

# *City of Stockton, Deferred Compensation Plan and Trust - a 457 Plan*

## **LOAN REQUEST**

**IMPORTANT:**

- A Waiver of Qualified Preretirement Survivor Annuity form must be completed and signed by your spouse (and witnessed) if spousal consent is required for loans.
- Money is prorated across all investments.

Account Number \_\_\_\_\_

Participant's Name

First

Middle

Last

Participant's Address

Street

City

State

Zip Code

Social Security No. \_\_\_\_\_

E-mail Address \_\_\_\_\_

Marital Status

Married

Not Married or Legally Separated

**TO BE COMPLETED BY THE CITY OF STOCKTON'S PLAN ADMINISTRATOR:**

Annual interest rate: \_\_\_\_\_ % (if variable/not on record with MassMutual)

Has the participant worked 1,000 hours within the current plan year?  Yes  No  Not Applicable

Participant's payroll frequency (if not on record with MassMutual):  semi-monthly (24/year)

Does this participant have a deemed distribution in any plan of this employer?  Yes  No

Is this participant on a leave of absence?  No  Military leave  Non-military leave

**LOAN WITHDRAWAL OPTIONS** (Select only one option)

Withdraw \$ \_\_\_\_\_ from my vested account balance(s).

If the maximum amount available to borrow from your account is less than the amount requested, do you want to borrow the maximum amount available?  Yes  No

Withdraw the maximum amount available.

**TERM OF LOAN**

Number of years of repayment \_\_\_\_\_

(Cannot exceed 5 years unless for a home loan. Home loans cannot exceed 20 years.)

Will this loan be used to purchase a home?  Yes  No

First Payment \_\_\_\_\_

If Yes, upon request, you will provide a Good Faith Estimate or Contract (such as a Purchase and Sales Agreement).

**SIGNATURES**

I understand there may be a charge deducted from my account for this distribution and, if all required items are not completed on this form or other required forms, payment will be delayed. I have been advised of the approximate loan repayments required, that I must sign a Promissory Note and Security Agreement, and that default may occur if I fail to satisfy the terms of the Loan Agreements, which may cause tax consequences.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

\_\_\_\_\_  
Plan Administrator's Signature

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

Plan Administrator may fax form to MassMutual after approval: (816) 701-8005

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*MassMutual Retirement Services, PO Box 219062, Kansas City MO 64121-9062*  
*For Overnight Mail: MassMutual Retirement Services, 430 W 7th St Kansas City MO 64105*  
*MassMutual Retirement Services (MMRS) is a division of Massachusetts Mutual Life Insurance Company (MassMutual) and affiliates.*



## Spousal Consent for Loan Security

*Must be completed for each Loan Request*

Group Number: 61361 - 1	Plan Name: City of Stockton
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**This notice will certify that, as Spouse of the Participant named below:**

1. I understand that a portion of my spouse's account balance will be applied as collateral for a loan to be issued to my spouse;
2. I understand that in the event of a default (failure to make repayment) the benefit that I would have been entitled to receive upon the death of my spouse will be reduced;
3. I understand that such assets may not be applied as loan collateral without my consent;
4. I understand that my consent is irrevocable.

I, \_\_\_\_\_, spouse of the Participant, consent to the making of the loan and execution of the Loan Request. I further consent to the reduction of the Participant's account in the event of a default of the loan as described in the Loan Request and as described in the Plan Document.

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Plan Loan Administrator's or Notary Public's Signature

\_\_\_\_\_  
Date

### CERTIFICATION OF MARITAL STATUS IF UNMARRIED

**I hereby certify that I am not married and that spousal consent is not required on my behalf. I understand the Retirement Equity Act (REA) requires that spousal consent be provided if I am married and hereby swear that such requirements are not applicable to me.**

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Plan Loan Administrator's or Notary Public's Signature

\_\_\_\_\_  
Date

## 457 Deferred Compensation Loan Program

<b>Loan Guidelines</b>	
<b>Loan Types/Loan Terms</b>	<ul style="list-style-type: none"> <li>• General Purpose Loans: 1 – 5 years</li> <li>• Primary Residence Loans: 1 – 20 years</li> </ul>
<b>Loan Minimum</b>	<ul style="list-style-type: none"> <li>• \$1,000</li> </ul>
<b>Loan Maximum</b>	<ul style="list-style-type: none"> <li>• 50% of the balance in the 457 Plan</li> <li>• Not to exceed \$50,000</li> </ul>
<b>Effect of Borrowing on Account</b>	<ul style="list-style-type: none"> <li>• Proceeds of the loan to be taken pro-rata from all investment options</li> </ul>
<b>Loan Interest Rate</b>	<ul style="list-style-type: none"> <li>• Prime + 1%, as of the date of funding</li> <li>• Interest calculated daily</li> <li>• All interest repaid to the participant's account – allocated back into the account per participant's current investment election</li> </ul>
<b>Loan Repayment</b>  Participant's Initials _____	<ul style="list-style-type: none"> <li>• Repayment occurs via semi-monthly payroll deductions</li> <li>• Repayment will begin on the first payday following the loan disbursement</li> <li>• No partial payments will be permitted</li> <li>• Payments cannot be accelerated</li> <li>• Early repayment (in full) is allowed, without penalty</li> </ul>
<b>Loan Repayment while on Leave of Absence</b>  Participant's Initials _____	<ul style="list-style-type: none"> <li>• Payments must stay on the same schedule as if via payroll deductions</li> <li>• Participant will be required to submit semi-monthly payments to the Deferred Compensation Office on or before the normal payday, by means of a cashier's check, bank check, or money order</li> </ul>
<b>Separation of Service</b>  Participant's Initials _____	<ul style="list-style-type: none"> <li>• Upon separation of service, the loan is due in full. <b>Any outstanding balance will be deducted from the participant's final pay check, including vacation and sick leave pay out</b>, if applicable.</li> <li>• If there is <u>not</u> enough money in the final check to repay the loan in full, the participant will have 30 days to fully repay the loan, by cashier's check, bank check, or money order.</li> <li>• Any unpaid balance remaining 30 days after separating service, will be considered a withdrawal from the Plan, and reported as a taxable distribution.</li> </ul>
<b>Number of Loans</b>	<ul style="list-style-type: none"> <li>• No more than one (1) active loan at any given time</li> </ul>
<b>Loan Fees</b>  Participant's Initials _____	<p><b>Administration Fee:</b></p> <ul style="list-style-type: none"> <li>• <b>\$50.00</b> for a General Purpose Loan or <b>\$200.00</b> for a Primary Residence Purchase Loan</li> <li>• Administration fee must be paid by cash, cashier's check or money order made payable to the City of Stockton, or one-time payroll deduction. <u>No personal checks will be accepted.</u></li> </ul>
<b>Loan Application Process</b>  Participant's Initials _____	<ul style="list-style-type: none"> <li>• Complete and submit Loan Request Form</li> <li>• Complete and submit Spousal Consent for Loan Security Form</li> <li>• Submit signed Purchase Agreement for the purchase of your Primary Residence (if applicable)</li> <li>• Submit Loan Administration Fee</li> <li>• Loan proceeds and Promissory Note will be mailed to you by the appropriate provider within ten (10) business days</li> </ul>

I fully understand the terms and conditions of the City 457 Loan Program.

I elect to pay the City of Stockton the Loan Administration Fee of \$\_\_\_\_\_ via a one-time post-tax payroll deduction on the \_\_\_\_\_ payday. This is a non-refundable fee.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Print Participant's Name

\_\_\_\_\_  
Date