

Frequently Asked Questions

Loan and Withdrawal provisions in the St. John's University Defined Contribution Retirement Plan

1. What happens if I default on my loan?

If you fail to repay your loan (based on the original terms of the loan), it will be considered in "default" and treated as a distribution, making it subject to income tax and possibly to a 10% early withdrawal tax penalty. Defaulted loans also impact your eligibility to request additional loans.

2. How many loans can I take from my Retirement Plan?

You are allowed to have up to five (5) outstanding loans at one time.

3. How much can I borrow from my Retirement Plan?

Per IRS regulations, you can generally borrow up to 50% of your vested account balance, up to \$50,000, for any reason.

4. What are the advantages and disadvantages of taking a loan from my Retirement Plan?

Advantages

- Per IRS regulations, you can generally borrow up to 50% of your vested account balance, up to \$50,000, for any reason.
- Interest rates, which are set by your plan, are competitive.
- Loan repayments may be deducted automatically from your checking or savings account (after taxes).
- You borrow from yourself, because all principal and interest payments go straight back into your account. Under certain market conditions, paying interest on your retirement savings plan loan could provide a better return than your plan investments — at least for a period of time. Keep in mind, however, that it's you who's making those interest payments, in after-tax dollars.

Disadvantages

- The money you borrow isn't invested for retirement. When you take money out of your account, even for a limited amount of time, it simply isn't there to collect potential interest or dividends, or to benefit from a rising market. Compounded growth potential — or the ability to build potential earnings on top of previous earnings — is a key advantage of your retirement savings plan. By leaving your account untouched, you improve your opportunities for this type of potential growth.
- Defaulted loans impact your eligibility to request additional loans. If you fail to repay your loan (based on the original terms of the loan), it will be considered in "default" and treated as a distribution, making it subject to income tax and possibly to a 10% early withdrawal tax penalty.
- Restrictions and expenses may apply. Your plan limits the number of loans you can have outstanding at any time to five, as well as the portion of your account balance available for borrowing. In addition, there are fees to initiate and maintain a loan. Contact Fidelity Investments or TIAA-CREF for more information regarding fees.
- There may be better places to borrow the money you need. If you qualify, a home equity loan or student loan may be a better deal than borrowing from your retirement plan. Both can offer attractive rates, as well as tax-deductible interest payments. Car loans can offer great rates, especially if you're willing to shop for a lender or if there's a factory incentive involved.

5. What types of withdrawals are allowed in my Retirement Plan?

You are generally allowed to withdraw money from your plan when you leave St. John's University, retire or become permanently disabled. In addition, the Plan allows actively employed participants to withdraw Voluntary contributions (amounts over the 5% employee contributions required to receive an employer contribution) upon reaching age 59 1/2 or older. Faculty members covered by the Collective Bargaining Agreement (CBA) should refer to Section 5.2 (a) (3) for additional withdrawal options.

Also, you may be eligible for a distribution if you have a financial hardship as defined by your plan. Withdrawals may be subject to income taxes and, if they occur prior to you becoming age 59½, a 10% early withdrawal tax penalty. For additional information regarding withdrawals, please see pages 21 - 30 in the St. John's University Defined Contribution Plan Document, located online: <http://www.stjohns.edu/about/administrative-offices/human-resources/employee-benefits>.

Please note: You should consult your financial/tax adviser with specific questions about your personal situation if you are considering a withdrawal from your plan account.

6. Is there a penalty for withdrawing from my Retirement Plan account?

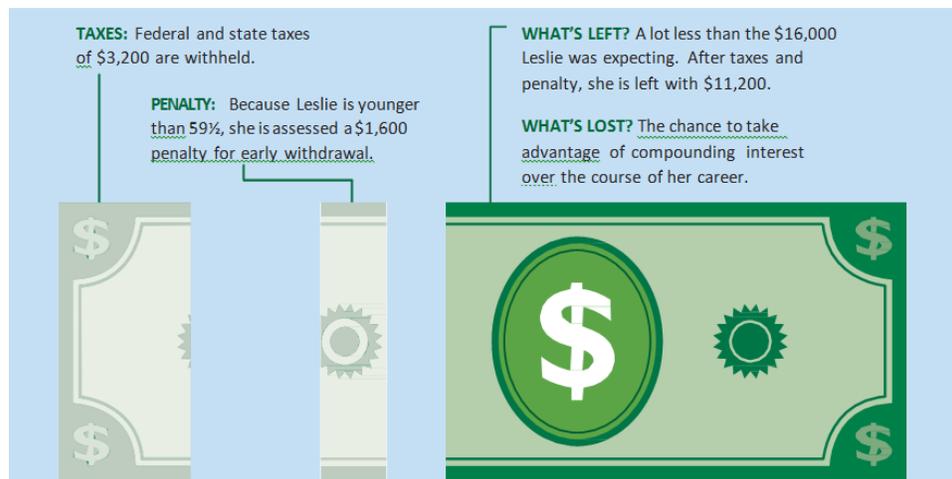
There can be, depending on your age and retirement status when you take a distribution from the Plan. Generally speaking, you will be assessed a penalty equal to 10 percent of the taxable amount of your withdrawal if you withdraw money before you reach age 59 1/2. There are some instances when you may not have to pay a penalty. Keep in mind that you must pay income taxes on all withdrawals of taxable money, unless you "directly rollover" the eligible money to another employer sponsored plan or to an IRA. If you choose to take a distribution in cash, 20 percent of the taxable portion of your withdrawal will be withheld. (You may owe more or less than this amount when you file your income taxes, depending on your tax bracket.)

Hardship withdrawals are not eligible to be rolled over, and are not subject to a federal income tax withholding. You may still owe income taxes and a possible 10% early withdrawal penalty if you are under 59 1/2 when you file your annual income tax return. State and local taxes may also apply.

Additionally, participants who are approved for a hardship withdrawal must first exhaust all available loans from Fidelity and/or TIAA-CREF and, once approved, will not be permitted to participate in the Plan for six (6) months following the date the hardship withdrawal begins. This means a potential significant loss of employer contributions.

See the effects taking a withdrawal from your Plan may have.

At 36 years old, Leslie decides to cash out her old 403(b) plan account, which has a \$16,000 balance.



7. How do I request a loan or withdrawal, or get more information?

For questions or to request a loan or withdrawal from Fidelity Investments, please contact a Fidelity representative at 1-800-343-0860.

For questions or to request a loan or withdrawal from TIAA-CREF, please contact a TIAA-CREF representative at 1-800-842-2776. Please note that effective July 31, 2015 participants must contact the TIAA-CREF customer service center to request a loan. Online loan paperwork will be discontinued as of this date.

8. How can I locate resources to assist with financial wellness, including debt reduction?

A free, confidential counseling and referral Employee Assistance Program (EAP) called *More to Life™* is available to SJU employees and their family members 24 hours a day, 365 days a year. A broad range of services are offered in the areas of legal and financial assistance, and health and wellness. The *More to Life™* EAP program is available by appointment, by phone, and on the web. For confidential assistance please phone 1-888-777-0052 or visit www.moretolifeonline.com (Username: stj; Password: member).