



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

Loan Fact Sheet

Phone: (855) 616-4776 • savingsplusnow.com

Savings Plus allows you to take a participant loan from your account(s) based on the loan information and loan eligibility outlined below. When you elect to take a loan, you agree to repay the outstanding loan balance, including accrued interest, within the specified period of time. Since you are borrowing from your account, your loan will not affect your credit rating. You may model and initiate a general purpose loan or model a primary residence loan online at savingsplusnow.com or contact the Savings Plus Solutions Center. You may want to consult with a tax advisor and carefully examine all of your options prior to initiating a loan.

All pre-tax and Roth funds, including those in your Personal Choice Retirement Account (PCRA), will be considered when determining the maximum loan amount. However, the loan will be funded solely from your core pre-tax funds.

1. Loan Information

Types of Loans Allowed: General Purpose and Purchase of Primary Residence

Loan Period: General Purpose: 12 – 60 months
Primary Residence: 1 – 15 years

Minimum Plan Balance: \$2,000

Minimum Loan Amount: \$1,000

Maximum Number of Loans: Two outstanding loans per plan, not to exceed four across both 401(k) and 457(b) plans.

Maximum Loan Amount: The lesser of:

- A. 50% of your combined plan account balances from all state-sponsored plans minus your outstanding loan balances from all state-sponsored plans on the date of your loan; or
- B. \$50,000 minus your highest outstanding loan balances from all state-sponsored plans within the last 12 months

In addition, the maximum amount available for a loan from each plan account cannot exceed 50% of your balance in that account, minus the outstanding loan balance in that account.

Fees: Initiation Fee: A one-time nonrefundable fee of \$75 is assessed from your account upon loan initiation.
Check Fee: A \$2 fee will be assessed from your account if you request to have a check mailed to you.
Overnight Fee: A \$25 fee will be assessed from your account if you elect to have your loan check mailed overnight.
Insufficient Fund Fee: A \$50 fee will be assessed from your account if a repayment fails due to insufficient funds.

Personal Choice Retirement Account (PCRA): If you have a PCRA through Charles Schwab, its balance will be included in calculating your maximum loan amount. You may need to transfer some or all of your PCRA balance to your core account before funding, and maintain at least \$2,500 or 50% of your balance, whichever is less, in the core investment funds.

Interest Rate: The interest rate is prime rate plus 1%. The prime rate used is based upon the rate published in the Wall Street Journal two weeks prior to the end of the most current calendar quarter. The rate will be effective on the first day of the next calendar quarter.

Transferring/Rolling Over Loans Between Plans: You cannot transfer or rollover your Savings Plus loan to another plan and you cannot transfer or rollover a loan from another plan to Savings Plus.

2. Loan Eligibility

You qualify for a loan from your 401(k) or 457(b) account if you:

- Are a current State of California employee
- Have one or fewer loans in the plan account in which the loan is being requested
- Have a minimum plan account balance of at least \$2,000, with a pre-tax balance to cover the loan amount and any associated fees
- Do not request more than the Maximum Loan Amount as listed above
- Do not currently have a defaulted loan
- Are not a rehired annuitant, a beneficiary, or obtained your account through a Qualified Domestic Relations Order

3. Loan Repayment

Direct Debit Repayment: Loan repayments are deducted from your designated savings or checking account with after-tax dollars and invested according to your current allocation. Repayments start approximately 30 days after loan initiation and continue monthly, appearing as **Nationwide Payments** in your bank history. Any missed repayments will be pulled the following month in addition to the regularly scheduled repayment to bring your loan current.

Payroll Deduction Repayment: Payroll deduction loans will continue at your scheduled repayment amount until the loan is paid in full or you are no longer employed by the State of California. Your payroll deduction repayment may be converted to direct debit repayment or paid off at any time. Contact the Savings Plus Solutions Center for more information.

3. Loan Repayment (continued)

Check Repayment: If your monthly loan repayment does not occur through direct deposit, please contact the Savings Plus Solution Center to verify your banking information on record. For missed payroll deduction loan repayments, a repayment via certified bank check must be made to keep your loan current and prevent default.

Make the check payable to:

Nationwide Retirement Solutions
Savings Plus, Your Name, Account Number or SSN, Plan Type (401(k) or 457(b))

Mail to the applicable address:

Standard Address:

Nationwide Retirement Solutions
PO Box 182797
Columbus OH 43218-2797

Overnight Address:

Nationwide Retirement Solutions
1 Nationwide Plaza Attn: 1-LC-F2
Columbus, OH 43215-2239

Loan Payoff: You can repay your loan in full at any time without a prepayment penalty.

To schedule your direct debit loan payoff, visit your online account, select **Manage account**, then under **Access my money** select **Manage loans**.

Service Leave: If you are on a leave of absence for Military, or other eligible service related leave, you may elect to continue to repay your loan at the existing interest rate. However, if the interest rate is above 6%, Savings Plus must reduce your interest rate to 6% and forgive the amount above 6% for the duration of your Service Leave unless you elect in writing, during or after your Service Leave, to have the loan's higher interest rate apply to your loan.

Non-Service Leave: If you are on an approved non-Service Leave of absence without pay, you may be eligible to suspend your loan repayments for up to 12 months while on leave.

Separation from Service: Your direct debit loan repayments will continue until fully paid or defaulted. Payroll deduction loans must be converted to direct debit to continue repayment when you separate from service.

4. Deemed Distribution of Loan Balances

If you miss any loan repayments, you have until the end of the calendar quarter following the calendar quarter in which the repayments were missed to make them up in order to avoid default and a subsequent deemed distribution. If the missed repayments are not made by the end of this period, the outstanding loan balance, including accrued interest, will be considered in default and treated as a taxable deemed distribution. A Form 1099-R will be issued by January 31 of the following year. After a deemed distribution, you can't take another loan until the deemed loan is fully paid. Interest will continue to accrue until the loan is paid off or offset when you leave state employment. If the loan is from your 401(k) Plan account, the deemed distribution may be considered an early withdrawal and may be subject to an additional 10% tax. There is no additional 10% early withdrawal tax if the deemed distribution is from your 457(b) Plan account.

5. Contact Information

Voice Response System: (855) 616-4776, 24 hours a day, 7 days a week

Savings Plus Solutions Center: (855) 616-4776, 5 a.m. – 8 p.m. (PT), Monday-Friday
To speak with a Customer Service Representative, press *0

To connect with us via TTY: (800) 848-0833

Website: savingsplusnow.com