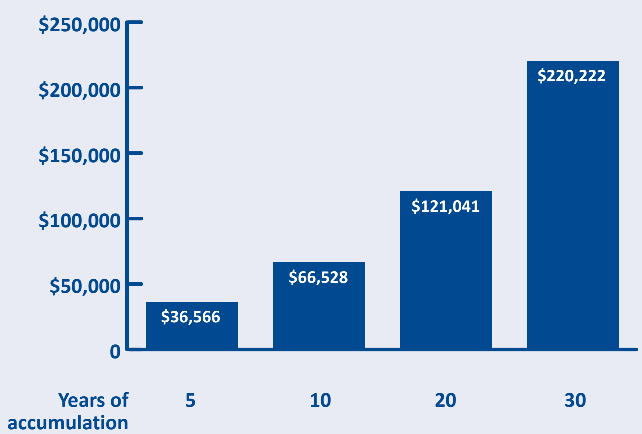
Brighten *Your* Outlook®

A retirement plan **loan may cost you** more than you think!

You may have good reasons for considering taking a loan from your retirement plan. But before you request your first, or next, retirement plan loan, be sure to consider everything it may cost you.

The high cost of a plan loan*



Just look at the savings you'd be missing out on if you took out a $30,000 loan, repaid it over five years, while also temporarily halting your contributions (based on a starting balance of $100,000 and $500 pretax contributions each month).

What you need to know before you borrow:

The cost of lost savings

This may be the biggest cost of all. When you take money out of your retirement plan account, it's no longer earning money for you on a tax-deferred basis, and you may lose potential growth to help fund your retirement. In addition to losing the potential savings, if you decide to suspend contributions to your retirement plan account while making your loan repayments, you further reduce your retirement savings.

**Figures based on calculations from the Credit Union National Association's "The Cost of Borrowing From Your 401(k)" calculator. Assumes a hypothetical 6% annual return and a loan repayment interest rate of 4.25%. The $30,000 loan is repaid over five years.*

A retirement plan **loan may cost you** more than you think!

The cost of delaying retirement

Depending on your age, retirement can be fast approaching or seem a lifetime away. Borrowing from your retirement plan may keep you from retiring when you want. The lost savings and the potential for growth may affect the amount of money you have when you retire.

Depending on your plan's provisions, if you decide to change jobs or are terminated from your job and you have an outstanding loan, you may have to repay the remaining balance to avoid defaulting on the loan.

The cost of defaulting

If for some reason you are not able to repay the loan either during the repayment period or when you leave your job, the IRS considers the entire amount of the unpaid loan balance a taxable withdrawal, meaning you will own federal income and any state income taxes on the entire amount. If you are younger than age 59½, you may also owe an additional 10% early withdrawal penalty.

The cost of "double taxation"

Contributions to your retirement plan account are taken directly from your paycheck on a pretax basis, and the money in your account will be taxed when you withdraw it, presumably at retirement. Loan repayments are also taken from your paycheck, but they are made with *after-tax* dollars. So you pay current income tax on the money used for loan repayments, and you will pay tax on this money again when you withdraw it from the plan.

Think ahead. Take action now.

- ✓ **Don't shortchange your future.** Consider the costs—and the alternatives—before requesting a retirement plan loan. It can make a big difference in your future financial security.

Transamerica Retirement Solutions, LLC (Transamerica) is prohibited by law from providing tax or legal advice outside the company. The information contained in this article is intended solely to provide general summary information and is not intended to serve as legal or tax advice applicable to certain matters or situations. For legal or tax advice concerning your situation, please consult your attorney or professional tax advisor. Although care has been taken in preparing this material and presenting it accurately, Transamerica disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

TRANSAMERICA®

12027-PT_F (05/16)