

CNS Pantex 401(k) Loan Provisions

- Loan provision allows participants to borrow from their 401(k) account
- General Purpose Loans (effective 7/1/02) and Residential Loans (effective 2/1/07) are available
- Loans are paid back with interest through after-tax payroll deductions
 - Loan Rate Formula = 1% + Reuters Prime Lending Rate at time of the loan

(e.g., 1% + 3.5% (Reuters Prime Rate) = 4.5% loan rate)
- **Fees** - \$50 set-up fee per loan, plus \$25/yr loan maintenance fee (charged \$6.25 quarterly)
- 401(k) loans are non-taxable unless a default occurs

Example: You borrow \$10,000, pay back \$2,000 then terminate employment. If you do not pay back the \$8,000 balance or make arrangements with Fidelity Investments to pay off the loan, the entire \$8,000 balance becomes taxable income and is subject to a 10% excise penalty tax for early withdrawal from qualified funds.

- **Loan Terms**
 - Minimum amount: \$1,000
 - Maximum amount: 50% of vested account balance (not to exceed \$50,000 in a 12-month period – for all loans)
 - Only one General Purpose Loan at a time
 - Loan repayment period – 1 year to 5 years
- **Residential Loans**
 - For purchase of primary residence only (no rental property or vacation homes)
 - Loan repayment period 5 years to 15 years
 - Same interest rate and limits as for General Purpose Loan

- 1% + Reuters Prime Lending Rate at time of loan
- May borrow \$1,000 to \$50,000
- Maximum amount: 50% of vested account balance (not to exceed \$50,000 in a 12-month period - total for all loans)
- **Loan applications and approvals are directly through Fidelity Investments**
 - To apply for a loan, call 1-800-835-5095 or go to www.401k.com
- **Fidelity will forward payment information to Pantex**
 - After-tax payroll deductions will be set up for loan payments

Summary

- **Contributions to the 401(k) plan are allowed during repayment of loan**
- **Loan repayments are after-tax deductions**
- **General Purpose Loans may be requested for any purpose**
- **Residential Loans are only for purchase of a primary residence for yourself**
- **You may have one General Purpose and one Residential loan at the same time**
- **Maximum amount for all loans is 50% of vested account balance (not to exceed \$50,000 for all loans in a 12-month period)**