

Employer Loan Provision Form

I. General Information

Agency/Employer Plan Number: **45** _____

Employer Name _____

Telephone # _____

Contact Name _____

Email Address _____

II. Adoption of CalPERS 457 Loan Program

The Employer referenced above adopted the CalPERS 457 Plan (Plan) effective _____, and is a sponsor of the Plan. The individual signing below hereby certifies that he or she is duly authorized to execute this form on behalf of the Employer and that all necessary action has been taken by the Employer to authorize and approve this action. The Employer hereby elects to offer the CalPERS 457 Loan Program Option to its employees. This election may be revoked at any time; employees with outstanding loans at the time of revocation will be permitted to pay off the loans, but will not be permitted to take out new loans.

The loan provisions are set forth in Section 8 of the CalPERS 457 Deferred Compensation Plan Document. The Employer acknowledges that it has received a copy of the current Plan document and has had the opportunity to review the terms for the Loan Program. Here is a summary of the program:

- The minimum loan amount is \$1,000; the maximum loan amount is the lesser of 50% of a participant's account balance or \$50,000 (reduced by the highest balance of any loan outstanding in the last 12 months). The maximum limit is applied taking into account for all loans outstanding from any retirement plan sponsored by the Employer.
- Loans must use level amortization, require payments at least quarterly, and may not have a term longer than five years.
- Interest on a loan is charged at a rate equal to prime plus 1% and the loan must be secured by the participant's account balance.
- Loan payments must be made by payroll deduction and are made on an "after-tax" basis.
- A participant may pay off the balance of an outstanding loan, in full, with no prepayment penalty. Partial payments are not accepted.
- Weekly feedback reports are provided via the Sponsor Website. These feedback reports provide information regarding any new loans issued or loans paid during the prior week. In addition, an automated email is sent to the Employer's designated contact advising when new feedback reports become available. It is the Employer's responsibility to ensure that contact information for the Employer's designated contact is current and correct. Additionally, it is the Employer's responsibility to monitor weekly feedback reports.
- If the Employer has multiple plan providers that permit participant loans, it is the Employer's responsibility to monitor that a participant has not exceeded the maximum loan limit as described by the IRS. (\$50,000). Please contact CalPERS immediately if you become aware of an issue. Participants submitting online loan requests are notified of IRS loan limits at the time the request is made; however, the Employer also agrees to monitor aggregate balances of participants with loans from multiple providers.

III. Signature

I hereby acknowledge and agree to the terms of this form.

Employer Signature _____

Title _____

Printed Name _____

Date _____ / _____ / _____

Accepted by CalPERS (or an agent duly appointed by the Board) on behalf of the Board of Administration of the California Public Employees' Retirement System.

**To be
completed
by CalPERS**

Signature: _____

Print Name: _____

Title: _____

Date: _____