

The Impact of Taking a 401(k) Loan

It is not free money

- * Payments are typically deducted from your pay each month, leaving you with less take home pay
- * There is a structured repayment plan
- * Interest payments are due on the loan principle

The money can no longer grow.

Missing out on potential:

- * Interest appreciation
- * Dividends
- * Rising markets
- * Compounded growth

Even if you leave your job, you still have to repay the loan

- * Also, if you are **younger than 59** then defaulting on the loan would incur a **10% tax-penalty**

WHAT HAPPENS TO 401(K) LOANS?

\$7,982 Average **unpaid** loan balance¹

10% of employees default on **401(k) loans**¹

86% of participants leave the company **before repaying** their loan¹



TIPS TO HELP AVOID THE NEED FOR A 401(K) LOAN

- * Try **not** to accumulate credit card debt.
- * Build an emergency fund. Aim to save enough to cover **3 to 6 months** of essential expenses.
- * Tap into other savings accounts before accessing money earmarked for your retirement future.

Have Questions? Next 401(k) Employee Education Meeting _____



**BJORK
GROUP**

Sean C. Bjork, CIMA®, AIF®

Vice President
Bjork Group
1033 Skokie Boulevard, Suite 210
Northbrook, IL. 60062
p.312.464.7082
seanbjork@bjorkgroup.com
www.bjorkgroup.com

¹ National Bureau of Economic Research. "Borrowing from the Future: 401(k) Plan Loans and Loan Defaults." Feb 2014 *more recent data may alter this assessment*

Employee benefit consulting offered through The Bjork Group, Inc. Securities and Retirement Plan Consulting Program advisory services provided by Bjork Asset Management, Inc. offered through LPL Financial, a registered investment advisor, member FINRA/SIPC. Other advisory services offered through Independent Financial Partners (IFP), a registered investment advisor. IFP, Bjork Asset Management, Inc. and The Bjork Group, Inc. are separate entities from LPL Financial.

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.

©2018 401k Marketing, LLC. All rights reserved. Proprietary and confidential. Do not copy or distribute outside original intent.