



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Retired/Terminated Participant Loans

Borrowing From Your Account After You Retire or Separate Service

How to Apply

- Review this sheet for information regarding retiree loans and frequently asked questions.
- Read and sign the **Account Reduction Loan Application (loan application)**.
*Please note that the fields related to **Payroll Deduction** under Section C do not apply to you. You will select your method of repayment on the Repayment Election Form.*
- Read and sign the **Disclosure Document and Repayment Election Form (disclosure form)**.
- Submit both documents via one of the following methods.
Deferred Compensation Plan (Attn: Retiree Loans)
Mail: 200 N. Spring Street, Room 867
Los Angeles, CA 90012
Fax: (213) 978-1590

Call Empower Retirement at (213) 978-1601 to request a retired participant loan package (loan application and disclosure form) or if you have any questions.

Frequently Asked Questions

1. Why would retirees be interested in taking out loans?

Loans may be attractive to retirees who have a short-term need for funds from their Plan account but would like to replace those borrowed assets for use at a later date. For example, a recent retiree may wish to borrow from an account to help fund a child's college education and then replace that borrowed amount to help fund a secondary retirement income stream at a later date.

2. Why would I take out a retiree loan if I can borrow money from a bank or other lender?

A key difference with a Deferred Compensation Plan loan is that all interest payments go back into your own account. In addition, loan rates through the Plan may be more favorable than those available through banks or other lenders.

3. How much can I borrow?

You can borrow up to 50% of your account balance or \$50,000, whichever is less. The minimum loan amount is \$1,000. You are eligible to take up to two simultaneous loans from your account, but the sum of both loans cannot exceed the 50% or \$50,000 threshold. **The eligible loan amount may be further impacted by any outstanding loan balances in the last 12 months.**

4. How long is the term of the loan and what interest will I pay?

General purpose loans may be for up to five years; home purchase loans may be for up to 15 years (you must submit a copy of your purchase agreement, signed by both buyer and seller). The interest rate is 2% above the Prime Lending Rate as declared in *The Wall Street Journal* on the first business day of each month. This interest rate is fixed for the life of the loan.

5. How often do I make payments?

Payments are due monthly. This differs from active employee loans, which are paid biweekly via payroll deduction.

6. Are there any loan fees?

There is a one-time \$50 loan origination fee and a \$25 annual maintenance fee (assessed quarterly at \$6.25 per quarter). These amounts will be deducted directly from your account balance.

7. Where do I receive my funds?

Retired/Terminated Participant loan applications received in good order are normally approved within 1-3 business days of receipt. Upon approval, a check will be mailed to your address on file with Empower via regular US mail. For an additional charge, the check can be sent to you via express mail; see the Loan Application for more information.

8. How do I make loan payments?

A coupon book will be sent to you with payment remittance instructions for your monthly payments. You can pay by personal check, cashier's check or money order. If you pay by personal check, any distributions from your account will be on hold for a period of 10 days to ensure fund availability.

9. Can I set up automatic payments from my bank account?

Yes. Provide Empower with a preprinted voided check **or** a letter from your bank indicating the request, the bank's routing number, and your account number. You must also provide a signed disclaimer form. Note: Should your automatic debit fail, **your account will not be re-debited for the failed payment** and you will need to submit a manual payment to keep your loan current and avoid defaulting.

10. If I have an existing loan, can I continue to make payments on it once I retire?

Yes; however, you must contact Empower at (213) 978-1601 for the appropriate form and additional instructions. It is important that you start this process as soon as you retire to ensure payments are not missed and you do not default. Empower will convert your loan and either: a) based on your selection, send you a coupon book allowing you to either send in monthly payments by check or b) establish monthly automatic payments from your bank account. Please see question 9 above for requirements to set up automated payments.

11. Can I make additional payments on my loan?

Yes. You may make additional payments to reduce loan principal, pay ahead principal and interest (up to 180 days of payments only), or pay off your loan entirely. If you decide to make additional payments, you must note whether the payments are to **reduce the principal** or **pay ahead principal and interest**. Please contact Empower for appropriate forms and instructions. **Please note:** If you make any payments with a personal check, any distributions from your account will be on hold for a period of 10 days to ensure fund availability.

12. How are my payments applied to my account?

Principal loan repayments and interest payments are reinvested in accordance with your investment election in effect at the time the payments are received by Empower.

13. If I am receiving periodic distributions, can I request a loan?

You may not have a periodic payment distribution and a retiree loan at the same time. However, you may request a partial distribution at any time, which will not affect your loan request or any active loan(s).

14. What happens if I miss payments and fall behind on my loan or default?

Empower will send you a late notice before defaulting your loan. In the notice, Empower will provide information about how you can make up the missing payments within applicable deadlines. Should you miss these deadlines, your loan will default. This means the entire outstanding loan balance, including accrued but unpaid interest, will be declared to the Internal Revenue Service (IRS) as a taxable distribution in the year you default and you will owe taxes on that distribution. You will receive a 1099-R form to report the income on your tax return. Empower will continue to maintain the loan balance on your account even though the loan has defaulted, and loan fees will continue until you pay off the balance or request a loan offset (see next question). The City's Plan offers up to two loans per participant. **Once you default on a loan, you are not eligible to borrow again as a retiree or separated employee until all outstanding loans are paid in full or offset.**

15. What is a loan offset and how do I request it?

A loan offset treats your outstanding loan amount as a distribution. Unlike a default, however, this does not impact your ability to take future loans and your fees and repayment obligations will both end. A loan offset form can be obtained through Empower at (888) 457-9460.¹

16. If I default, will it affect my credit rating?

No, it is not reportable to credit rating agencies. Your entire loan amount will be reported to the IRS as a taxable distribution, and you may owe taxes on the distributed amount.

For any other questions you may have regarding terminated participant loans or to request a loan application, please contact Empower at (213) 978-1601.

¹ Access to the voice response system and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons. Empower Retirement refers to the products and services offered in the retirement markets by Great-West Life & Annuity Insurance Company (GWL&A), Corporate Headquarters: Greenwood Village, CO; Great-West Life & Annuity Insurance Company of New York (GWL&A of NY), Home Office: White Plains, NY; and their subsidiaries and affiliates. The trademarks, logos, service marks and design elements used are owned by their respective owners and are used by permission.



Account Reduction Loan Application
Governmental 457(b) Plan

City of Los Angeles Deferred Compensation Plan

98994-01

For My Information

I would use this form when I am requesting an Account Reduction Loan.

Additional Information

- I may confirm the address that is on file and track the status of this withdrawal request by logging into my account on the website at www.cityofla457.com.
- For questions regarding this form, refer to the attached Loan Provisions, visit the website at www.cityofla457.com or contact Service Provider at 1-888-457-9460.
- Return instructions for this form are in Section F.
- Use black or blue ink when completing this form.

A Participant Information

Account extension, if applicable, identifies a participant with multiple accounts.

Account Extension

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Social Security Number (Must provide all 9 digits)

Last Name

First Name

M.I.

Date of Birth (mm/dd/yyyy)

Email Address

Married Unmarried

Select One (Required):

U.S. Citizen U.S. Resident Alien

Daytime Phone Number

Non-Resident Alien or Other

Alternate Phone Number

Country of Residence (Required - See Loan Provisions for IRS Form W-8BEN information.)

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

General Purpose Loan (Available for any purpose)

Loan term will be 5 years unless otherwise indicated: _____ (1 - 4 years)

Principal Residence Loan (Available only to purchase or build a principal residence. Not available to renovate or refinance a principal residence)

Loan term will be 15 years unless otherwise indicated: _____ (6 - 14 years)

Required Documentation: Attach a copy of the contract to purchase a principal residence.

C Amount of Loan

Amount of Loan: \$ _____

Loan Origination Fee: \$ _____ -50.00

Express Delivery (Optional) \$ _____ -25.00
\$25.00 will be deducted

Estimated Check Amount: \$ _____

- **Minimum Loan:** \$1000.00
- **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.
- **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.
- **Documentary Tax:** If I am a resident of the State of Florida, please see the Loan Provisions for documentary tax information.

D 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: _____

Last Name

First Name

M.I.

Social Security Number

Number

E Signatures and Consent *(Signatures must be on the lines provided.)*

Participant Consent *(Please sign on the 'Participant Signature' line below.)*

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.
- Under penalty of perjury, I certify that the Social Security Number shown in Section A is correct. I am a U.S. person if I marked U.S. citizen or U.S. resident alien box in Section A.
- Service Provider accepts no responsibility for any tax consequences to me resulting from my failure to adhere to the terms of this loan 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 loan.
- **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.**
- 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, 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.

Before signing this form: I must sign this form in the presence of a Notary Public or my authorized Plan Administrator if my loan request will include check delivery to an alternate mailing address. The date that I sign this form must match the date of the Notary Public or Plan Administrator signature.

Participant Signature _____ **Date (Required)** _____

A handwritten signature is required on this form. An electronic signature will not be accepted and will result in a significant delay.

Alternate Address Notarization

May also be witnessed by my authorized Plan Administrator in the below section.

Alternate Mailing Address - I would like my loan check to be sent to the following alternate mailing address. I understand that this address will be used for this loan request only.

Alternate Mailing Address

City/State/Zip Code

For Residents of all states (except California), please have your notary complete the section below.

Notice to California Notaries using the California Affidavit and Jurat Form the following items must be completed by the notary on the state notary form: the title of the form, the plan name, the plan number, the document date, and my name. The notary forms not containing this information will be rejected and it will delay this request.

The date I sign this form in the 'My Consent' section must match the date on which my signature is notarized or witnessed in this section.

Statement of Notary

NOTE: Notary seal must be visible.

This request was subscribed and sworn *(or affirmed)* to before me

State of _____) on this _____ day of _____, year _____, by

SEAL

)ss. **(name of participant)** _____

County of _____) proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Notary Public _____ My commission expires ____ / ____ / ____

Last Name

First Name

M.I.

Social Security Number

Number

E	<p>Signatures and Consent <i>(Signatures must be on the lines provided.)</i></p> <hr/> <p>Authorized Plan Administrator Signature <i>(Please sign on the 'Authorized Plan Administrator Signature' line below.)</i></p> <hr/> <p>This request is in compliance with Plan provisions and the amount of the loan does not exceed the amount described in Section C of this form. A written explanation of the tax rules and any Internal Revenue Code, Department of Labor or other notice requirements applicable to this loan have been provided to the participant. The appropriate consent and waivers have been obtained and provided on this request. Service Provider is authorized to rely on the information provided on this form.</p> <p>If the participant request includes an alternate mailing address and the participant's signature is not notarized, I certify that this request was signed by the participant in my presence. The date that I sign this form must match the date the participant has signed.</p> <p>I authorize Service Provider to process this loan as requested by the participant. I represent that I am an authorized signer on behalf of the above-named Plan and have an authority to instruct Service Provider to process the form.</p> <p>Authorized Plan Administrator Signature _____ Date (Required) _____</p> <p>Print Full Name _____</p>
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F	<p>Mailing Instructions</p> <hr/> <p>Participant forward this form to:</p> <p>Empower Retirement 200 North Spring Street Room 867 Los Angeles, CA 90012 Fax: 1-213-978-1590</p> <p>After all signatures have been obtained, this form can be sent by</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <p>Fax to: Empower Retirement 1-866-745-5766</p> </td> <td style="width: 33%; text-align: center; vertical-align: middle;">OR</td> <td style="width: 33%; vertical-align: top;"> <p>Regular Mail to: Empower Retirement PO Box 173764 Denver, CO 80217-3764</p> </td> <td style="width: 33%; text-align: center; vertical-align: middle;">OR</td> <td style="width: 33%; vertical-align: top;"> <p>Express Mail to: Empower Retirement 8515 E. Orchard Road Greenwood Village, CO 80111</p> </td> </tr> </table>	<p>Fax to: Empower Retirement 1-866-745-5766</p>	OR	<p>Regular Mail to: Empower Retirement PO Box 173764 Denver, CO 80217-3764</p>	OR	<p>Express Mail to: Empower Retirement 8515 E. Orchard Road Greenwood Village, CO 80111</p>
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Core securities, when offered, are offered through GWFS Equities, Inc. and/or other broker dealers.

GWFS Equities, Inc., Member FINRA/SIPC, is a wholly owned subsidiary of Great-West Life & Annuity Insurance Company.

Empower Retirement refers to the products and services offered in the retirement markets by Great-West Life & Annuity Insurance Company (GWL&A), Corporate Headquarters: Greenwood Village, CO; Great-West Life & Annuity Insurance Company of New York, Home Office: NY, NY; and their subsidiaries and affiliates. The trademarks, logos, service marks, and design elements used are owned by their respective owners and are used by permission.

Loan Provisions

Loans may be denied to individuals who have previously defaulted on a loan, subject to the terms of the Plan's Loan Policy.

Non-Resident Alien or Other Status

- If I selected non-resident alien or other on page 1, I must attach a current version of the IRS Form W-8BEN with an original signature and this must be sent by mail or express delivery. Service Provider cannot accept a fax of this form.
- I may call 1-800-TAX-FORM (829-3676) or visit <http://www.ira.gov> to obtain a current version of the IRS Form W-8BEN.

Changes to My Request

- Any changes to this Loan Application must be crossed-out and initialed. If I do not initial all changes, this Loan Application may be returned to me for verification.

Incomplete or Inaccurate Information

- In the event that any section of this 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.
- An additional annual loan administration fee of \$25.00 will be deducted from the account in quarterly installments of \$6.25 until the loan is paid in full.
- If I am a resident of the State of Florida, a documentary stamp tax is payable to the state. More information is available at: <http://www.myflorida.com/dor/>.

Interest Rate Determination

- 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 2% and is fixed for the life of the loan.
- The interest I pay on this loan is not tax deductible.

Source and Application of Funds

- All money sources, including Roth and Non-Roth money sources, and investment options will be disbursed according to the Plan rules.
- If I have a self-directed 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 unless an address change or alternate address is indicated in the 'Signatures and Consent' section and is properly notarized or witnessed.
- I may confirm my address on file by accessing my account online at www.cityofla457.com or by calling 1-888-457-9460.

Express Delivery (Optional)

- Estimated delivery time is 1-2 business days.
- In addition to any loan fees, a \$25.00 non-refundable charge will be deducted from my loan amount.
- Available for delivery Monday - Friday, with no signature required upon delivery.
- If address is a P.O. Box, check will be sent by United States Postal Service ("USPS") Express and estimated delivery time is 2-3 business days.
- 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. Consider submitting payment by certified check or bank money order. I must obtain a payoff quote by accessing the website at www.cityofla457.com or by calling 1-888-457-9460 to obtain a prepayment figure no more than 15 days before the payoff.
- Partial prepayments may be accepted by checking with the Plan Administrator 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. Consider submitting payment by certified check or bank money order.
- 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 due to non-sufficient funds or account closure, 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.
- The unpaid amount of any loan reduces the amount available for a subsequent loan.
- 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.

Withdrawals

Full Withdrawals

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

Partial Withdrawals

- A partial withdrawal cannot be processed until I have experienced a qualifying event.

Death Withdrawals

- Any cash withdrawals from the Plan will be reduced by any outstanding loan obligation.
- Any loans outstanding at the time of death will be handled per the Plan rules.
- The loan cannot be transferred to, or assumed by, my beneficiary.

Leave of Absence

- Contact Service Provider or visit the website at www.cityofla457.com for a Loan Payment Change Request form.

CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN
RETIREE LOAN PROGRAM AGREEMENT
Disclosure Document and Repayment Election Form

*This disclosure document is required to be signed. This document and a **Loan Application** must be submitted in order to process a loan from your account once you have retired.*

It will be your responsibility to make all loan payments within the required time frame.

If you are currently receiving a periodic payment, you must first cancel your periodic payment before applying for a loan. Should you require distribution(s) from your account aside from the loan, you may request a partial (lump sum) distribution at any time.

Loans may be re-paid either by check or by automated payment. Please select a repayment option:

COUPON BOOK AND CHECK

A loan payment coupon book will be issued to you. The coupon book will include the amount of the payment that is due monthly. Please mail your check and coupon to the address below:

Regular mail:

Empower Retirement (Great-West)
Dept 0889
Denver, CO 80256-0889

Express delivery mail address:

US Bank
10035 East 40th Avenue
Dept #0889
Denver, CO 80238

AUTOMATED PAYMENT

Automated Clearing House (ACH) debits are automatically taken from your bank account. By electing ACH payments from your financial institution account, you are authorizing Empower Retirement (or Great-West¹) to initiate debit entries, and if necessary, credit entries and adjustments for any debit entries in error to your bank account. It is your responsibility to ensure sufficient funds are available in your bank account on the due date each month. ***If the ACH debit fails for any reason, your checking account will not be debited again for the failed payment and your loan will become delinquent, which can result in adverse tax consequences.***

ACH AGREEMENT

- I agree to allow an Automated Clearing House (ACH) debit of my checking or savings account for the exact amount due each month.

- I would like my payment deducted on the ____ day² of each month from my checking or savings account.

¹ I understand that my automated payments from my bank account will reflect "Wells Fargo Bank - Payments" as payee.

² I understand that if my payment date falls on a weekend or bank holiday, my payment will be deducted the following business day. I may choose any day of the month with the exception of the 29th, 30th or 31st. If I do not provide a date, my payment will be deducted on the 15th of each month.

ACH AGREEMENT (continued)

- I understand that if my automatic debit fails, my account will not be re-debited for the failed payment and I will need to submit manual payments in order to keep my loan current and avoid defaulting.
- I have attached a copy of a preprinted voided check for the account or letter on financial institution letterhead signed by a representative from the financial institution which includes my name, checking account number and ABA routing number.³
- I understand that an ACH debit can only be made from a United States financial institution. Any requests received referencing a foreign financial institution will be rejected. I certify, represent and warrant that the account requested for ACH is established at a financial institution or a branch of a financial institution located within the United States.

RETIREE LOAN PROGRAM AGREEMENT

I have read and understood the information above.

Participant Name

Participant Signature

Date

Participant:

Forward the completed Loan Application Form and Retiree Loan Program Agreement to the Deferred Compensation Plan via:

Fax: (213) 978-1590

or

Mail: 200 N. Spring Street, Room 867
Los Angeles CA 90012

³ Note: Money Market or Brokerage Accounts are not eligible for loan payments.