THE IMPACT OF TAKING A 401(K) LOAN

RSG
RETIREMENT SOLUTION GROUP

Borrowing from your future should always be your last option and one you should not consider until you've assessed the implications.

IT IS NOT FREE MONEY

- Payments are typically deducted from your payroll 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

Withdrawn money will miss out on potential:

- Capital appreciation
- Dividends
- Rising markets
- Compounded growth

YOU MUST REPAY THE LOAN

- Even if you leave your job, you are responsible for repaying the loan
- If you are younger than 59 ½, defaulting on the loan would incur a 10% tax-penalty, in addition to federal and possible state tax

WHAT HAPPENS TO 401(K) LOANS?

$10,400 Average **unpaid** loan balance [1]

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

TIPS TO HELP AVOID THE NEED FOR A 401(K) LOAN

- Try to **limit** accumulate of credit card debt.
- Build an emergency fund. Aim to save enough to cover **3 to 6 months** of essential expenses.
- Set a budget to help avoid overspending.
- Tap into other savings accounts before accessing money earmarked for your retirement future.

WE ARE HERE TO HELP

We offer education and consulting to help you understand what's right for you

866.352.7731 | info@RetirementSolutionGroup.com
Chicago, IL | Portsmouth, NH
RetirementSolutionGroup.com

1 Vanguard. "How American Saves 2021".