



Professional Benefit Services, Inc.

Participant Retirement Plan Loan Application

Loan Availability

Not all retirement plans contain a loan provision. Please check your plan document or call Professional Benefit Services, Inc. if you are unsure if your retirement plan permits loans. Please be aware there is a processing fee of \$85 for a standard loan and \$125 for a loan where the money sources must be tracked by PBS, Inc. Additional fees may apply for multiple loans if you have earlier loans that are not paid off.

Limitations

If your retirement plan does allow loans, there are some general IRS loan limitations and additional limitations may be stipulated by the plan's loan policy. Loans, if permitted, are limited to 50% of the participant's vested balance. Participants may take up to 50% of their deferral balance since they are always fully vested in any deferral contributions they have made to the plan. Any contributions made by the employer may be subject to a vesting schedule. Participants would only be entitled to take a loan of 50% of their vested balance of any employer funds. IRS also limits individuals to a maximum of \$50,000 in loans in any 12 month period. The number of loans allowed per individual and the minimum loan amount (commonly \$1,000 for most plans) is stipulated by the individual plan's loan policy. Please check the plan's loan policy before requesting a loan.

Amortization Schedule & Payroll Deduction

Once a loan is processed, loan payments are to be payroll deducted according to the loan

amortization schedule. Please indicate the payroll frequency for payments on the loan form where indicated. If a payroll frequency is not indicated, a default frequency of "monthly" will be used for calculation of the amortization schedule. There will be a \$25 fee, charged to the plan, to rerun amortization schedules due to an incorrect or incomplete payroll frequency indicated on the form.

Your Responsibility

It is your responsibility to make sure your employer is taking loan payments out of your pay according to the amortization schedule or the loan will be considered in "default" (see below) and taxable to you. Some investment vehicles track the loan, but many do not. Professional Benefit Services, Inc. will value the loans at the end of each plan year. A mid-year request to value a loan may result in additional fees.

Defaulted Loans Are Taxable Distributions

Failure to make timely payments on the loan may cause the loan to be in default. In addition, termination of employment generally results in the outstanding balance becoming due and payable to avoid default. Once a loan is defaulted it becomes a **taxable distribution** to the participant (Federal, applicable state and an additional 10% early withdrawal penalty if under age 59½ will apply). A participant who defaults a loan will not be eligible to take a future loan. If you have a previous loan that you are not making payments on or that was defaulted, your application for a new loan will be rejected.

1193 Royvonne Ave. S.E. #22, Salem, Oregon 97302
(503) 371-7622 or (800)-982-2012 Fax: (503)-364-6901

Email: distributions@profben.com Visit us on the web at www.profben.com

Application for Participant Loan

There is an \$85 processing fee on each loan (\$125 where the money sources must be tracked by PBS). Additional fees may apply if you have previous loans that are not paid off. **Please allow a minimum of 14 BUSINESS DAYS for processing.**

Company Name: _____ Today's Date: _____

Plan Name: _____ Investment Company: _____

EMPLOYEE DATA & AUTHORIZATION

Participant's Name: _____ Date of Birth: ____/____/____

Social Security #: ____-____-____ Date of Hire: ____/____/____

Home Telephone: (____) ____-____ Marital Status: Married Single

Email Address: _____

Home Address: Street _____ City _____ State ____ Zip _____

Amount Requesting: \$ _____ Type of Loan: General Purpose Principal Residence

Do you have existing loan(s) with an unpaid balance from the plan? Yes No

Amount due on prior loans as of this date Loan 1 \$ _____ Loan 2 \$ _____

Loan 3 \$ _____ Loan 4 \$ _____ Loan 5 \$ _____

Are you currently making payments on this loan Yes No (If you have an existing loan and payments are not being made, the existing loan is in default. No new loans can be issued.)

Payroll Frequency: Weekly Bi-weekly-(every 2 weeks) Semi-Monthly-(twice per month) Monthly

(If a payroll/payment frequency is not indicated, monthly frequency will be used. There is a \$25 fee to change the payroll frequency on an amortization schedule.)

Desired Date of Loan: _____ Desired Length of Time for Repayment: _____

(Note: Not to exceed 60 months unless for purchase of primary residence AND Trustee approves additional length of time for repayment.)

Present vested account balance: \$ _____ Participant's Acct. #: _____

AUTHORIZATION I will provide the Administrator any and all information requested to determine my creditworthiness and I will notify the Administrator of any material changes occurring between the date of this application and the date on which the requested loan is granted. I understand that, if this loan is granted, all loan payments must be made through automatic payroll deductions and, by signing this loan application, I hereby authorize said automatic payroll deduction. I understand my loan may take a minimum of 14 business days for processing. In addition, it is my responsibility to make sure loan payments are being deducted from my pay and are following the amortization schedule I will receive.

Participant's Signature _____

Spouse's Signature _____

(Spousal signature required if your request is over \$5,000)

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EMPLOYER DATA & CERTIFICATION

*To be completed by the Employer/Plan Sponsor.
Upon completion, forward to PBS, Inc. at address at bottom.*

EMPLOYER DATA After the employee/participant has completed page 1 of this form, you must complete this page in its entirety. If you have any questions regarding this form or the distribution process, please call our office at (800) 982-2012 or (503) 371-7622.

Name of Employer/Retirement Plan: _____

Employee Date of Hire: ____/____/____

Has this participant worked less than 1,000 hours during any plan year in which employed by the Employer / Plan Sponsor? This information will be used to determine vesting of employer contributions, if any.

No

Yes - If yes, please indicate below which plan years & hours actually worked:

Plan Year _____ # of Hours _____ Plan Year _____ # of Hours _____
Plan Year _____ # of Hours _____ Plan Year _____ # of Hours _____
Plan Year _____ # of Hours _____ Plan Year _____ # of Hours _____

EMPLOYER CERTIFICATION AND AUTHORIZATION The Plan Trustee hereby certifies the above data to be correct and that it has been reviewed for completeness. The Plan Trustee also hereby approves the distribution from the Plan. The Plan Trustee hereby authorizes Professional Benefit Services, Inc. to complete the loan process which will include preparing the investment company loan withdrawal request form on behalf of the Plan Trustee. Professional Benefit Services, Inc. is in no way to be considered as a Plan Fiduciary.

In addition, it is the plan sponsor’s responsibility to:

- **Deduct loan payments & submit to the investment company.**
- **Follow along the amortization schedule as payments are made**
- **Stop loan payments according to the amortization schedule.**

There will be a \$25 fee, charged to the plan, to rerun amortization schedules due to an incorrect or incomplete payroll frequency. Professional Benefit Services, Inc. will value the loans at the end of each plan year. A mid-year request to value a loan may result in additional fees.

Signature of Authorized Plan Rep (Plan Trustee): _____ Date: _____

Print Name of Person Signing Above: _____