401(k) loan: know the *facts*

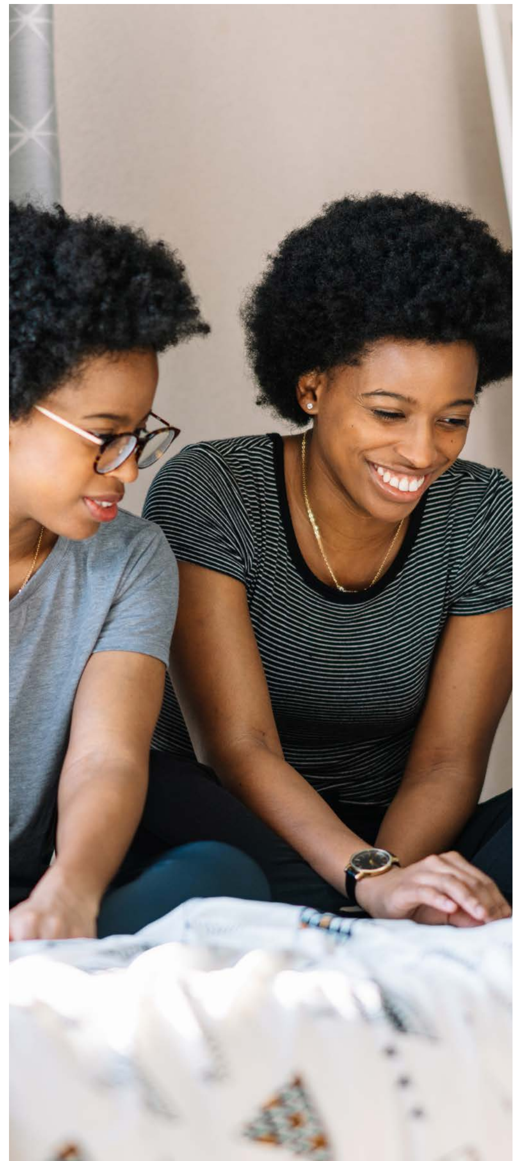
Taking a loan from your retirement plan can hurt your savings over the long term, even when you pay it back on time. Make sure you understand the risks before you take a loan.

Taking a loan

Pros	Cons
You can access money for unexpected emergencies.	When you take a loan, you give up its potential future growth—reducing your savings for retirement.
Interest rates are often lower than credit lines.	There are typically loan application fees, and there may be other associated fees.
You don't have to apply for credit.	If you default on the loan, you'll be subject to taxes and a 10% early withdrawal penalty if you're under the age of 59½.

Repaying the loan

Pros	Cons
Loan repayments are taken directly out of your paycheck.	Loan repayments are made with after-tax income. This means the interest you pay on your loan will be taxed twice—first, when you pay back the loan with interest, and then again when you withdraw your money at retirement.
	Loan repayments may make it difficult to contribute to your plan at your regular rate.



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Impacts of taking a loan

Taking a loan can have a big impact on your retirement savings in the long run. Consider the following.

Participant	Situation	Balance over 30 years
Participant 1	Doesn't take loan, contributes 5%	$417,973.18
Participant 2	Takes loan, continues contributing 5% while repaying loan	$407,895.16
Participant 3	Takes loan, reduces contribution from 5% to 3% while repaying loan	$373,537
Participant 4	Takes loan, stops contributing while repaying loan	$322,001

This is a hypothetical mathematical illustration only. It represents no particular investment and does not account for taxes. Figures are based on assumptions as set out, and individual circumstances may vary.

Assumes a loan of $10,000, an annual salary of $50,000, a beginning balance of $20,000, 30 years until retirement, a 7% annual rate of return compounded monthly, and a loan interest rate of 4.25%. There is no guarantee that any investment objective will be met.

As you can see, it's much easier to save for your retirement when you don't have an outstanding loan balance to pay back.

Consider alternatives to keep debt in check

Maintaining healthy financial habits can help keep your debts low and allow you to save as much as possible toward retirement. Consider these alternatives to taking a loan from your retirement plan.

- Create a budget and regularly allocate money to cover different costs.
- Establish an emergency savings account for unexpected expenses.
- Borrow from non-retirement savings, if you need immediate access to funds, without disrupting your nest egg.

Decide if a loan is right for you

You can see the potential impact of different loans by using the "Model a new loan" function to review different loan amount and payment schedules.
Simply log in to myplan.johnhancock.com and select "Loans," found under "Manage" in the top menu, then select "Model a new loan" to learn more.

Have questions about the process or need assistance?

Call a John Hancock representative at 800-294-3575, Monday through Friday, from 8:00 a.m. to 10:00 p.m., Eastern time, on New York Stock Exchange business days. For your protection, all calls to a representative are recorded.

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