



Retirement plan loans: What to know before taking one

Residential loans only

The Mandatory 401(a) Retirement Plan only allows loans for buying your primary residence. To qualify for a loan, you will be required to show documentation regarding your home purchase, and repayment terms must be greater than 5 years. General purpose loans are not allowed by the Plan and will be declined.

Understand how they could affect your future

The Larimer County Mandatory 401(a) Retirement Plan allows participants to take a loan from their account for the purpose of purchasing a primary residence. This is a quick and easy way to gain access to additional capital to help purchase your home today. Before taking a loan, be sure you know how it can impact your current financial plan and future retirement savings.



It creates another monthly payment: Larimer County requires you to pay off your loan with automatic payroll deductions. This means you'll have less take-home pay in addition to your new home payments. Be sure to include any loan repayments in your budgeting projections for your new home.



More costs to consider: There are loan fees—both when the loan is taken out and annually on the outstanding balance—that you'll have to pay.



Twice the taxes: Unlike your contributions, the money to pay off your loan, which comes from your salary, is taxed as income. When you retire and make withdrawals, you will owe taxes on those dollars again.



Possible penalties: If you default on repaying the loan, you'll owe income tax on the balance. If you're under age 59½, you'll also owe a 10% early-withdrawal penalty.



Repayment if you leave employment: If you leave your job with Larimer County, your outstanding loan balance still must be repaid under the existing terms to avoid default, possibly incurring taxes and penalties. To avoid defaulting, you may pay off the loan right away, or you will need to set up an ACH repayment with TIAA directly.

We're here to help

Before you take a retirement plan loan, review your options with a TIAA financial consultant. You can set up an appointment by calling **800-732-8353**, weekdays, 6 a.m. to 6 p.m. (MT), or going online at [TIAA.org/larimer](https://www.tiaa.org/larimer).

To learn more about your plan, you can log in to your account at [TIAA.org/larimer](https://www.tiaa.org/larimer). If you need assistance with loans or general questions around your retirement accounts, please contact the National Contact Center: **800-842-2252**.



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Withdrawals from retirement accounts may be subject to income tax, and if you are under age 59½, you may incur a 10% federal penalty, as well as possible state penalties.

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