

Participant Loan FAQs:

Taking a loan from your retirement plan account can be confusing. These frequently asked questions and answers provide general information answering common questions asked by employees. Keep in mind that your particular Plan's Loan Policy and the terms of your Plan govern the options available under the loan program. **Therefore, these answers may not apply to every situation or feature available under the Plan.** If you have additional questions, you may contact Pension Inc. for assistance toll free at 1-920-432-7020, Monday through Thursday, 8am to 4pm CT and until 2pm on Fridays.

What is the maximum loan amount I can request?

You can generally borrow up to 50% of your vested account balance, up to a maximum of \$50,000. If you had a previous participant loan within the last 12-month period prior to the new loan request, the maximum amount available is reduced by the highest outstanding loan balance in the last 12 month period minus any outstanding loan balance at the time of the new loan. Be aware that your employer may limit the number of loans a participant may have outstanding at any one time. More information is available in your Summary Plan Description.

What are the repayment requirements for the loan?

Repayment of the loan must occur within 5 years. Loan repayments must be deducted directly from payroll. The loan repayments are not plan contributions; therefore, they are deducted from payroll on an after-tax basis. The payment amount is determined when the loan is established. Repayments are made in equal amounts that include principal and interest.

A loan taken for purchasing a principal residence can be paid back over a period of more than 5 years, if allowed by your Plan. If the loan request is for the purchase of your principal residence and the repayment period extends beyond 5 years, you must upload supporting documentation, such as a copy of your purchase agreement. These documents must be dated within 90 days of your loan request. Failure to upload the supporting documents with your request may delay or cancel the loan request. If you

terminate employment before your loan is fully paid, all unpaid amounts are then due and payable.

What is the interest rate on the outstanding amount of the loan?

Like any loan, interest is charged on a loan from your Plan. The rate of interest was determined by the plan administrator under the Plan's Loan Policy, consistent with the terms of the Plan and law. The rate of interest is identified in your loan request and that rate applies without change for the term of the loan. The interest accrues on the basis of your repayment schedule. For instance, if loan repayments are withheld from your pay every two weeks, the interest accrues on the loan every two weeks.

What are sources of the loan proceeds in my account?

The loan amount is from the vested sources of your account that are eligible for loans under the Plan. It is withdrawn pro-rata from all your investments.

Are there taxes, penalties, or fees on my loan?

Funds withdrawn from your retirement plan account pursuant to a loan are not subject to income tax or the 10% early withdrawal penalty. However, the loan can be turned into a taxable event if you fail to repay the loan according to its terms. There may be fees associated with the loan withdrawal and annual loan maintenance. Please refer to your Fee Disclosure Notice(s) for any associated fees.

What happens if my loan is not repaid according to its terms?

When a loan is not repaid according to its terms, it is generally considered in default and treated as a taxable distribution from the plan. The Plan's Loan Policy will specify the events of default. If your loan defaults, you will receive a Form 1099-R reflecting the exact amount of the taxable distribution.

What happens to my loan if I am on leave of absence?

Your loan payments may be suspended during a bona fide leave of absence for up to one year. When the leave ends (provided it does not last beyond one year), the loan including accrued interest must be repaid by the latest date permitted under the Internal Revenue Code. This is generally 5 years from the date of the original loan.

Therefore, an ordinary leave of absence will not extend the maximum period within which you must repay the loan. You may make up the missed payments by increasing the amount of the original payment amount so that the term of the loan does not exceed the original 5-year term.

What happens to my loan if I am on a Military leave of absence?

Your loan payments may be suspended during your Military leave of absence. Loan payments will be resumed upon your return from military duty. The loan must be fully paid (including interest that accrues during the period of military service) in substantially level installments by the end of the original term of the loan plus the period for military service. The interest rate that applies may be reduced to six percent if this is lower than the current interest rate unless the Participant waives the rights and protections provided under the Servicemembers Civil Relief Act of 2003.

Will I receive a paper confirmation of my loan?

The only “paper” you will receive is a check for your loan proceeds, unless you elected to directly deposit the proceeds into your account. All loan requests and your acceptance and signature are done electronically. You can request a paper copy of your promissory note and assignment by calling Pension Inc. for assistance toll free at 1-920-432-7020, Monday through Thursday, 8am to 4pm CT and until 2pm on Fridays.

How soon will I receive my loan proceeds?

Your Plan Administrator will receive notification of your loan request and will have 3 business days to review. Once the loan is approved, your loan proceeds will be processed and released.

How will I receive my loan proceeds?

You can have your loan proceeds sent to you by check or you can have the proceeds directly deposited to your bank account. Your account and banking information may be provided when you request the loan.



Contact Us

Provides you information on how you can connect with us.

General Information

Customer Service Email: gen@pensioninc.net

Customer Service Phone: 1.920.432.7020 or 1.877.865.7899 M-TH 8 am – 4pm CST and until 2 pm Fridays