



# Loan Application

DEFINED CONTRIBUTION PLANS INCLUDING 401(K) AND PROFIT SHARING

SUBJECT TO QUALIFIED JOINT AND SURVIVOR REQUIREMENTS

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*The Plan Administrator is responsible for the processing of all plan loans in accordance with the Plan Document and the rules outlined in the Participant Loan Program.*



## IMPORTANT INSTRUCTIONS

- Review the most recent copy of the **Participant Loan Program** found on BenefitsForYou.com.
- If your plan restricts loans for hardship purposes only, the Plan Administrator will determine if the participant qualifies for a loan before proceeding.
- The Plan Administrator must submit the following to CUNA Mutual Retirement Solutions:
  - **Completed Loan Application;**
  - **Participant signature is required in Section 2;**
  - **If married, spousal signature is required in Section 3;**
  - **Plan Administrator signature is required in Section 4.**
- A non-refundable loan origination fee will be deducted directly from the participant's vested account balance. Refer to Section 5 to review the schedule of loan fees.
- CUNA Mutual will process and mail a check to the participant at the address provided in Section 1.
- The loan amortization schedule will be available on **BenefitsForYou.com** for both the Plan Administrator and Participant. In addition, a Web Alert will be sent to the Primary and Payroll contacts informing them of a new loan for payroll adjustment purposes.
- The employer must deduct payments from the participant's compensation and repay the plan by investing the payments in a plan funding vehicle. Failure of the employer to deduct payments from the participant's compensation and deposit them promptly into the plan may result in plan violations.
- Loan repayments are made from after-tax compensation. Loan repayments are NOT excluded from taxable income on the participant's W-2.
- Employer will need to submit the loan repayments to CUNA Mutual with the plan deposits after each payroll deduction. Individually identify the loan repayments and list the date they were withheld from the participant's compensation.
- If you are using this form as a fillable PDF, all signatures required must be hand signed and dated.
- **Please complete this entire form so we can process your loan as quickly as possible.**

**The Plan Administrator is responsible to ensure this form is completed fully and accurately and will submit directly to CUNA Mutual Retirement Solutions.**

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**LOAN APPLICATION**

Participant Name:

Social Security Number:

Date of Birth:

Mailing Address: ☐ check if new address

City:

State:

ZIP:

Plan Name:

Contract and Plan Number:

**Participant must complete A and B, below:****A. Loan Amount (check one):**

☐ \$\_\_\_\_\_ (specify amount.) **NOTE:** This amount cannot exceed the general loan limit. If the amount requested is not available due to market value fluctuations, the loan will be issued for the maximum amount available determined as of the date the loan is issued.

☐ The maximum non-taxable amount available.

**B. Loan Terms (NOTE: The loan term cannot exceed 5 years unless the loan proceeds will be used to purchase a principal residence for the participant.)**

1) **Loan Term:** \_\_\_\_\_ years (whole years only; 1 year minimum)

Is this loan being used for the purchase of the participant's principal residence? ☐ Yes ☐ No

2) **Payroll Deduction Repayment Schedule (must match your payroll frequency):**

☐ Weekly ☐ Biweekly ☐ Semimonthly ☐ Monthly

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**PARTICIPANT LOAN NOTE****Plan Administrator must complete and Participant must sign below.**

*The words "I," "Me," and "My" refer to the participant (or borrower.) The words "You" and "Your" refer to the Plan Administrator.*

**PROMISE TO PAY** – This is an agreement which covers my Participant Loan. I promise to make payments to the retirement plan according to the schedule stated below. Each installment includes interest and will be applied first to accrued interest and the balance to principal.

Installment Amount:

Interest Rate:

 %

# of Installments:

Installment Begin Date\*:

\* Loan payments must begin as soon as administratively possible (generally, within two weeks of the issuance of the loan).

**Interest Deductibility** – In all cases, loan interest is not deductible.

**Security** – I am giving you a security interest in my vested interest in the above-named plan; and

**Acceleration of Payment** – I understand that:

- (i) If I retire or terminate employment with my employer; or
- (ii) If I default on this loan, as defined below, that the entire balance due under this Note, both principal and interest, will be automatically accelerated and become immediately due and payable;

In such event, I will either pay the balance due under the Note or suffer a default with the consequence as described below.

**Prepayment** – I understand that I may prepay the balance of my loan at any time without penalty.

**Default** – This loan may be treated as in default if any scheduled payment remains unpaid for the period of time outlined in the Plan's Loan Program.

**Consequence of Default** – I will have the opportunity to repay the loan, or resume current status of the loan by paying any missed payment plus interest. If the loan remains in default, the outstanding balance of the loan becomes a deemed distribution and may be subject to taxation. Pending final disposition of the note, I remain obligated for any unpaid principal and accrued interest.

**Participant Agreement** – I agree to make interest and principal payments when due by payroll deduction or other method as determined by the employer. I understand that failure to make such payments when due could jeopardize the status of this loan as a non-taxable transaction and could result in the IRS treating these loan proceeds as a taxable distribution to me. I understand that failure to repay this loan will reduce the benefits available to me from the retirement plan (by the amount of the outstanding loan balance plus accrued interest). I also understand that it will be my responsibility to monitor payroll deductions and to notify the Plan Administrator of any repayment errors.

I authorize the Plan Administrator to establish a directed investment account for me sufficient to cover the amount of this loan, and to use those funds for this loan. Loan repayments will be invested according to the current investment elections on file with CUNA Mutual Retirement Solutions on each repayment date.

Participant Signature:

Date:

**Questions?** Contact us at 800.999.8786

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**SPOUSAL CONSENT AND SIGNATURE**

**Marital Status:** ☐ Single (*SKIP THIS SECTION*) ☐ Married (*COMPLETE THIS SECTION*)

**Note:** If you are in the process of divorce, you are still considered married.

**Married participants, check one:**

- ☐ My spouse consents to this loan. (*If you check this option, your spouse MUST SIGN below.*)
- ☐ My spouse and I are legally separated and I have a court order to that effect. (*Copy of such order has been provided to the Plan Administrator*)
- ☐ My spouse has abandoned me and I have a court order to that effect. (*Copy of such order has been provided to the Plan Administrator*)

**Spouse MUST sign consent and have signature witnessed below:**

I have been informed that this loan is secured by my spouse's vested account balance or accrued benefit under the plan. I realize that a failure to repay the loan may reduce the benefits available to my spouse and me upon my spouse's retirement or other termination of employment. Knowing this, I voluntarily consent to the loan of plan assets to my spouse according to the terms of this Loan Application.

I agree to release and discharge the Trustee, Plan Administrator and Company from all liability for acting pursuant to this consent.

Spousal Signature:

Date:

**X**

Spousal Signature Witness: ☐ Plan Administrator or ☐ Notary Public

If witnessed by the Plan Administrator:

Plan Administrator Signature:

Date (must be same as spousal signature, above):

**X**

If witnessed by a Notary:

**Notary — Please complete:**

State of \_\_\_\_\_, County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the persons who appeared before me.

Notary Signature:

Seal:

**X**

**PLAN ADMINISTRATOR (EMPLOYER) – LOAN AUTHORIZATION**

The Plan Administrator authorizes CUNA Mutual Retirement Solutions to pay the loan proceeds in accordance with the terms of the loan requested above. The loan proceeds will be withdrawn from the participant's vested account balance pro rata from each investment account in which the participant is invested.

Plan Administrator Signature:

Date:

**X**

**FOR PLAN ADMINISTRATOR USE ONLY** Once you have approved this form for completion, including all required signatures, please upload the completed form to us through BenefitsForYou.com using the "Send Distribution/Loan Form" Quick Link.

The loan fee will be deducted from the participant's vested account balance in the same manner as the loan proceeds. Refer to the fee schedule below to determine the fees associated with this loan.

<u>Loan Term</u>	<u>Fee Amount</u>
1 year	\$ 75
2 years	\$100
3 years	\$125
4 years	\$150
5 years	\$175
More than 5 years but less than or equal to 10 years	\$200
More than 10 years but less than or equal to 15 years	\$250
More than 15 years but less than or equal to 20 years	\$300

The determination of the Loan Origination Fee is based on the amortization schedule at origination, not the ultimate payback period. If loans are prepaid or deemed distributed, there are no refunds of loan fees.