

## FREQUENTLY ASKED QUESTIONS

1. Q: **Who is eligible to apply for a Member loan from the Ministers' Retirement Plan?**  
A: All participants in the Plan are eligible for a Member loan, assuming the other criteria for obtaining a loan is met.
2. Q: **What is the minimum loan that can be obtained?**  
A: The requested loan can not be less than \$1,000. The cost associated with funding smaller loans makes such prohibitive.
3. Q: **What is the maximum loan that can be obtained?**  
A: The Internal Revenue Service rules and regulation limit the maximum plan loan to the *lesser* of the following:
  - \* 50% of the Member's account balance, or
  - \* \$50,000.
4. Q: **How must the loan be repaid and under what terms?**  
A. All Member loans must be paid back in at least sixty months (5 years). Repayment can be scheduled over fewer months but can not exceed 60 months. In addition, all payments must be made by automatic bank draft (ACH) deduction. Each participant obtaining a loan will be required to allow for the payments to be deducted out of his or her account on a specific date each month. Insufficient funds in the account on the date of withdrawal will result in the loan being placed in default. Monthly payments can not be made by personal check.
5. Q: **Is there an application fee for a Member loan?**  
A: Yes. Regardless of the loan amount, a \$100 application fee will be deducted from the loan principal when it is approved.
6. Q: **What is the rate of interest charged on Member loans?**  
A: The rate of interest will be set by the Trustees of the Benefits Board from time to time. The rate applied to the Member loan will be the rate set by the Board at the date the loan is approved. The rate will remain fixed for the duration of the loan.
7. Q: **Will all the interest that I repay go into my account?**  
A: No. Some of the interest amount will be used by the Board to recoup the costs of offering the member loan program. The participant will be advised during the application process of the applicable interest rate and how much will go back into his or her account and how much will be used by the Benefits Board to cover administrative costs. For example, the interest rate may be set by the Board at 7% with 5% to be returned to the participant's account and 2% to be used by the Board to cover the expenses of the Member loan program.
8. Q: **If I am diversified among different investment options offered by the Board, from which account will my loan be funded?**  
A: The participant will have the option of choosing to have the loan funded out of the account or accounts he or she specifies, or the participant can choose to have the loan funded proportionately from their different investment accounts following the same formula as is used to put money into their accounts based upon their investment selection form.
9. Q: **When I repay my loan, how are my payments reinvested?**  
A: Loan payments, included both principal and interest attributable to the participant's account, will be reinvested based upon the participant's most recent investment selection form.
10. Q: **May I have more than one outstanding loan at a time?**  
A: Yes, you may have up to two Member loans outstanding at any time. However, the total of the two loans can not exceed the limits set out above.
11. Q: **Do I have to pledge additional collateral to obtain a Member loan?**  
A: No. The money in your Ministers' Retirement Plan account will serve as the sole collateral for the loan.

12. Q: **Will the money that I borrow as a Member loan continue to draw interest or have earning like the other money in my account?**  
A: No. The money that you borrow will show up on your account as a loan payable. For example, a participant has \$100,000 in his account and he takes a Member loan for \$20,000. His account will show that \$80,000 was drawing interest or had earnings while \$20,000 is a loan waiting to be repaid. As noted earlier, all repayments will be drawing interest or earnings after they are received by the Board.
13. Q: **If I am no longer eligible to participate in the MRP, what happens if I have an outstanding Member loan?**  
A: The entire balance of the loan becomes due and payable. If the loan is not repaid upon demand, the loan will be placed into default.
14. Q: **If I am not able to make the monthly repayment or if I have insufficient funds in my account to cover the repayment withdrawal, what happens to my loan?**  
A: Your loan will be placed into default. You will be given the option of making up the past due payments or repaying the entire loan balance. If the default is not cured, the IRS will be notified of your default and you will be liable for income taxes on the outstanding amount, plus you also may be responsible for a **10% IRS penalty tax** on the unpaid loan balance. "Non-sufficient" fund fees may also be assessed by the Board. A Member loan should never be taken unless the participant reasonably believes that he or she will have the resources available to make the loan repayments each and every month.
15. Q: **I am in the military and may be called up for active duty. Are there provisions to defer my loan payments while I am on military duty?**  
A: Yes, the loan program will follow the Uniformed Services Employment and Reemployment Act of 1994 (USERRA) and any other applicable laws that apply to those in the Armed Forces of the United States.
16. Q: **If I am already drawing from my retirement account under an amortized distribution schedule, may I take a Member loan?**  
A: No. Participants in distribution are not eligible for Member loans.
17. Q: **If I change banks during the repayment of my loan, what action should I take?**  
A: You should notify the Benefits Board immediately to obtain the appropriate information to provide your new bank so that the monthly drafts can continue uninterrupted. It is the participant's responsibility to provide the Board with the correct account information.
18. Q: **Is the interest that I pay towards my Member plan loan deductible on my tax return?**  
A: While the Board can not provide legal or tax guidance, interest on loans that are not secured by your residence can not be claimed as a "mortgage interest" deduction. You should seek advice on this issue from your tax professional.
19. Q: **Will my spouse have to sign for me to obtain a Member loan?**  
A: Yes. Your spouse must jointly sign with you the loan application form before your request can be considered.
20. Q: **How long will it take to process my loan application once it has been received by the Benefits Board?**  
A: A participant's loan application will generally be processed and either approved or denied within ten days of receipt by the Board. If the loan is approved, the loan proceeds will be available within two weeks after the loan is approved.
21. Q: **Will I be required to sign a legal document before I get a Member loan?**  
A: Yes. Each participant taking a loan will be required to sign a promissory note agreeing to repay the amount borrowed. The Internal Revenue Service requires that a formal promissory note be in place as evidence of the loan.

*The retirement account provided by the Ministers' Retirement Plan is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.*

**If you have any additional questions, please contact us by phone at (423) 478-7131, toll-free at (877) 478-7190, by e-mail at [info@benefitsboard.com](mailto:info@benefitsboard.com), or by writing to:**

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