



## RETIREMENT PLAN LOANS

# What to know before taking one.

## Understand how borrowing from your retirement plan could affect your future.

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



### Reduced contributions

Can you afford to pay off the loan and continue making contributions? Taking a loan may limit potential investment growth, and if your employer offers a match, you may miss out on that too.



### 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.



### More costs to consider

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



### 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.



### Potentially twice the taxes

Contributions to the plan may have been made with pre-tax dollars, however loan repayments are paid after-tax. When you withdraw your money at retirement, the money is taxed again. This means your loan repayments may be taxed twice.



### Sudden repayment

If you leave your job and do not repay the loan, 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.

## 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.

**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** or by scanning the QR code.

To learn more about your plan, log in to your account at **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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