

Loan Provisions – the Facts

Sixty-three percent of DC retirement plans with services provided by The Principal included a loan provision.

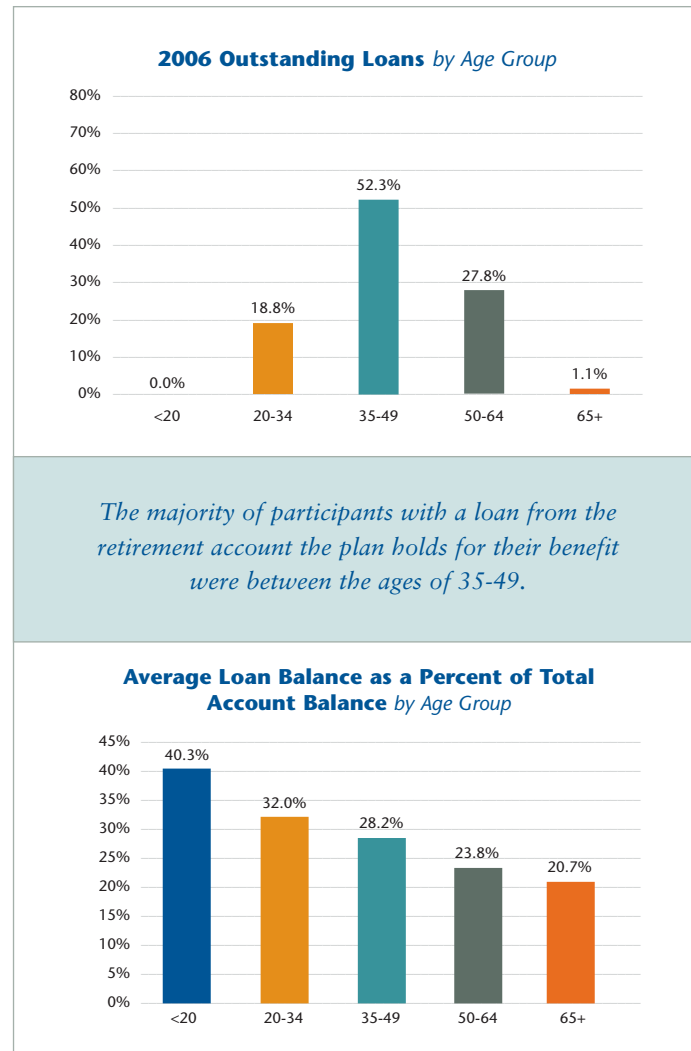
Allowing loan provisions in retirement plans did not have an impact on overall participation rates.

Of the retirement plans with services provided by The Principal that allowed plan loans, the majority only allowed one outstanding loan at a time; only 15 percent allowed more than one loan.

Of those plans with loan provisions, the average number of loans outstanding within a plan was 17 loans. There was an average of 81 participants in plans that had outstanding loans.

The average loan balance increased from \$5,011 in 2003 to \$7,013 in 2006.

According to the 2006 Employee Benefit Research Institute database, only 18 percent of participants eligible for loans had 401(k) plan loans outstanding at the end of 2006. Similar to The Principal, the average outstanding loan balance at year-end 2006 was \$7,292.¹



¹ 2006 Employee Benefit Research Institute/Investment Company Institute database