Loans through your retirement plan account at Vanguard

Beginning Tuesday, April 30, 2013, loans will be available in the Villanova University Retirement Savings Plan at Vanguard. Please note that loans are only available to active employees of Villanova University. Here are the new loan provisions:

- Minimum amount: $1,000.
- Maximum amount: 50% of your account balance up to $50,000 (or less if you have had an outstanding loan in the past 12 months).
- Maximum outstanding loans: two.
- Interest charged on loans: prime lending rate plus 1%.
- Repayment: up to five years for a general purpose loan; up to ten years if loan is to purchase your primary residence.
- Origination fee (per loan): $40 when applying online or through the interactive VOICE® Network; $90 when applying by phone with personal assistance from a Vanguard associate.
- Maintenance fee (per year): $25.
- Spousal consent is required to request a loan if you are married.
- TIAA-CREF loans are taken into account in determining maximum loan requirements.

Please note that loans from the Villanova University Retirement Savings Plan at Vanguard can be requested online or by phone. Repayments will be made through payroll deductions, so your paycheck would be reduced to repay the loan with interest.

Think twice before you borrow

Although borrowing from your account is convenient, keep in mind that you are reducing your retirement savings. Whenever you take money from your account—even though you’re paying it back over time with interest—you reduce the amount available to compound and grow. Also consider:

- If you can’t repay the loan, the balance will be considered a distribution subject to income tax and, if you’re under age 59½, a 10% federal penalty tax.
- If you leave your job or retire, you might be forced to repay the loan early.

Use the loan feature wisely. The plan is designed to help you save for a more comfortable retirement; it should never be used as a short-term savings account. For help weighing the costs of borrowing from your plan, go here.

You can also hear what your fellow investors are saying about plan loans in Borrows and sorrows, part of Vanguard’s award-winning People like me® video series.

Get all the facts

So is it really worth risking your retirement savings? It’s important to count the costs when you borrow from your account. Check out the Retirement Plan Loan Calculator to determine what your loan will cost you, and compare this with the cost of other types of loans.

Connect with Vanguard®

Contact a Vanguard Participant Services associate at 800-523-1188 Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time. Or log on to your account at vanguard.com anytime.

Not yet registered for immediate, secure online account access? Go to vanguard.com/register. You will need your plan number: 090699.

If you have questions or would like more information about the plan’s loan program, you may also contact Villanova University’s Human Resources Department at 610-519-7900.

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