



## 401(k) Loan Newsletter

As you may know, one of the features of your Plan is the ability to take a loan against your account. This newsletter addresses some of the most common questions plan participants have about taking and repaying a loan. Please keep in mind that a loan can have a significant effect on your account over time. You should consider all of your options before taking a loan from your retirement account. If you have any questions, please feel free to contact a Newport customer service representative at (800) 650-1065.

### **How do I take a loan?**

Loans can be requested either by phone at (800) 650-1065 any business day, or on the Web at [www.plandestination.com](http://www.plandestination.com). An estimate of your loan payments, which are determined by the amount and term or period of the loan, can be obtained either by phone or on the Web site.

### **What kinds of loans are there?**

You may apply for either a general purpose loan, which can be used for whatever expenses you see fit, or a primary residence loan, which can be used for buying or building a new home. We require a copy of the purchase and sale or a good faith estimate for building a new house before a primary residence loan can be approved.

### **How much of a loan can I take?**

You may apply for a loan of up to 50% of the value of your account balance.

### **How long do I have to repay my loan?**

The maximum term for a general purpose loan is 5 years. For a primary residence loan, the maximum term is 15 years. Loan payments must be made on a monthly basis. You must pay off your loan in its entirety by the original payoff date or your loan will default.

### **What is the interest rate on my loan?**

Interest rates for new loans will be the prime rate as stated in The Wall Street Journal plus 1%. Once set, the interest rate is fixed for the duration of the loan.

### **How do I repay my loan?**

Your loan can either be paid through a monthly loan coupon process or through automatic monthly deduction from your checking or savings account. The automatic deduction, known as ACH Debit, can be established at the time of loan issuance. The information needed to elect this process is located in the loan documentation packet. In addition, any participant with an existing loan can elect to move from the loan coupon process to ACH Debit by completing the ACH Debit request form located under the "Library" tab on the website at [www.plandestination.com](http://www.plandestination.com) or by requesting the form through a Newport customer service representative.

### **If I have loan coupons, where do I send loan payments? To whom do I make the check payable?**

Loan payments sent by regular mail should be sent to:

#### **Regular Mail**

ATTN: CASH DEPOSITS  
Wilmington Trust Retirement and Institutional Services Company  
P.O. Box 52129  
Phoenix, AZ 85072-2129

#### **Overnight Mail**

ATTN: CASH DEPOSITS  
Wilmington Trust Retirement and Institutional Services Company  
2800 N. Central Avenue, Suite 900  
Phoenix, AZ 85004

Please make checks out to: WTRISC, FBO AMO 401(k) Plan #a4067 FBO [Participant Name]

**\*\*\*Be sure to write the last four digits of your Social Security number on the check and include a payment coupon to avoid delays in processing your payment.**



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**When does a loan become considered in default?**

If a loan is not repaid on schedule and no payment is received during the grace period, your loan will be considered in default. The grace period for late payments during which all payments must be brought current is until the end of the calendar quarter following the calendar quarter in which the last loan payment was received. For example, if your last payment was received in May (the second quarter), and payments are not made current by the end of September (the end of the third quarter), your loan will be considered in default.

**What are the consequences of defaulting on the loan?**

Once the loan is considered in default, the outstanding balance of the loan, including interest that accrues on the balance since the last payment, will be considered a “deemed distribution” to the participant, subject to taxes and early withdrawal penalties, if applicable. A 1099R will be issued at the end of the year and sent to you for tax purposes. The loan continues to be treated as outstanding in the participant’s account until either the participant takes a distribution after leaving employment with an AMO contracted company or retiring, or the participant chooses to repay the loan before that time. Defaulting on a loan will prohibit the ability to take subsequent loans from the Plan, unless the defaulted loan is repaid.

**If I default on a loan, is it possible to request a new loan?**

You may request a new loan only if you repay the previously defaulted loan plus additional interest that has accrued from the time the loan was defaulted until the time you repay the default loan in full.

**How do I make payments on a defaulted loan?**

Defaulted loans must be repaid in full with a single payment. Contact a Newport Service Representative to determine your outstanding balance. Mail checks to the same address as regular payments. Your payment may also be made via ACH Debit from a checking or savings account. If you do not have an ACH Debit form on file, a form may be obtained under the “Library” tab from the website or by contacting a Newport customer service representative or the Plan office.

**What happens if I make a lump sum payment on my loan?**

If you repay your remaining loan balance in full with one lump sum payment, the payment will be applied entirely to principle and will pay down your entire obligation for that loan. If you make a lump sum payment that does not match the remaining principle of the loan, the payment will be treated the same way all other loan repayments are treated. The entire payment will be applied prorata between the remaining principle and expected interest of the loan. Newport does not allow partial principle pay-downs on outstanding loans.

**Are loan payments tax-deductible?**

Loan payments are not tax-deductible and are made with after-tax dollars.

If you have any further questions concerning loans, please contact a Newport customer service representative at (800) 650-1065 between 8:30 a.m. and 8:00 p.m. Eastern Time, any business day.