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 all the risks.

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

Withdrawn money will miss out on potential:

- Interest 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

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 **not** to accumulate credit card debt.
- Build an emergency fund. 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.

WE ARE HERE TO HELP

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

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1 Vanguard. "How American Saves 2021".