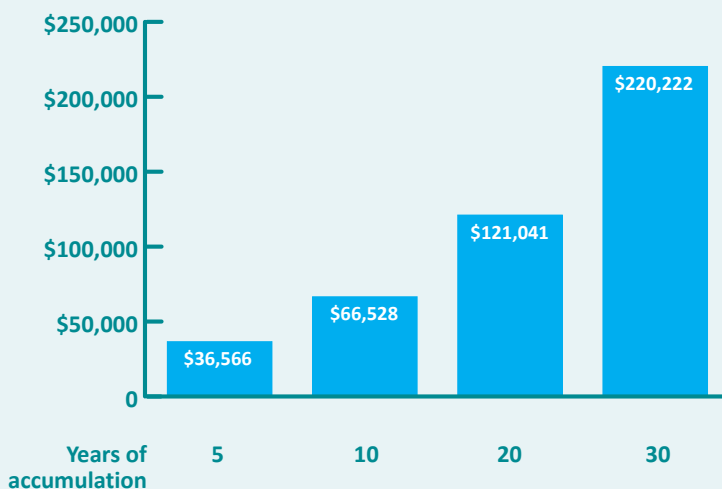


A retirement plan loan may cost you more than you think!

You may have good reasons for considering taking a loan from your retirement plan. But before you request your first, or next, retirement plan loan, be sure to consider everything that it may cost you.

The high cost of a plan loan.*



Just look at the savings you'd be missing out on if you took out a \$30,000 loan, repaid it over five years, while also temporarily halting your contributions (based on a starting balance of \$100,000 and \$500 pretax contributions each month).

What you need to know before you borrow:

The cost of lost savings.

This may be the biggest cost of all. When you take money out of your retirement plan account, it is no longer earning money for you on a tax-deferred basis, and you may lose the ability for that sum of money to potentially grow to fund your retirement. In addition to losing the potential savings, if you decide to no longer make contributions to your retirement plan account while making your loan repayments, you further reduce your retirement savings.

**Figures based on calculations from the Credit Union National Association's "The Cost of Borrowing From Your 401(k)" calculator. Assumes a 6% annual return and a loan repayment interest rate of 4.25%. The \$30,000 loan is repaid over five years.*



The cost of delaying retirement.

Depending on your age, retirement can be fast approaching or seem a lifetime away. Borrowing from your retirement plan may keep you from retiring when you want. The lost savings and the potential for growth may affect the amount of money you have when you retire.

Depending on your plan's provisions, if you decide to change jobs or are terminated from your job and you have an outstanding loan, you may have to repay the entire remaining balance to avoid defaulting on the loan.

The cost of defaulting.

If for some reason you are not able to repay the loan either during the repayment period or when you leave your job, the IRS considers the entire amount of the unpaid loan balance a taxable withdrawal. If you are younger than age 59½, you'll owe federal income tax on the amount, and you could face a 10% early-withdrawal penalty and state income tax as well.

Think ahead. Take action now.

- ✓ **Don't shortchange your future.** Carefully consider the costs—and the alternatives—before requesting a retirement plan loan. It can make a big difference in your future financial security.

Brighten **your** outlook.



Rainy



Cloudy



Partly Sunny



Sunny

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