Insperity
HR that Makes a Difference™

Loans – Frequently Asked Questions

Q: May I borrow money from my plan account? If so how?

A: Your 401(k) plan is intended to help you put aside money for your retirement; however, if permitted under the plan, you may take out a loan on your account after it has accumulated at least $2,000. From your 401(k) account screen, select "Model a Loan" under the Loans tab to work out sample loan repayment schedules and begin the loan process. You may also speak with an Insperity Contact Center specialist by calling 866.715.3552, option 3.

Q: What kinds of loans are available?

A: The two types of loans that may be available are General Purpose and Principal Residential. You do not need to complete paper forms to request a loan. You may submit your request by going to "Model a Loan" under the "Loans" tab or by calling the Insperity Contact Center at 866.715.3552, option 3.

- **General purpose loan**

  Once requested, the loan documents and the check will typically be mailed to your home address on file within seven to ten business days of the request.

- **Principal residential loan**

  You must submit a copy of the home purchase agreement and a letter from the mortgage company confirming the home is your principal residence. Once these documents have been received and your request has been approved, the check will be mailed to your home address on file.

Q: Is there a limit on how much I can borrow?

A: Yes. Generally, you may borrow from a minimum of $1,000 up to a maximum of $50,000, as long as it is no more than 50% of your vested account balance. In addition, you must subtract the highest outstanding loan balance in the previous 12 months.

Q: What are the interest and fees for a loan?

A: Depending on the plan, there is an annual loan maintenance fee which is deducted from your plan account in quarterly increments during the term of the loan. You can obtain the annual loan maintenance fee amount by reviewing the Loan Policy for your plan, which can be located by clicking the Loans tab of your 401(k) account screen.

The interest rate on your loan will be the rate in effect at the time the loan is issued to you. The rate of interest is set monthly and will be equal to the prime rate (as published in *The Wall Street Journal*) plus one percentage point. The interest rate remains fixed for the entire duration of the loan.

Q: How do I repay my loan?

A: Loan repayments, which include principal and interest, are made automatically through payroll deductions. If you terminate employment before your loan is repaid in full, any outstanding balance must be repaid in full; or if you are eligible to participate in another qualified plan that accepts loan rollovers, you may elect a direct rollover of your outstanding loan balance into that plan.

Q: How much time can I take to repay a loan?

A: You can select a loan term of up to five years to repay a general purpose loan on your plan account. If the loan is for the purchase of your primary residence, you can select a loan term of up to 15 years to repay the loan.

Q: Can I pay off my loan early?

A: Yes. You may pay off the outstanding loan amount plus unpaid interest to-date at any time before the end of the repayment period. Partial prepayments are not permitted.

Q: What about loan repayment while I am on leave?

A: Participants on leave of absence are required to continue making existing loan payments on a timely basis. However, if you are performing military service, your repayment schedule may be suspended, and the original term of the loan may be extended until your military service is completed. Please refer to your plan's Loan Policy, which can be located by clicking the Loans tab of your 401(k) account screen.

Q: I took a COVID-19-related loan. How does repayment work?

A: Payments on these loans are deferred until 2021, although interest will accrue in the interim. Contact your Plan Administrator for more details.

Q: Can I roll over a loan from another 401(k) plan?

A: Generally yes, as long as the following requirements are met:

- The plan from which the loan is being rolled over must be a qualified 401(k) plan.
- The loan payment status must be current at the time of distribution.
- The entire account balance must be rolled over from the previous employer's plan.