

# Loan Program

## Who is eligible for a Plan loan?

Active plan participants employed by the State of Nevada are permitted to borrow from their deferred compensation plan account. Loans are not available to Plan Participants that are employed by the Nevada State Higher Education System, any of the State Alliance Partners or participants of the FICA Alternative Plan.

## What is the minimum loan amount?

The minimum loan amount is \$1,000.

## What is the maximum loan amount?

The maximum loan amount is the lesser of:

1. \$50,000 reduced by the excess (if any) of the highest outstanding balance of loans from the Plan to the Participant during the one year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the Participant on the date on which such loan was made, or
2. One half (1/2) of the present value of the non-forfeitable accrued benefit of the Employee under the Plan.

## How do I apply for a loan?

You can apply for a loan by calling Voya Financial® at **(800) 584-6001** or by logging onto your account at [nevada.beready2retire.com](http://nevada.beready2retire.com).

## What is the loan process?

1. If initiating a loan by phone, call Voya® at **(800) 584-6001**.
  - a. A Customer Service Associate reviews your account and generates the paperwork based on your request and the terms of NDC's loan program. The paperwork can be mailed, faxed or electronically delivered for online access.
2. If initiating a loan online, log onto your account at [nevada.beready2retire.com](http://nevada.beready2retire.com), go to **Accounts > Loans > Request a loan**.

- a. Complete the loan request information. After clicking "Submit", signature-ready paperwork based on your request and the terms of NDC's loan program will be electronically generated for you to print locally.
3. You review, complete and sign the loan documents. The documents can be faxed or mailed to Voya.
  4. Loan proceeds can be directly deposited or a check can be mailed. A confirmation statement including an amortization schedule is available online.

## What can I use my loan proceeds for?

There are two types of loans available; General Purpose and Residential. General Purpose loans can be used for any reason and have a maximum repayment period of 57 months. Residential loans must be used for the purchase or renovation of your primary residence and have a maximum repayment period of 120 months. NDC's loan program allows for a maximum of one loan to be outstanding at any one time.

## How does taking out a loan impact my Plan investments?

Your loan is funded directly from your pre-tax contributions in your 457 Plan account. The loan amount will be deducted proportionately from all funds in your account. When you repay your loan, your loan repayment is made with after-tax dollars and is applied to the interest and principal, thereby reducing the balance owed. Repayments received on your loan will be directed to your current investment allocation and will be reflected on your quarterly statement.

A loan may impact your withdrawal value and limit participation in future growth potential. Repaying the loan may or may not restore the growth potential of your account depending on

various factors such as: market conditions, the timing of loan repayments and other variables.

## How are loans treated for tax purposes?

Loans issued from the Plan under terms of the loan program are not treated as distributions, provided they are repaid in accordance with the terms of the loan. Therefore, no taxes are withheld or due when a loan is received.

## May I deduct the interest I pay on the loan from my taxable income if I itemize deductions?

No. Unlike other commercial loans, you pay interest to yourself – that is, all interest payments are invested fully back into your account.

## How is the interest rate determined for Plan loans?

The interest rate for Plan loans will be based on the Prime interest rate as published in the Wall Street Journal on the last business day of the month plus 1.00%.

## What are the loan initiation and processing fees?

A one-time loan origination fee in the amount of \$125.00 shall be deducted from the loan amount.

## What are the loan repayment rules?

You are required to repay your loan in full. Loan repayments are due and payable in accordance with the term chosen. When you sign the loan documents, you are agreeing to the specific terms of the loan as it appears in the documents. Regular loan repayments are processed by ACH debit.

If you wish to prepay your loan, you may pay off your loan with a personal check. Prior to submitting any prepayment, confirm the total amount due by contacting Voya at **(800) 584-6001**.

### What if I take a leave of absence?

If the State approves your taking a leave of absence without pay for a period greater than one month, you may request that the State suspend your loan repayments for up to one year or the duration of your leave (if shorter than one year). Interest will continue to accrue during the suspension period. The original loan duration may not be extended but the remaining balance may be re-amortized if requested. If your leave will last longer than one year, you must resume making loan repayments no later than one year after your leave commences.

If you go on a military leave of absence, you may request that the State suspend your loan repayments for the duration of your period of service. Interest will still accrue, however the highest rate of interest that can be applied during the period of leave is currently 6%. Loan repayments must resume upon your return to active employment with the State. You may request that the State extend the loan duration up to the original term plus the period of your military service. For example, if you had a general purpose loan with a two year duration and you went on a two year military leave, the duration of your loan can be extended to four years.

### What if I fail to make a required loan repayment?

Your loan shall be overdue if any scheduled loan repayment is not received by the loan administrator, Voya, by the last day of the calendar quarter in which it was due. In this situation, Voya will send you one or more letters warning you that there is a loan repayment(s) overdue, the implication of missing a repayment and how to avoid defaulting on your loan.

To avoid default, the overdue repayment(s) must be paid in full by the end of the calendar quarter following the calendar quarter in which the repayment(s) were due.

### What are the consequences of a loan default?

If Voya has not received the overdue loan repayment(s) by the end of the calendar quarter following the calendar quarter in which the repayment(s) were due, your loan will be defaulted and reported to the IRS as a distribution from the Plan. Voya will send you a final letter notifying you that your loan has been defaulted. As a result of the loan default, the following will take place:

- The outstanding balance of the loan, including accrued, but unpaid, interest up to the date of default will be reported to the IRS as a taxable distribution (reported on Form 1099-R). That amount will be included in your gross income for the calendar year in which the default occurred. You will receive your 1099-R early in the year following the year in which your loan was defaulted.
- The defaulted loan will continue to be outstanding and interest will continue to accrue until the loan is fully repaid or you experience a distributable event (retirement, separation of service, or death).

The defaulted loan (including unpaid interest accrued after default) is considered outstanding and is taken into account when determining the amount available for future loans from NDC. In addition, if you default on a loan, you will not be allowed to initiate another loan of that type until the defaulted loan is repaid in full.

### Where do I go to get a loan repayment estimate?

You can obtain the loan payoff amount by calling Voya at **(800) 584-6001**.

### How can I find out how much my loan payments will be?

Voya's online loan modeling program allows you to view various loan amounts and repayment schedules prior to applying for a Plan loan. You can access this online tool at [nevada.beready2retire.com](http://nevada.beready2retire.com).

### IMPORTANT INFORMATION

Group annuities are long-term investment designed for retirement purposes. Money taken from the annuity will be taxed as ordinary income in the year the money is distributed. Account values fluctuate with market conditions, and when surrendered the principal may be worth more or less than its original amount invested. An annuity does not provide any additional tax deferral benefit, as tax deferral is provided by the plan. Annuities may be subject to additional fees and expenses to which other tax-qualified funding vehicles may not be subject. However, an annuity does provide other features and benefits, such as lifetime income payments and death benefits, which may be valuable to you.

**You should consider the investment objectives, risks, and charges and expenses of the variable product and its underlying fund options carefully before investing. Fund prospectuses and information booklets containing this and other information can be obtained by contacting your local representative. Please read this information carefully before investing.**

**Contact your local representative at:**  
Voya Financial Advisors, Inc., member SIPC  
844 West Nye Lane, Ste. 101  
Carson City, NV 89703  
(866) 464-6832

[nevada.beready2retire.com](http://nevada.beready2retire.com)

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