



Account Reduction Loan Application 401(k) Plan

Use black or blue ink when completing this form. For questions regarding this form, contact Service Provider at 1-800-922-7772.

98986-02 State of Tennessee 401(k) Plan

A Participant Information

Social Security Number

Account Extension

Account extension identifies funds transferred to a beneficiary due to death, alternate payee due to divorce or a participant with multiple accounts.

Last Name

First Name

M.I.

Date of Birth

Street Address

()

Personal Phone Number

City

State

Zip Code

Work Phone Number

Email Address

☐ Married

☐ Unmarried

Department/Payroll Center

☐ New Permanent
Address

☐ Alternate
Address

(Notary required in Section D)

☐ Fax my Promissory Note and Disclosure to: ()

Fax Number

B Type of Loan (Select ONE type) (Please read Loan Provisions before completing)

☐ **General Purpose Loan** (Available for any purpose)

Choose repayment term: ☐ 1 year ☐ 2 years ☐ 3 years ☐ 4 years ☐ 5 years

☐ **Principal Residence Loan** (Available **only** to purchase or build a principal residence. Not available to renovate or refinance a principal residence). Attach an executed sales contract for the principal residence being purchased.

Choose repayment term: ☐ 10 years ☐ 11 years ☐ 12 years ☐ 13 years ☐ 14 years ☐ 15 years

C Amount of Loan

Amount of Loan: \$

• **Minimum Loan:** General \$2,000.00; Residence \$5,000.00.

Loan Origination Fee: \$ -50.00

• **Maximum Loan:** Generally the lesser of 50% of my vested account balance or \$50,000.00 reduced by my highest outstanding loan balance during the previous 12 months.

☐ **Express Delivery (Optional)**
\$25 will be deducted \$ -25.00

• **Amount Requested:** If the amount requested exceeds available funds, the loan will be processed for the maximum amount available.

• **Fee Information:** Please refer to cost section in the Loan Provisions for fee information.

Check Amount: \$

Method of Payment (To be verified by my Employer)

Payroll Deduction

First Payroll Deduction Date: / /

Payroll Frequency: (weekly, bi-weekly, semi-monthly or monthly)

Payroll Contact Name:

D Participant Consent

My signature acknowledges that I have read, understand and agree to all pages of this Loan Application and Loan Provisions and affirms that all information that I have provided is true and correct. I also understand that:

- Funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents. I will refer to the fund's prospectus and/or disclosure documents for more information.
- Service Provider accepts no responsibility for any tax consequences to me resulting from my failure to adhere to the terms of this agreement and all applicable federal and state loan laws, and I hereby hold Service Provider harmless from any claim, of whatever nature, from myself, my creditors, my family, my heirs, successors and assigns in connection with this agreement.
- It is entirely my responsibility to ensure that timely loan payments are being remitted to Service Provider to avoid the tax consequences associated with a defaulted Plan loan.**
- Change of Address/Alternate Address:**
 - Must be notarized.
 - If my signature is not notarized, this form will be returned to my address on file and my loan will not be processed.



Last Name	First Name	M.I.	Social Security Number	Number
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I understand that the Service Provider is required to comply with the regulations and requirements of the Office of Foreign Assets Control, Department of the Treasury ("OFAC"). As a result, the Service Provider cannot conduct business with persons in a blocked country or any person designated by OFAC as a specially designated national or blocked person. For more information, please access the OFAC Website at: <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>.

Any person who presents a false or fraudulent claim is subject to criminal and civil penalties.

Participant Signature _____ Date (Required) _____

Change of Address/Alternate Address Notarization

Active Employees Only - If I am requesting a new permanent address, I must also update my primary address with my employer. A current address is essential for correspondence and tax purposes.

The date I sign this form must match the date on which my signature was notarized.

Statement of Notary

NOTE: Notary seal must be visible.

State of _____) This request was subscribed and sworn (or affirmed) to before me on this
day of _____, year _____, by

SEAL

)ss. **(name of participant)**
proved to me on the basis of satisfactory evidence to be the person who

County of _____) appeared before me.

Notary Public _____ My commission expires ____ / ____ / ____

E Mailing Instructions

Participant forward to Service Provider

Great-West Retirement Services®

Regular Mail:

PO Box 173764

Denver, CO 80217-3764

Phone: 1-800-922-7772

Fax: 1-866-745-5766

Website: www.tn.gov/treasury/dc

Express Mail:

8515 E. Orchard Road

Greenwood Village, CO 80111

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Loan Provisions

Incomplete or Inaccurate Information

- In the event that any section of the Loan Application is incomplete, inaccurate or approvals have not been obtained, Service Provider may not be able to process the transaction requested. I may be required to complete a new form or provide additional or proper information before the transaction will be processed.

Detailed Loan Information

Amount of Loan

- The maximum loan amount is generally the lesser of 50% of the vested account balance or \$50,000.00.
 - This amount must be reduced by any current total outstanding loan balance from all qualified plans sponsored by the employer.
 - Additionally, this amount must be reduced by the excess, if any, of the highest total outstanding loan balance of all loans for the previous 12 months ending on the day before the date this loan is made minus the current outstanding loan balance.
- Service Provider is not responsible for aggregation of loans under different plans maintained by the same employer.

Cost

- A loan origination fee in the amount of \$50.00 will be deducted from the loan approved amount.
- In addition to the origination fee, a quarterly processing fee of \$8.75 will be charged to my account.

Interest Rate Determination

- For the General Purpose Loan, the interest rate is the Prime Rate published in the Wall Street Journal on the first business day of the month the loan is originated plus 1% and fixed for the life of the loan. For the Principal Residence Loan, the interest rate is the Federal Home Loan Mortgage 30 day rate published in the Wall Street Journal on the last day of the month prior to the loan initiation date and fixed for the life of the loan.
- The interest I pay on this loan is not tax deductible.

Source and Application of Funds

- Loan disbursements will be made on a prorated basis from each of my current investment options and available money sources, according to my Plan's Loan Policy.
- If I have a self-direct brokerage account, the loan cannot be processed unless I have sufficient funds in the core investment options (Non-self-directed investment options) to cover the loan amount plus the core minimum investment amount.
- Roth and Non-Roth money sources will be depleted according to the Plan.
- The funds may impose redemption fees on certain transfers, redemptions or exchanges if assets are held less than the period stated in the fund's prospectus or other disclosure documents.

Delivery Method

Loan Check

- A check made payable to me will be mailed to my address on file.
- I may confirm my address on file by accessing my account online at www.tn.gov/treasury/dc or contacting our Client Service Department at 1-800-922-7772.

Express Delivery (Optional)

- Express delivery is available for Monday through Friday delivery only. Check will be sent by USPS Express if address is a P.O. Box and could take 2-3 business days for delivery.
- There is an additional non-refundable charge of \$25.00.
- Delivery is not guaranteed to all areas.

Detailed Payment Information

Repayment

- Payments are made by payroll deduction and are deducted on an after-tax basis.
- Notification will be sent to my employer's payroll department at the time the loan is made, indicating the repayment dollar amount and frequency.
- Principal repayments and interest payments shall be reinvested in accordance with my investment election in effect at the time the payments are received by Service Provider.

Prepayment

- Full Prepayment of the outstanding loan principal and the accrued interest may be made by the next loan payment due date. I must obtain a payoff quote by calling 1-800-922-7772 to obtain a prepayment figure no more than 15 days before the payoff.
- Partial prepayments may be accepted by checking with the Plan Administrator/Trustee for details on what is applicable within the Plan.

Principal Reduction Method

- I can elect to send a payment to reduce the principal balance of my loan by contacting Service Provider for a required Loan Prepayment Request.
- The payment received will be applied first to the current payment due and then to the outstanding principal balance.

Returned Payment Checks

- If a check is returned for failed payment, my loan will become delinquent, which can result in adverse tax consequences.

Default

- Loans are in arrears and delinquent when any payment is missed.

- If the sum of all loan payments due in a calendar quarter are not made and payments are not received by the end of the following calendar quarter, pursuant to Internal Revenue Code rules and regulations, the loan will be in default. As a result, the entire outstanding loan balance, including accrued but unpaid interest, shall be deemed distributed and will be tax reported in the calendar year of default.
- An IRS premature withdrawal penalty may also apply.
- Borrowers who default on a loan from the Plan will be prohibited from obtaining future loans from the Plan.
- The loan must continue to be repaid even in the event of default until the entire outstanding loan balance, plus all accrued interest thereon, is repaid in full or until, I experience a qualifying event subject to the terms of the Plan Document, allowing the Plan to offset the outstanding loan amounts against my account balance, whichever comes first.

Distributions

Full Distributions

- A full distribution cannot be processed until I have experienced a qualifying event and elect either to treat the loan as a taxable distribution or pay the loan in full.

Death Distributions

- Any cash distribution from the Plan will be reduced by any outstanding loan obligation.
- All outstanding loan principal and accrued interest shall be treated as a non-cash distribution from the Plan as dictated by the Loan Policy and the amount of the outstanding loan will be tax reported.
- The loan cannot be transferred to, or assumed by, my beneficiary.

Leave of Absence

- Contact Service Provider or visit the Website at www.tn.gov/treasury/dc for a Loan Payment Change Request form.