKLIST

Borrowing from your employer-sponsored retirement plan is better than taking a taxable distribution out of your account. And knowing a loan is an option can help you confidently save more for your future. But make sure you understand a loan's pitfalls. Use this checklist as a guide.

A Retirement Plan Loan May Be a Good Option

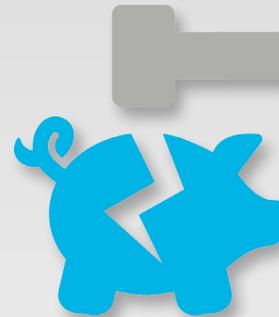
- Avoid a home eviction or foreclosure
- Pay major medical bills
- Pay down high interest rate debt
- Make a down payment to qualify for a mortgage or a lower mortgage rate

But Remember a Loan Can Have Costs, Too

- If you reduce your retirement plan contributions, you reduce your future savings.
- Even if you maintain your contributions, the growth of your account may be less because the outstanding loan balance is no longer invested.
- If you default on a loan, the outstanding loan balance is treated as a taxable withdrawal.
- Initial and ongoing fees.

Explore Pros and Cons of Other Available Options

- Non-retirement account investments
- Cutting non-essential expenses
- Debt and credit assistance – www.consumer.ftc.gov/topics/dealing-debt
- Government benefit programs – www.benefits.gov
- Homeowner assistance – www.makinghomeaffordable.gov
- Additional employment income



Understand How Your Retirement Plan Loan Program Works*

- Eligibility rules — typically, you may not borrow more than 50% of your account balance, up to \$50,000, and the minimum loan amount is \$1,000.
- Interest rate – generally, loan rates are set monthly, a fixed rate applies for the length of the loan term, and the specific rate depends on whether or not the loan is for a principal residence.
- Time period — loans must generally be repaid within 5 years, or within up to 30 years for a principal residence.
- Repayment options — made via automatic bank account transfer (ACH) and/or payroll deduction, depending on plan rules.
- One-time origination and ongoing annual fees typically apply.
- Default scenarios

* *Loan rules can vary by plan*

To learn more about your retirement plan's loan program and to apply for a loan, log into your account at www.icmarc.org/login.