



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. 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 of your pre-tax and Roth funds, by plan, will be utilized in determining the maximum loan amount but the funding of the loan is restricted to the pre-tax funds only. In addition, if you have a Personal Choice Retirement Account (PCRA), the self-directed brokerage account Savings Plus offers through Charles Schwab, the amount in your PCRA will be included when calculating your maximum available loan amount. However, you may be required to transfer some or all of your PCRA balance to your core account before the loan is funded and you will be required to maintain a minimum of \$2,500 or 50% of your account balance, whichever is less, in the Savings Plus core investment funds.

1. Loan Information

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

Loan Period: General Purpose: 1 – 5 years
Primary Residence: 1 – 15 years

Minimum Plan Balance: \$10,000

Minimum Loan Amount: \$5,000

Maximum Number of Loans: One outstanding loan per plan, not to exceed two outstanding loans 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: A one-time nonrefundable fee of \$50 is deducted from your account upon loan initiation to cover the cost to process and handle your transaction. If you elect to have a check mailed to you, a \$2 fee is assessed. If you elect to have your loan check mailed via overnight mail, we will deduct an additional \$25 from your account.

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.

To learn more about the interest rate, visit your online account and select **Loans** or contact the Savings Plus Solutions Center.

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
- Do not currently have a loan in the plan account in which the loan is being requested
- Have a balance of at least \$10,000 in the plan account in which the loan is being requested
- 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 the savings or checking account you designate with after-tax dollars and are invested according to your current investment allocation. Loan repayments will start approximately 30 days from the date of the loan initiation and will continue on or around that date on a monthly basis. These transactions will show up as “Nationwide Payments” in your bank transaction history. If a repayment is unable to process on the due date because of insufficient funds in your bank account or due to inaccurate banking information, Nationwide will assess a \$50 insufficient funds fee from your Savings Plus account and send you written notification. If a monthly direct debit loan repayment is missed, the past due repayment(s) plus the regularly scheduled repayment will be pulled the following month to bring the loan current. Text alert reminders are available five business days prior to your direct debit repayment(s). If you would like to receive text reminders, contact the Savings Plus Solutions Center or visit savingsplusnow.com. Select your name in the top right corner, then chose **Contact Preferences** and update your alert **Notification Preferences**.

3. Loan Repayment (continued)

Payroll Deduction Repayment: Payroll deduction was the primary method of repayment for loans initiated prior to January 2016. Payroll deduction for these 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 at any time. Contact the Savings Plus Solutions Center for more information.

Check Repayment: If your loan repayment does not occur through direct debit or payroll deduction, 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
3400 Southpark Place Suite A
DSPF-F2
Grove City OH 43123-4856

Loan Payoff: You can repay your loan in full at any time without a prepayment penalty. To obtain the loan payoff amount, visit your online account, select **Manage account**, then under **More actions** select **Manage loans**, or contact the Savings Plus Solutions Center. Once you have obtained your payoff amount, you may:

- A. Schedule a direct debit payoff via the Savings Plus Solutions Center; or
- B. Send a certified bank check for the full loan payoff amount using the information under **Check Repayment** above.

Military 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 qualified military service leave unless you elect in writing, during or after your military leave, to have the loan's higher interest rate apply to your loan. Contact the Savings Plus Solutions Center for more information.

Non-Military Leave: If you are on an approved non-military leave of absence without pay, you may be eligible to suspend your loan repayments for up to 12 months while on leave. Contact the Savings Plus Solutions Center for more information.

4. 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.

5. 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. Once a deemed distribution occurs, you will no longer be able to take another loan in either plan until the existing loan is paid in full. The loan balance will continue to accrue interest until the loan is paid in full or is offset when you separate from 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.

6. 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

Walk-In Center: Open 8 a.m. – 5 p.m. (PT), Monday-Friday
1810 16th Street
North Building
Sacramento, CA 95811-6606

TTY: (800) 848-0833

Website: savingsplusnow.com