



# Borrowing from Your 401(k)/457 Plan Accounts

## LOAN FACT SHEET

### Savings Plus Contact Information

[sppforu.com](http://sppforu.com)

#### Customer Service Hours

5:00 a.m. - 8:00 p.m.  
(866) 566-4777, \*0

Voice Response System  
(866) 566-4777

TTY  
(800) 848-0833  
FAX  
(877) 677-4329

#### Lobby Hours

8:00 a.m. — 4:30 p.m.

1800 15th Street  
Sacramento, CA 95811-6614

Savings Plus allows you to borrow money from your account(s) provided you agree to repay that loan amount plus interest to your account(s) within the specified period of time. Since you are borrowing from yourself, your loan will not affect your credit rating. However, you may want to carefully examine all your options or consult with a tax advisor. You may model and initiate a general purpose loan and model a residential loan online at [sppforu.com](http://sppforu.com) or call the Voice Response System (VRS) toll-free at (866) 566-4777.

If you have a Personal Choice Retirement Account (PCRA), (the self directed brokerage account Savings Plus offers through Charles Schwab), we'll consider the amount in your PCRA when calculating your available loan amount. However, if needed, you must transfer the PCRA balance to your main plan account before we issue your loan payment.

### Loan Information

<i>Types of Loans Allowed</i>	General Purpose and Purchase of Primary Residence
<i>Maximum Loan Period</i>	General Purpose: 5 years Primary Residence: 15 years
<i>Maximum Number of Loans</i>	You can have two outstanding loans per plan, as long as one is a General Purpose loan and the other is a Primary Residence loan.
<i>Minimum Account Balance</i>	\$5,000
<i>Minimum Loan Amount</i>	\$2,500
<i>Maximum Loan Amount</i>	The maximum loan amount is the following: 50% of your account balance <b>minus</b> your outstanding loan balances from all State-sponsored plans on the date of distribution; or \$50,000 <b>minus</b> your highest outstanding loan balances from all State-sponsored plans within the last 12 months, if less.

**Interest Rate**

The interest rate for the term of your loan is based on the prime rate published in the *Wall Street Journal* on the second business day of each month, plus 1%. The rate applies to loans initiated as of the first day of the month.

There are two ways to obtain the current loan interest rate:

**Online:** Log on to your account and select loan modeling.

**By Phone:** Call (866) 566-4777 and press \*0 to speak with a customer service representative Monday-Friday 5:00 a.m.-8:00 p.m. PT.

**General Purpose:** When you initiate your loan online or by phone, the interest rate is fixed at the current monthly rate.

**Primary Residence:** Upon receipt of your Primary Residence Loan Application and supporting documentation, we'll send you a Primary Residence Loan Agreement and Truth in Lending Disclosure Form stating the current interest rate. If you return the Primary Residence Loan Agreement within 15 business days from the date on the correspondence, the rate is "locked in" and won't change for the duration of the loan.

**Loan Fees**

We deduct a one-time nonrefundable fee of \$50.00 from each loan amount to cover the cost to process and handle your transaction. If you elect to have your loan check overnighted we'll deduct an additional \$25.00 from the loan amount. To request overnight delivery you must call (866) 566-4777 and press \*0 to speak with a customer service representative Monday-Friday 5:00 a.m. - 8:00 p.m. PT.

**Loan Eligibility**

You qualify for a loan if you're a current State of California employee with a Savings Plus account that meets the minimum balance requirement. You don't qualify if you're retired, working as a rehired annuitant, separated from employment, or obtained your account as a beneficiary or through a Qualified Domestic Relations Order. If you default on your loan we won't allow you to take another loan from either plan until the following tax year.

**Loan Repayment**

**Automatic Payroll Deductions**

Loan repayments are automatically deducted from your paycheck with after-tax dollars and invested according to your current investment allocation. If no allocation is on file, we'll invest the loan repayments in the Short Term Investment Fund or other fund selected by Savings Plus. Loan repayments start with the second pay period after loan initiation. For example, if your loan is issued in December, your repayments start with the February pay period (the check you receive in early March). If you're paid more than once a month, the deduction is taken from the final paycheck of the month.

**Loan Payoff**

You have two options to obtain payoff information:  
**Online:** Log on to your account - your loan payoff amount is located below your current account balance.

**By phone:** Call (866) 566-4777 and follow the prompts.

The loan payoff amount (including interest) is valid through the end of the month if processed by our recordkeeper by 9:00 a.m. PT on the last business day of the month (refer to “Direct Payments”). Please allow sufficient mailing time for the recordkeeper to receive your payoff amount.

*Direct Payments*

You may make a direct loan repayment if you’re going to pay off your loan in full or if you’re on an approved leave of absence. Obtain a certified bank check made payable to J.P. Morgan Chase Bank, N.A., Trustee FBO (for the benefit of), and include your name, Social Security number, and plan type(s). You must **mail the check to Nationwide Retirement Solutions, P.O. Box 182797, Columbus, OH 43218-2797** or you can **overnight your payment to Nationwide Retirement Solutions, 5900 Parkwood Place, Dublin, OH 43016.**

*Military Leave*

Special rules apply if you’re on military leave. Contact Savings Plus for instructions.

**Transferring  
Loans to or from  
Other Plans**

You can’t transfer your Savings Plus loan to another plan or transfer a loan from another plan to Savings Plus.

**Deemed  
Distribution of  
Loan Balances**

If we don’t receive the required payment(s) within 90 days from the first missed payment, the entire loan balance, including interest, is considered a taxable deemed distribution. You can’t take another loan from either plan until the following tax year. If your employment ends for any reason, you have 30 days to either pay off the loan in full, or allow it to default. A loan default will not affect your credit, however the unpaid balance is a taxable distribution and as such could result in a higher tax liability. If the loan is from your 401(k) Plan account, the distribution may be considered an early withdrawal and tax penalties may apply. There’s no early withdrawal penalty if your deemed distribution is from your 457 Plan account. We’ll send you a 1099-R by January 31 of the following year.

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