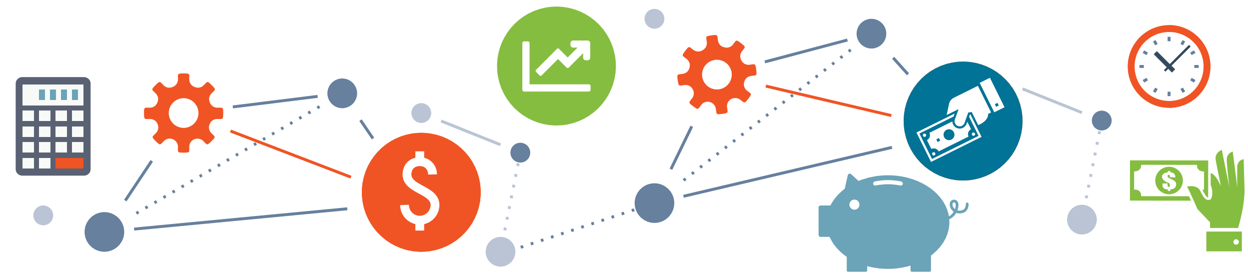
The impact of taking a 401(k) loan

hooker & holcombe



It is not free money

- Payments are typically deducted from your pay each month, leaving you with less take home pay
- There is a structured repayment plan
- Interest payments are due on the loan principle

The money can no longer grow so you are missing out on potential

- Interest appreciation
- Dividends
- Rising markets
- Compounded growth

Even if you leave your job, you still have to repay the loan

Also, if you are younger than 59½ then defaulting on the loan would incur a 10% tax-penalty

What happens to 401(k) loans?

$7,982 Average unpaid loan balance[1]

10% of employees default on 401(k) loans[1]

86% of participants leave the company before repaying their loan[1]

Tips to help avoid the need for a 401(k) loan

- Try not to accumulate credit card debt
- Build an emergency fund and aim to save enough to cover 3 to 6 months of essential expenses
- Tap into other savings accounts before accessing money earmarked for your retirement future

See how your 401(k) savings can add up. Visit **hhconsultants.com/calc** and let our retirement calculator reveal your future monthly income.

[1] National Bureau of Economic Research. “Borrowing from the Future: 401(k) Plan Loans and Loan Defaults”, Feb 2014 (more recent data may alter this assessment)