



Important Changes to Loan Program at TIAA and VALIC

Beginning September 1, 2018, loans from the Optional Retirement Plan (ORP) at TIAA and VALIC will no longer be available to participants. After consultation with the Retirement Plans Investment and Administration Committees, the ORP Trustees, and the VPFAs at the seven campuses, it was decided that loans would only be available from the Tax Deferred Investment (TDI) plans.

Other deciding factors were that because this is your primary retirement plan, in the same manner that the PERS pension and IAP are for PERS members, that money should be used for retirement. PERS does not allow loans in the pension or IAP. Also, Fidelity has never offered loans in the ORP and we believe it is important to keep the plan provisions the same across the three vendors.

Your ORP account is your primary retirement plan and while loans are generally repaid by most participants, the downside of getting a loan are as follows:

- Your money is out of the market and could miss out on potential earnings.
- Borrowed funds are taxed twice; you pay them back with after-tax dollars and then when you take that money out when you retire, you are taxed again (the money is not kept in a separated bucket in your 401(a) plan).
- If you default on the loan, it is treated as a distribution, and you will have to pay taxes on the balance.

As indicated above, you will still be able to get loans from the Tax Deferred Investment (TDI) plans that you are able to contribute to through payroll deduction. If you are eligible, you can take two loans out at any time. The minimum loan amount is \$1000, and the maximum allowable loan is \$50,000 or one-half of your account balance, whichever is less. A general purpose loan can be for any reason and must be paid back in 5 years. A residential loan can be paid back over a 10 or 15-year period and documentation is generally required. Loans are also available from the Oregon Savings Growth Plan (OSGP) if you are a participant in that plan.

If you have ORP loans out at this time, you will just continue paying those loans off as agreed upon. You will be able to apply for new loans through August of 2018, but as of September 1, 2018, they will no longer be available.

If you have any questions, please call the Retirement Plans Management Office at 541-346-5784.