

ICMA-RC LOAN PROGRAM -Participant Information

The City of Milpitas has chosen to make loans available to active employees participating in the 457 deferred compensation plan, administered by ICMA-RC. Loans may be modeled and requested online or via an ICMA-RC Representative.

To access the loan application visit: www.icmarc.org

Select “Manage My Account”

Select “Loans”

OR

Call ICMA directly at **1-800-669-7400**

Eligibility. Loans are available to active employees only.

Frequency. A loan may be requested once per year and you can only have one outstanding loan at a time.

Length of Loan. Loans must be repaid over a period that does not exceed 5 years.

Fees. A nonrefundable loan application fee is due when you apply for a new, refinanced or reamortized loan. Fees will be deducted from your account.

A standard annual maintenance fee is deducted from your account (on the first day of the quarter containing the anniversary of the loan issuance) after each year the loan is outstanding.

A processing fee will be assessed to your account when a scheduled loan repayment, via ACH, is rejected due to insufficient funds, invalid bank account information or account closure. Call ICMA directly for fee structure.

Loan Amount. The minimum permitted loan amount is \$1,000. The maximum loan amount is set by the Internal Revenue Code. The principal amount of the loan cannot exceed the lesser of: \$50,000, reduced by the highest outstanding loan balance during the previous 12 months or 50% of the value of your account, reduced by the highest outstanding loan balance during the previous 12 months.

Loan Repayment Process. Loan repayments will be made through direct debit from your bank account via Automatic Clearing House (ACH). You may pay the principal and interest obligation in full, earlier than the loan payoff date, without penalty or additional fee. Loan payments are made from after tax deductions.

Acceleration of Loan Repayments. The outstanding loan balance is due and payable upon the employee’s separation from service.

Deemed Distribution of Delinquent Loan. The loan typically becomes a deemed distribution when payments are not made and will be treated as ordinary taxable income. The principal balance and accrued interest will be reported as a distribution to IRS, as a taxable event.

This is a summary of the loan feature. If there is any discrepancy between this information and the actual plan documents, the plan documents will govern.