Understanding loans from your employer-sponsored 401(k) plan.

What you should know before you borrow.

The purpose of your employer-sponsored 401(k) plan (the "Plan") is to help provide for your retirement years. There are times, however, when you may need access to cash and there seem to be no viable options other than tapping into your retirement savings.

Plan loans may be able to provide you the benefit of flexibility, especially for emergency situations; however, it is important to understand your responsibilities for keeping your loan payments current and how a loan from your Plan account may impact your savings for retirement. Consider these factors, and any others that may be relevant, when determining if a loan from your account may be right for you.

This information is intended to provide a brief overview of how loans from Schwab Retirement Plan Services 401(k) plans work; it does not apply to all plans. You should consult your Loan Policy Document for details about the Plan or call a Participant Services Representative at **1-800-724-7526** to learn more.

How may taking a loan from my Plan account impact my retirement savings?

While a loan may give you access to ready cash, it may also diminish your retirement savings. The money in your account is invested, and over time your savings have the potential to grow through the power of compounding. When you borrow from your account, you are reducing the amount of money that can compound. Even if you repay your loan to your account with interest, you may adversely affect the rate at which your money might have grown had it remained in your account. This impact could be even greater if you are unable to continue to make contributions to your account while you are paying off your loan. Furthermore, loan repayments are deducted from your paycheck on an after-tax basis.

How much can I borrow?

Plans vary in the minimum and maximum amounts they allow you to take out. Plans typically require you to take a minimum of $1,000. The maximum loan amount allowed is generally either 50% of your vested account balance or $50,000 (whichever is less), but it varies by Plan.

What happens if I stop working for my employer?

When you leave your job indefinitely, your loan typically becomes due and payable. If you cannot repay the loan within the required time period, it is assessed as an early withdrawal subject to income tax and penalties.

Contact Participant Services at **1-800-724-7526** immediately after leaving your job for instructions on paying off your account's outstanding loan balance. Representatives are available from 8:00 a.m. to 10:00 p.m. ET, Monday through Friday.

When does the loan need to be repaid?	General loans from your Plan account must be repaid within a timeframe that can vary depending on the Plan but generally ranges from one month to five years. Home loans from your account may have a different repayment timeframe compared to general loans, but typically range between 5 and 30 years.
Do I have to pay interest on the amount I borrow?	Just as you pay interest on an auto loan or a home loan, you'll pay interest on the amount you borrow from your Plan account. However, unlike traditional loans, the interest paid on the money borrowed is deposited to your Plan account rather than being paid to a bank or lending institution. The interest rate varies by Plan. Call Participant Services at **1-800-724-7526** to learn what your Plan's specific interest rate is.
How do I repay my loan?	Loan repayments typically begin approximately 30 days after the establishment of your loan, but this timeframe may vary. While you are employed by your employer, your loan principal and interest payments will be deducted from your paycheck automatically and deposited into your Plan account.
Are there any associated fees?	There may be a one-time set-up fee for the establishment of each new loan from your Plan account. There may also be a quarterly maintenance fee associated with your loan. Refer to the Plan's specific terms for more information.
Is there anything else I should take into consideration?	Before you borrow from your retirement savings, consider other available alternatives and the related costs. Examples include (but are not limited to) personal loans from a bank, mortgage loans, and home equity loans.

Still have questions about loans?

Connect with a Participant Services Representative at **1-800-724-7526** with any questions you may have about taking a loan from your Plan account. Representatives are available from 8:00 a.m. to 10:00 p.m. ET, Monday through Friday.

Si prefiere hablar con alguien en español, por favor llámenos al **1-877-905-2553**.

This summary provides a brief overview of the Plan's loan features and is not a legally binding document. If any discrepancy arises between these Plan highlights and the Plan Document, the Plan Document shall prevail. Please contact the Plan Sponsor if you have questions regarding the features of the Plan.

This information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice. Where specific advice is necessary or appropriate, you should consult with a qualified tax advisor, CPA, financial planner, or investment manager.

Schwab Retirement Plan Services, Inc. provides recordkeeping and related services with respect to retirement plans and has provided this communication to you as part of the recordkeeping services it provides to the Plan.

CC7043562 (0822-2AAJ) MKT99331-02 (08/22)
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