



The Perks and Cons of Borrowing from your 457 Deferred Compensation Plan

Taking a loan from your retirement plan can be the financial lifeline you need when you incur a large and unexpected debt. But tapping into your retirement account is a move you shouldn't take lightly, and you should carefully consider the perks and costs.

Perks

- There is no loan application, credit score or credit report.
- You are borrowing against your own savings.
- It may be cheaper than borrowing from a bank.
 - Interest paid is paid back to yourself!
- You won't pay income tax or a penalty on the withdrawn amount.
 - The IRS does not require you to pay income tax as your loan is paid back on time.

Cons

- There is a limit on how much you can borrow.
 - You can borrow up to 50% of your account balance, not to exceed \$50,000.00.
- There is a risk of lost savings.
 - You may lose money due to the cost of not making more money on your investments within the plan.
- There is a risk of double taxation.
 - Loan repayments are made with after-tax dollars, which means you will pay taxes again on the interest portion of your loan.
- There is a risk of default.
 - If you leave the County before paying off your loan, any unpaid balance will be subject to federal income tax and, if applicable, state tax.

Think ahead

Carefully consider the cons — and the perks — before requesting a retirement plan loan. It can make a difference in your future financial security.

Questions?

Please contact the Customer Care Center at **800-743-5274** weekdays from 8 a.m. through 8 p.m. Eastern time.

Ready to act?

Log in to your account at **retiresmart.com**.

Requesting a loan from your 457 Deferred Compensation Plan

Requesting a retirement plan loan online

Log in to your account at **retiresmart.com**. (If you haven't yet created an online account, click *Register* for online access.)

- Once you have logged into your account, click on *My Account* and then select the fourth option, *Loans*.
- Select to model a *personal* or *home loan*.
 - Enter your desired loan amount, loan term and payment frequency. Then select *calculate*.
 - Enter a loan start date.
 - Confirm if you are on a leave of absence or if you have defaulted on a loan from this employer in the past
 - Now enter your ABA#. Indicate Savings or Checking for debit/ACH loan repayments to begin.
 - You will receive a check in the mail in 7 – 10 business days.

Requesting a retirement plan loan via the Customer Care Center (800-743-5274):

This approach will involve speaking with a representative on a recorded line. Be prepared to provide checking account information to establish ACH payments. Due to call volumes, you may experience longer wait times.

- The automated system will verify your PIN. If you haven't created one, press *****.
 - If you haven't created a PIN, the system will still be able to verify your identity.
- After the automated system reads your balance and rate of return, you can press **1** for your maximum available loan amount.
 - Press **1** a second time to be placed on hold and connected to a representative who will process your loan request.

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