

RETIREMENT LOAN & Hardship Withdrawal FAQ's

QUESTION	TIAA-CREF	FIDELITY
How much money may I borrow from my retirement account?	Up to 45% of the account balance. With a minimum loan amount of \$1000.00 and a plan maximum of \$50,000.00.	Up to 50% of the account balance. With a minimum loan amount of \$1000.00 and a plan maximum of \$50,000.00.
May I borrow both employee (5%) and employer (10%) contributions in my loan?	Yes	Yes
May I borrow money from my voluntary 403-b or 457-b account?	Yes	Yes
How does a loan work?	The collateral to secure a loan must be transferred from your TIAA-CREF variable accumulation in your Retirement Annuity (RA) or Group Supplemental Retirement Annuity (GSRA) to a new TIAA Retirement Loan certificate that is separate and distinct from your retirement funds. Your initial collateral will be 110% of your requested loan amount.	When you take a loan from your account, you actually take money out of your account, with a promise to repay it. You pay your account back the balance you borrowed, plus interest (prime rate + 1%), through automatic deductions from you bank account.
How does taking a loan affect the value of my account?	The value of your account remains the same. The amount borrowed is from TIAA.	The money you borrow comes out of your own account, so your balance is reduced by the amount of your loan. But taking a loan has another, less visible, effect on your account over the long term. While a loan may be a practical option when you need financial assistance, over time you could miss out on the full potential value of your principal. In other words, the money you take out of your account is no longer working for you, and therefore, loses the potential to grow. Even if you repay a loan to your account and continue to invest in the plan, you still lose earnings potential for the loan amount while you are repaying it.
How long do I have to repay my loan?	Up to five years. However, the IRS allows up to 10 years for a loan to purchase your primary residence. (Documentation is required for purchase of residence.)	Up to five years. However, the IRS allows up to 10 years for a loan to purchase your primary residence. (Documentation is required for purchase of residence.)
How much interest will I repay on my loan?	Based on Moody's Corporate Bond Yield Average. For details contact TIAA.	One percent above prime. For details contact Fidelity.
Is there a fee associated with obtaining a loan?	No	There is a \$35.00 application fee and a quarterly maintenance fee of \$3.75 to be deducted from your retirement account.

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What happens if I get behind in my payments?	Missed payments must be made up by the end of the next quarter otherwise the loan will be in default.	Missed payments must be made up by the end of the next quarter otherwise the loan will be in default.
What happens if I default on my loan?	You will be issued a 1099 R and the initial amount of the loan will be treated as a taxable withdrawal, you will also be subject to a 10% penalty if you are under age 59½.	You will be issued a 1099 R and the remaining balance of the loan will be treated as a taxable withdrawal, you will also be subject to a 10% penalty if you are under age 59½.
How do I repay my loan?	Check or automatic deductions from your bank account.	Automatic deductions from your bank account.
How often must I pay on my loan?	Monthly or Quarterly	Monthly
Is there a fee for paying off my loan early?	No	No
Can you move money from one carrier to another to obtain a loan or hardship?	Yes	Yes
How many loans can I get?	There are no restrictions on the number of loans; as long as they are all with the same carrier and do not exceed 45% of the account balance or \$50,000.00, whichever is less.	There are no restrictions on the number of loans; as long as they are all with the same carrier and do not exceed 50% of the account balance or \$50,000.00, whichever is less.
Who can take out a loan?	Any university employee enrolled in the University of Kentucky Retirement Plan may obtain a loan.	Any university employee enrolled in the University of Kentucky Retirement Plan may obtain a loan.
Can my payments be payroll deducted?	No. There is no benefit to payroll deduction, because payments are not pre-taxed. Additionally, the university would like to preserve the employees' right to privacy; therefore will not implement payroll deduction.	No. There is no benefit to payroll deduction, because payments are not pre-taxed. Additionally, the university would like to preserve the employees' right to privacy; therefore will not implement payroll deduction.
What steps do I need to take to initiate a loan?	Contact TIAA-CREF and they will send you the loan application to complete. Once you have completed the form return it to the UK Benefits Office.	Contact Fidelity and they will send you the loan application and an ACH form for automatic bank deductions. Once you have completed the form return it to the UK Benefits Office.

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Can I get another loan if I default?	No, not if you have defaulted on a loan with the University of Kentucky Retirement Plan.	No, not if you have defaulted on a loan with the University of Kentucky Retirement Plan.
What happens if I separate from service?	You may still make payments to keep from defaulting on the loan.	You may still make payments to keep from defaulting on the loan.
Is there a grace period to start paying back the loan?	Yes, payment will need to begin in the next quarter	Yes, one month.

HARDSHIP WITHDRAWALS	TIAA-CREF	FIDELITY
When may I obtain a hardship withdrawal?	After all opportunities to obtain a loan have been exhausted.	After all opportunities to obtain a loan have been exhausted.
Which contributions can be utilized for hardships?	Mandatory 403-b (employee 5%) and voluntary 403-b contributions.	Mandatory 403-b (employee 5%) and voluntary 403-b contributions.
Can distribution amounts be increased to cover the 20% federal tax withholding?	Yes. Payments can be “grossed-up” to accommodate the 20% federal tax withholding. No maximum hardship amount.	Yes. Payments can be “grossed-up” to accommodate the 20% federal tax withholding. No maximum hardship amount.
Is there a withdrawal penalty?	Yes. The IRS will impose a 10% penalty for early withdrawal if the employee is under 59½. (Unless the withdrawal is for medical expenses over 7.5% of the gross income.)	Yes. The IRS will impose a 10% penalty for early withdrawal if the employee is under 59½. (Unless the withdrawal is for medical expenses over 7.5% of the gross income.)
What is considered a post-secondary institution?	Any educational institution where coursework is offered after obtaining a high school diploma.	Any educational institution where coursework is offered after obtaining a high school diploma.

HARDSHIP WITHDRAWALS	TIAA-CREF	FIDELITY
<p>Under what circumstances may I apply for a hardship withdrawal?</p>	<ul style="list-style-type: none"> • Purchase of the employee's principal residence. • Post-secondary education for the next semester or quarter for the employee, spouse, or dependent. • Payments needed to prevent eviction or foreclosure. • Funeral expenses for a spouse or dependent • Documentation is required for a hardship withdrawal and must be submitted to the Employees Benefits Office before the withdrawal is approved. 	<ul style="list-style-type: none"> • Purchase of the employee's principal residence. • Post-secondary education for the next semester or quarter for the employee, spouse, or dependent. • Payments needed to prevent eviction or foreclosure. • Funeral expenses for a spouse or dependent • Documentation is required for a hardship withdrawal and must be submitted to the Employees Benefits Office before the withdrawal is approved.