

Questions? Call our National Service Center at 800.747.3942.

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## Availability

The Internal Revenue Code defines when loans are allowed. You may have only one outstanding loan. Please consult with your Plan Sponsor or Financial Representative.

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## Amount Available to Borrow

The minimum loan amount is \$1,000. Generally the maximum available is equal to the lesser of: (1) \$50,000 reduced by the excess of: (a) the highest outstanding loan balance within the preceding 12-month period ending on the day before the date the loan is made, or (b) the outstanding loan balance on the date the loan is made; or (2) 50% of your vested account, subject to the limits of your plan. Please consult with your Plan Sponsor or Representative for additional information.

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## Fees

A loan origination fee will be deducted from your account. In addition, an annual maintenance fee will be deducted over the loan duration on a quarterly basis. Please contact your Plan Sponsor or Financial Representative regarding details of these fees.

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## Interest Rates

**You will be charged a fixed rate of interest for this retirement account loan. Your employer determines the interest rate for loans issued.** For the current interest rate, contact your employer or Security Benefit..

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## Repayment Period

Generally, loans must be repaid in five years. However, if the borrowed amount is utilized to purchase a principal residence, it must be repaid within a maximum of 30 years. Please contact your Plan Sponsor or Financial Representative regarding details.

Please note that Security Benefit recommends that you document and be prepared to demonstrate to the IRS that your residence loan was, in fact, used to acquire a principal residence.

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## Method of Repayment

Loan repayments must be made via an Electronic Fund Transfer (EFT). ERISA Plans, such as, 401(a), 401(k), 403(b) (7) may make loan payments via EFT or payroll deduction.

Each loan payment will be directed according to the future allocations authorized for all contributions.

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## Missed Payments (Grace/Default)

If any amount due is outstanding at the end of a calendar quarter, the loan will enter the grace period. If this amount remains outstanding at the end of the second consecutive calendar quarter the loan defaults.

At the time of default, the entire outstanding balance, with any accrued interest will be reported to the IRS on form 1099-R at the end of the year. Once a loan has gone into default, regularly scheduled payments will not be accepted and no new loans will be allowed. At any time, the entire amount of the principal, plus accrued interest may be paid in full.

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## Time Requirements

There is no waiting period required on a new account prior to requesting a loan. A loan can be requested once the minimum account balance is attained.

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## Information

To apply for a loan:

- 401(a), 401(k), 403(b)(7) ERISA Plans – Submit completed loan application and agreement to your Plan Sponsor for their signature.
- 401(a) Governmental, 403(b)(7) Voluntary, 457 Governmental Plans – Submit completed loan application and agreement directly to Security Benefit.

To receive additional information, you may contact your Financial Representative, call our Service Center at 1-800-747-3942 or visit our website at [www.securityretirement.com](http://www.securityretirement.com).

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## Instructions

Use this form to establish a loan. Please complete the entire form. This transaction will be processed as of the valuation date Security Benefit receives all required paperwork.

Due to strict IRS regulations governing loans on your retirement account, we recommend that you evaluate your situation carefully and/or consult with your tax advisor prior to entering into this loan agreement. Please type or print.

Note: If you are paying off an existing loan to issue another loan, the 2nd loan will not be issued for 10 business days following payoff of the 1st loan.

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### 1. General Account Information

**Plan Number** \_\_\_\_\_ **Plan Name** \_\_\_\_\_

**Name of Participant** \_\_\_\_\_  
First MI Last

**Mailing Address** \_\_\_\_\_  
Line 1 Line 2

City State Zip Code

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

**Daytime Phone Number** \_\_\_\_\_ **Mobile/Home Phone Number** \_\_\_\_\_

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### 2. Establish Loan Amount

Indicate the amount you wish to borrow (minimum \$1,000). Please note that the funds will be withdrawn proportionately as they are currently invested.

☐ **Specific Dollar Amount** \$ \_\_\_\_\_ or the maximum available, if less than the amount requested.

☐ **Maximum Amount**

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### 3. How do you want to receive your loan proceeds?

Select how you want to receive this amount.

☐ **Electronic Funds Transfer (EFT) to my checking account** – proceeds will arrive within three business days after the funds are withdrawn.

☐ **Wire Transfer to my checking account** – a \$20.00 wire processing fee will be assessed.

☐ **Send check to address of record as indicated on this form.**

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#### 4. Distribution Bank Information

**Only complete this section if you selected EFT or Wire Transfer above.** Please provide your bank information below.  
**Bank account owner must be the same as participant. Direct Deposit is not permitted to a third-party account.**  
If any information is missing, your request may be delayed.

A copy of a blank voided check is required in order for funds to be distributed electronically. Attach a copy of a voided check below.  
If a copy of a voided check is not received, the distribution will be mailed via check to your address of record.

Bank Account Type Must be Checking (void check is required):

Name of Bank \_\_\_\_\_

Account Owner Name(s) \_\_\_\_\_  
(must be the same as participant)

Bank Routing Number \_\_\_\_\_

Checking Account Number (Do not include check number) \_\_\_\_\_

ABC BUSINESS  
1234 Park Avenue  
Anytown, CA 12345

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_  
DOLLARS

Anywhere Bank  
U.S.A.  
MEMO

I: 1 3 3 4 0 4 5 6 7 I: 1 2 3 4 5 6 1 3 0 4 III\* 1 0 4 4

1 2 3

1. Routing Number (requires 9 digits)
2. Bank Account Number (not to exceed 17 digits)
3. Check Number

#### 5. Identify the Purpose of the Loan

A. Will the loan proceeds be used to purchase a "principal residence" as defined under the Internal Revenue Code?

- ☐ **No** – If No, the loan must be repaid within 5 years.  
☐ **Yes** – If Yes, the loan must be repaid within a maximum of 30 years.

B. Determine the Repayment Period:

Number of Years for repayment \_\_\_\_\_ or the maximum available, if less than the period requested.

#### 6. Select the Repayment Method

The borrower agrees to pay the total amount of the loan and interest by making equal periodic payments. The first loan payment must be made at least 30 days from the date the loan is issued. If you do not provide a loan payment start date below, or if the date provided is not valid, your first payment will be due 30 days after the loan is issued.

A. Frequency if payroll deduction: ☐ **Weekly** ☐ **Bi-Weekly** ☐ **Semi-Monthly** ☐ **Monthly** ☐ **Quarterly**  
Frequency if bank draft: ☐ **Monthly** ☐ **Quarterly**

B. Beginning on \_\_\_\_\_  
(mm/dd/yyyy – must be between the 1st and 28th of the month)

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## 7. Repayment Bank Information

**Complete this section to have payments drafted from your bank account.**

Payments will be made by: (choose only one)

☐ **Payroll Deduction** (for ERISA Plans only)

☐ **EFT**

☐ Use the bank information previously provided on this form

☐ Use the following bank information for the repayment. Please provide your bank information below. If any information is missing, your request may be delayed. You must attach a void check to ensure necessary information is provided.

**Name of Bank** \_\_\_\_\_

**Account Owner Name(s)** \_\_\_\_\_

**Bank Routing Number** \_\_\_\_\_

**Checking Account Number (please exclude the check number)** \_\_\_\_\_

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## 8. Provide Signatures and Certification

I understand, acknowledge and certify that:

- Security Benefit, or its subsidiaries, will initiate electronic transactions to/from my bank account as indicated on this form. Security Benefit may make additional attempts to deposit/withdraw if the initial attempt fails. I will be liable for any costs associated with these additional attempts.
- If any amount is outstanding at the end of a calendar quarter, the loan will enter the grace period. If this amount remains outstanding at the end of the second consecutive calendar quarter, the loan defaults.
- At the time of default, the entire outstanding balance, with any accrued interest will be deemed distributed and reported to the IRS on form 1099-R at the end of the year. This distribution may be subject to a 10% premature distribution penalty. Once a loan has gone into default, regularly scheduled payments will not be accepted and no new loans will be allowed. At any time, the entire amount of the principal, plus accrued interest may be paid in full.
- Loans are subject to approval and are made pursuant to the loan provision contained in the plan document or trust/custodial agreement.
- Security Benefit assumes no responsibility for current or future tax consequences resulting from this transaction.
- I agree to the terms and conditions of the loan as set forth above and within the plan document or custodial agreement.
- I am of lawful age and I do not have a pending bankruptcy. If I file a bankruptcy case after receiving the requested loan amount, I understand that EFT or payroll deduction loan payments will be canceled and I must make loan payments by check only.
- No portions of my benefits are subject to a Domestic Relations Order.
- All terms of this agreement are binding to my heirs, representatives and assigns. I agree that any sum of money paid to the bank after my death shall be refunded to Security Benefit and I hereby authorize the bank to make such refund from the account indicated.
- If this plan qualifies for ERISA:
  - I authorize payroll deduction for my loan payment.
  - In the event of a leave of absence or severance from employment, I am responsible for continuing loan payments and may be required to make alternate payment arrangements.
- The information provided within this form is accurate and true, including my tax identification number.

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8. Provide Signatures and Certification (continued)

X	_____ Signature of Borrower (Participant)	_____ Date (mm/dd/yyyy)
X	_____ Signature of Financial Representative (optional)	_____ Date (mm/dd/yyyy)
X	_____ Signature of Plan Sponsor/TPA	_____ Date (mm/dd/yyyy)

Note to Plan Sponsor: If EFT repayment is selected, do not withhold from payroll.

**Spousal Consent for ERISA plans:** If you are married and your plan is subject to ERISA, your spouse may be required to complete this section. Please consult with your employer.

I hereby consent to the withdrawal(s) as stated above. I understand that a spouse is guaranteed certain rights to assets in this retirement account by federal law and that these include the right to a pre-retirement survivor's annuity and a joint and survivor annuity and that these rights could be diminished by distributions from this plan.

X	_____ Signature of Spouse	_____ Date (mm/dd/yyyy)
X	_____ Witnessed by (Notary Public's signature)	_____ Date (mm/dd/yyyy)

<b>Mail to:</b>  Security Benefit Retirement Plan Services PO Box 219141 Kansas City, MO 64121-9141 Fax to: 816.701.7626	<b>For expedited or overnight delivery:</b>  Security Benefit Retirement Plan Services 430 W 7th Street STE 219141 Kansas City, MO 64105-1407
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Visit us online at [SecurityRetirement.com](http://SecurityRetirement.com)

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