

Loan fees cont....

- Loan Recording Fee \$3.75 per quarter, for each outstanding loan maintained by Fidelity. This loan fee is deducted directly from the account of each Participant with an outstanding loan.

Interest rates

The interest rate for a general or a principle resident loan is set semi-annually at the first day of County business occurring on or immediately after January 2 and July 1, of each year. The loan shall bear the interest at the rate of Prime. Prime is defined as the Wall Street Journal prime rate. The Service members Civil Relief Act (an update to the Soldier's and Sailor's Civil Relief Act of 1940) imposes a 6% maximum limit on the interest rate charged to military service members for loans during the duration of active military service.

Information on the Loan Agreement and Truth in Lending Disclosure Form

- Annual Percentage Rate, the cost of your credit as a yearly rate.
- Finance Charge, the dollar amount your credit will cost you.
- Amount Financed, the amount of Credit provided to you.
- Total of Payments, the amount you will have paid after you have made all the scheduled payments.

The Participant accepts the Loan Agreement and Truth-in-Lending Disclosure by signing the loan check.

Requesting a loan

- Log on to NetBenefits at www.fidelity.com/atwork
- Call Fidelity Investments at 800-343-0860 and speak with a Customer Service Representative Monday through Friday, 8 a.m. to 9 p.m. Pacific Time.
- For other questions contact the Deferred Compensation Specialist at 874-2020 or E-mail PSDBenefits@saccounty.net

Consider your retirement future before taking a loan

While having the ability to borrow from your retirement account in an emergency can provide you with peace of mind, you must remember that the County of Sacramento 457 Plan was established to help you prepare for your retirement. Consider alternate ways to cover your unexpected expenses. Tapping into your retirement savings today may undermine your retirement security in the future.



COUNTY OF SACRAMENTO

Department of Personnel Services
700 H Street Room 6750
Sacramento, CA 95814

Phone: 916-874-2020

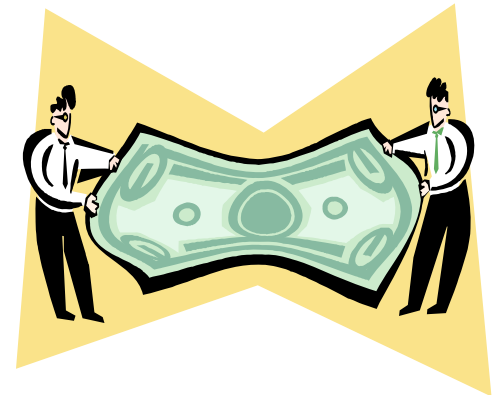
Fax: 916-874-4621

E-mail: PSDBenefits@saccounty.net

COUNTY OF SACRAMENTO

Anytime is a good time to begin saving for retirement with the County of Sacramento 457 Deferred Compensation Plan

COUNTY OF SACRAMENTO DEFERRED COMPENSATION 457 PLAN LOAN PROGRAM



Department of Personnel Services
700 H Street Room 6750
Sacramento, CA 95814

Deciding to borrow from your County of Sacramento 457 Plan?

While it can be very tempting to use your 457 Plan Loan Program if you run into a cash crunch, you should consider the advantages and disadvantages, as it can seriously impact your future retirement income.

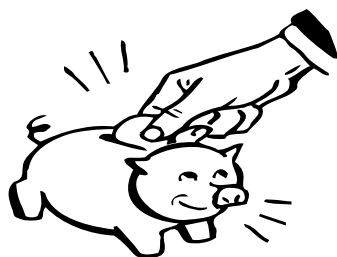
The advantages are:

- No credit check, the loan is secured by your retirement plan balance;
- Low interest rate, compared to other loans available in the marketplace;
- No taxes to pay, since the loan is not considered a taxable withdrawal;
- You pay interest to yourself, not someone else; and
- The loan could enable you to pay off higher interest debt.

The disadvantages are:

- The amount of interest you pay back may be much less than your account would have earned, depending how your funds perform;
- If you use the loan to pay off debt, don't forget that you pay yourself back with after tax dollars. Should you assume more debt during your loan period, you could end up with twice as much debt as before; and
- A non-refundable loan fee and a quarterly recording fee is charged on every loan.

In no way should this information be construed as advice; we recommend that you consult with a financial professional if you have specific questions on your individual situation.



Taking a loan from the County of Sacramento 457 Loan Program

As a current, active employee, and a participant in the County's 457 Plan, you may borrow a portion of your account balance in the form of a loan once you have an account balance of at least \$2,000. A loan application fee will be applied to each loan.

How much you may borrow

You may borrow a minimum of \$1,000 up to a maximum of \$50,000 or 50% of your Fidelity account balance, excluding the amount of any funds maintained in Certificate of Deposits by Washington Mutual, at the time you apply. The County's 457 Loan Program allows a maximum of two, open or active loans.

Amounts borrowed through the loan program are not taxable distributions and are not subject to federal or state income taxes, unless you do not pay the loan back in full. Any defaulted loans you have incurred will continue to accrue interest and will reduce the number of loans available to you.

For your first loan, you may borrow the following amounts:

457(b) Account Balance at Last Valuation	Maximum Amount You May Borrow
\$0 to \$1,999	\$0
\$2,000 to \$100,000	50% of 457(b) account balance
Over \$100,000	\$50,000

Types of loans available

General loans are available for any reason, and must be repaid within 5 years.

Residential Loans must be used for the purchase of your primary residence only and must be repaid in 15 years.

Loan repayment

You will repay yourself with interest through the Automated Clearing House (ACH) Service in monthly equal installments. You may repay a loan in full at any time with no penalty. A full pay off of a loan or repayment made to cure a missed scheduled payment or loan default pay off may be made by other means only as agreed to by Fidelity and the Administrator.

If you take an authorized leave of absence, you may suspend loan payments up to but not exceeding 12 months, provided that such suspension and revised repayment schedule does not cause you to exceed your original loan term.

If you are called to military duty, loan repayment and the default process will be suspended. The loan repayment period is extended for the period of time the participant is on active military duty under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

Loan default

Your loan is in default if any scheduled repayment remains unpaid at the end of the calendar quarter following the calendar quarter in which the repayment was due, or there is an outstanding principle balance existing on a loan after the last scheduled repayment date. A default on a loan creates a taxable event, whereby the amount of unpaid principle will be reported as income.

Any defaulted loans you have incurred will continue to accrue interest and will reduce the number of loans available to you.

Note: The IRS prohibits plans from making additional loans to participants who have unpaid defaulted loans through plans that offer ACH only repayment method.

Loan fees

The following fees are associated with taking a loan from your County of Sacramento 457 Plan account:

- A one-time \$35.00 non-refundable loan application fee will be deducted from your account at the time your loan is processed. This loan fee is deducted directly from the account of Participants who are granted a loan from the Plan.

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