

Taking a Loan from Your Retirement Plan

In a financial jam? A retirement plan loan could help you out. But how do you know whether this is a good move for you?

We've made a list of frequently asked questions to help you decide.

What are Plan loans all about?

A Plan loan is money you borrow from what you've saved in the Leidos, Inc. Retirement Plan. You pay yourself back—with interest—through payroll deductions (if you're still with Leidos) or electronic bank transfers (if you've left Leidos).

What are the benefits of Plan loans?

- You pay the interest back to yourself, not to someone else.
- The interest rate is competitive at the Prime rate + 1%.
- You don't pay taxes on the money you borrowed.
- You don't need a credit check to get the loan.
- Loans don't have an effect on your credit report or credit score.
- It could be a good move if you are using a loan to pay off and eliminate high-interest debt.

What are the drawbacks?

- Whenever you take money from your retirement account—even if you're paying it back over time—you have less money working to help you reach your goals.
- If you can't make your loan payments, your loan could default. Then, you'll owe taxes (and penalties, if you're under age 59½) on the remaining loan balance.
- You'll be charged a fee to take out a loan, as well as an annual fee while you are repaying it.
- If you have to make loan payments, you might not be able to save as much in the Plan.
- The pre-tax portion of your loan is taxed twice. You use after-tax money to repay the loan. Then, when you withdraw funds during retirement, you pay taxes again.
- Interest on the loan is not tax-deductible—even if you use the money to buy a home.

How much can I borrow?

You can borrow as little as \$1,000 or as much as 50% of your vested account balance (up to \$50,000). If you were still paying off a loan within the past 12 months, the maximum amount available for you to borrow will be lower.

How long do I have to pay back the loan?

You have up to five years for a general purpose loan. And you have up to 30 years for a principal residence loan.

What fees will I have to pay?

- An application fee of \$35 when applying online or through VOICE®; \$85 when applying by phone with personal assistance from a Vanguard associate.
- An annual maintenance fee of \$25 for each loan.

What if I go on leave and can't pay back my loan during that time?

If you're on a leave of absence, you can suspend your loan payments until you return to work. Please refer to the Leidos, Inc. Retirement Plan Summary Plan Description (SPD) or contact Vanguard for more information. You're responsible for making up missed payments. You can send loan payments directly to Vanguard or reamortize your loan to account for the missed payments. Talk with Vanguard to find out which option may be better for you in the long run.

Can I pay off a loan early?

You can pay off your loan in full or send extra payments at any time.

If you send a payment that's less than your full loan balance, it will be applied first to past-due amounts, if any, and then to your next payment. Any remaining amount will apply toward the remaining principal due. Any partial payment you make will not change your next scheduled payment amount or the date that your next scheduled payment is due.

What if I leave Leidos while I'm still paying off my loan?

Whether you leave Leidos to work for a Leidos subsidiary or you are no longer a part of the Leidos enterprise, you won't be able to make payments through payroll deductions anymore. However, you can continue to pay off your loan using electronic bank transfers. You can have up to two loans outstanding in the Plan and you can take out new loans, even after you leave Leidos. (Only one loan, though, can be a principal residence loan.)

How do I take a loan?

- Contact Vanguard at **800-523-1188**. (Remember, the application fee is \$35 if you use VOICE and \$85 if you apply with personal assistance from a Vanguard associate.)

If you are calling from outside the United States, dial the AT&T Direct Access number for your country and enter **800-523-1188**. (There is no need to dial "1" before the number.) You can also call Vanguard collect at **610-669-1000** and ask to have the charges reversed.

- Log on to your account at vanguard.com/retirementplans. (Remember the online application fee is \$35.) Select **Manage my money** and then choose **Manage my loans and withdrawals**.

Where can I find more information?

Visit vanguard.com/leidos, select **Benefits of the Plan** and then choose **Loans**.