

## Loan Overview

### *Introduction*

- Loans are an optional plan provision. The employer will establish through its Adoption Agreement whether loans are allowed.
- If loans are allowed in the employer's plan, the relevant investment provider and Aviben will make the determination as to whether a given loan request is approved.

### *Loan Rules*

- If a participant has defaulted on a loan from any retirement plan or deferred compensation arrangement sponsored by the employer and has not repaid the loan in full, the participant is not permitted to take a loan from the participant's account.
- The maximum amount of a loan is the lesser of \$50,000 or 50% of the participant's vested account balance. An exception allows a participant to borrow up to \$10,000 even if it exceeds 50% of the participant's account.

### *Loan Procedure*

1. The participant (or the participant's advisor) completes the following:
  - The investment provider's loan application form and other documents required by the investment provider.
  - Aviben's Transaction Processing Form.
2. The participant (or the participant's advisor) submits the forms and an account statement showing fund balances to Aviben for approval.
3. Aviben determines whether the participant qualifies for a loan.
4. If Aviben authorizes the loan, it sends the forms and Aviben's Certificate of Approval directly to the investment provider (unless the participant or the participant's advisor directed Aviben to send the paperwork elsewhere). The investment provider approves the amount of the loan.
5. The investment provider processes the approved loan request and distributes the loan proceeds to the participant. It is the participant's responsibility to establish a repayment plan with the investment provider. Repayments cannot be payroll deducted.