How Loans Work

Taking a Loan

You can borrow money from the savings plan for any reason.

You can't have more than 2 outstanding loans at any time and only one of the outstanding loans can be a primary residence loan. If you already have the maximum number of outstanding loans, you must pay off one of your outstanding loans before requesting a new one.

Unlike a withdrawal, a loan isn't taxable and doesn't permanently reduce your account balance, as long as you repay it.

Types of Loans

Two types of loans are available:

- **General purpose loan** -- You can take a general purpose loan for any reason and must repay it within 5 years. No application is required and your loan will process the day you request it (or the next business day if you request the loan after the market close, or on a weekend / or holiday).
- **Primary residence loan** -- You must use this loan to purchase a primary residence (house, condo, new construction, co-op, or mobile home) for yourself and repay it within 15 years. The loan application and approval process can take up to 30 days. The steps in the process are:
  - You complete an application and send it with the required documentation. The documentation must support the amount you're asking to borrow. (You can't borrow more than your documentation indicates you need to close.)
  - When the application is received, the approval process begins.
  - If the application is approved, your loan is processed. If it's not approved, you're notified.

You can request a loan on this site.

Amount You Can Borrow

The minimum amount you can borrow is $1000. The maximum amount you can borrow is the **lesser** of:

- 50% of your vested account balance (including any outstanding loans) minus your current outstanding loan balance.
- $50,000 minus your highest outstanding loan balance(s) within the last 12 months in all of your employer's qualified plans combined.

Repaying Your Loan

You repay the loan through payroll deductions. Both the principal and interest you repay go into your account. You can choose to repay your loan in full without penalty.

Paying off a loan doesn't necessarily mean that you'll be eligible to take a larger loan.

If You Don't Make a Repayment

If you miss a scheduled repayment for any reason, you'll be notified and must repay the past due amount.

Taxed Loans

If you don't make loan repayments as scheduled, your loan could be taxed. You'll be required to include the remaining principal and any applicable interest in your taxable income in the year the loan is taxed. The taxed loan will remain an outstanding loan on your account and will count against the number of loans you can take out and the amount available for a new loan.

Interest will continue to accrue on the loan. You can still repay a loan after it's been taxed. You must call the Federal Reserve Benefits Center and ask to repay the taxed loan. If you repay the loan, it will no longer be considered outstanding.

If You're on a Leave of Absence

If you have an outstanding loan and take an unpaid leave of absence, your loan repayments will be suspended for up to 12 months. If you're still on leave after 12 months, you must start making repayments by sending in a check each month You'll receive more information after you've been on leave for 12 months.

If You Leave the Company

You have the option to continue making repayments on an outstanding loan after you leave the company. You can continue making repayments by sending in a check in each month If you don't want to continue making repayments after you leave, the remaining loan amount, plus any applicable interest must be paid off completely within 90 days of when your employment ends. If you don't repay the loan balance, it will be foreclosed and must be included in your taxable income. An early withdrawal penalty of 10% may also apply. Keep this in mind before you request any new loans.