

## RETIREMENT PLAN LOANS

# What to know before taking one.

## Other options

### Set up an emergency fund:

With a little planning, you can save to help cover expenses while still pursuing your retirement goals.

### Get a part-time job:

This may help pay off current expenses and help you build up an emergency fund.

### Cut nonessential costs:

Make coffee or your lunch instead of buying it every day. These small changes may add up enough to cover your needs.

## Understand how retirement plan loans could affect your future.

Retirement plan loans may be a quick and easy way to access money today, but before taking a loan, be sure you know how it can impact your retirement savings.



### Reduced contributions

Can you afford to pay off the loan and continue making contributions? Maybe not. Taking a loan may not only limit any potential investment growth, but if your employer offers a match, you may miss out on that too.



### More costs to consider

There are loan fees—both when the loan is taken out and annually on the outstanding balance—that you'll have to pay.



### Potentially twice the taxes

Unlike your contributions, the money to pay off your loan, which comes from your salary, is taxed as income. Depending on the type of contributions you make, when you retire and when you make withdrawals, you may owe taxes on those dollars again.



### A potentially reduced paycheck

Some plans require you to pay off your loan with automatic payroll deductions. This means you'll have less take-home pay.



### Possible penalties

If you default on repaying the loan, you'll owe income tax on the balance. If you're under 59½, you'll also owe a 10% early-withdrawal penalty.



### Sudden repayment

If you leave your job, your plan may require you to pay off the loan. If the loan is not repaid it may be treated as a distribution and you'll owe income tax on the balance. If you're under 59½, you'll also owe a 10% early-withdrawal penalty.

**We're here to help.** Before you take a retirement plan loan, review your options with a TIAA Financial Consultant. You can set up an appointment by calling **800-732-8353**, weekdays, 8 a.m. to 10 p.m. (ET), going online at [TIAA.org/schedulenow](https://www.tiaa.org/schedulenow) or by scanning the QR code.

To learn more about your plan, you can log in to your account at [TIAA.org](https://www.tiaa.org).





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Withdrawals from retirement accounts may be subject to income tax, and if you are under age 59½, you may incur a 10% federal penalty, as well as possible state penalties.

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