



Information you need
to know about your life
insurance contract loan



Your life insurance contract with Thrivent Financial for Lutherans includes a loan privilege.

Following is information about your loan, its impact on your insurance contract and the importance of a repayment plan.

What is a contract loan?

A convenient benefit of your insurance with Thrivent Financial is the opportunity to borrow funds, using your contract as collateral. You can borrow up to the limit that is described in your insurance contract.

How is the maximum loan available from my contract determined?

Generally, the loan maximum is based on the contract surrender value, less any outstanding loans and interest. Other factors can impact the loan maximum. They include the cost of insurance and premiums that may be due at the next payment anniversary date. Some contracts also limit loan maximums to a percentage of the surrender value. Since provisions vary, you should check your contract for the exact calculation.

What is an automatic premium loan?

Some insurance contracts offer this special type of provision. If the premium is not paid, and if there is enough accumulated value built up, this provision pays the premium as a loan against your contract, based on terms of the contract.

How is interest charged on my loan?

Interest on your loan may be charged in advance or in arrears, depending on your contract.

Charging interest in advance means your loan balance immediately equals the loan amount plus interest to the next contract anniversary.

If loan repayments are made, the interest is discounted to the day of the repayment, so there is no early-repayment penalty on the loan.

For contracts with interest charged in arrears, the interest accrues daily. Depending on the loan provision in your contract, the interest will be added to the loan balance at least annually, or when a full repayment is received.

What is the interest rate charged on my loan?

The loan interest rate varies by contract type and issue date. Contact your Thrivent Financial representative or call Thrivent Financial toll-free at 800-847-4836 for the rate on your contract.

How does a loan affect my death benefit and contract values?

A loan serves as a lien against your contract. It reduces the benefit that's payable to your beneficiary if you die, or the amount available to you if you surrender your contract.

A loan on your contract may reduce future dividends or interest earned. See your contract for more information.

What happens if I don't make loan repayments?

Your loan grows based on the interest charged against it. Shortly before your contract anniversary each year, you will receive a notice of the loan interest that is due. While it is not required, you are encouraged to repay your loan. If the loan is not repaid, your contract values are reduced accordingly. If the loan balance exceeds your net surrender value, your contract will lapse.

Does a contract loan have tax consequences?

Loans usually are not reportable as current income for tax purposes, unless the contract lapses, is surrendered or matures. If your contract lapses, any gain in the contract becomes taxable as ordinary income for that tax year, even if the contract is reinstated.

Some contracts are classified as Modified Endowment Contracts (MEC) because premiums paid exceed certain limits set by the Internal Revenue Code. These contracts don't have the same tax treatment for loans. A MEC loan is considered as a withdrawal of earnings and is potentially taxable. Additionally, loan interest on a MEC may be taxable each year. Therefore, a completed Federal Withholding Election form is required before a MEC loan can be processed.

How can I make loan repayments?

You can repay any or all of your outstanding loan at any time. Several convenient repayment options are available.

If you would like to set up a repayment plan, simply contact your Thrivent Financial representative, call us toll-free at 800-847-4836, or visit www.thrivent.com/access/billing.



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