



# LEECH LAKE EMPLOYEE 401(k) LOANS

## EMPLOYEES MAY NOW BE ELIGIBLE FOR 401K LOANS BASED ON THE FOLLOWING CRITERIA:

- Minimum loan amount is \$1000
- Maximum loan amount is 50% of Vested Balance. Employees must have a minimum of \$2000 in Vested Balance to request a 401k loan.
- Maximum payback time is 60 months
- Maximum payback for home purchase is 30 years (must have a copy of purchase agreement)
- Repayment must be done through payroll deduction
- Rate is Prime +1%
- There is a \$125 fee to request a loan
- Employees can only have one active loan from their 401k
- The loan is not taxable unless you default on making payments to the loan

**Each employee's financial situation may be different and therefore careful consideration of requesting this type of loan is recommended.**

- If an employee quits or is terminated, the loan will become a distribution and is subject to tax and applicable penalties.
- Money borrowed is a loan from an employee's 401k where the interest paid is to the employee's retirement account.



**For more information, contact the BENEFITS OFFICE at ext. 3613 or 7254.**