

**Example of 401K QDRO with and without loan included**  
**Amounts are not case specific and are for demonstration only**

Total Value of Account **Including** Loan Receivable 

|    |         |
|----|---------|
| \$ | 200,000 |
|----|---------|

Amount of Outstanding Loan 

|    |          |
|----|----------|
| \$ | (50,000) |
|----|----------|

 (a)

Net Value **Without** Loan Receivable 

|    |         |
|----|---------|
| \$ | 150,000 |
|----|---------|

 (b)

| Loan Included - \$200K To Be Divided |            |            |
|--------------------------------------|------------|------------|
|                                      | Husband    | Wife       |
| Distribution to H/W                  | \$ 100,000 | \$ 100,000 |

 (c)

| Loan Not Included - \$150K To Be Divided |           |           |
|--|-----------|-----------|
|  | Husband   | Wife      |
| Distribution to H/W                      | \$ 75,000 | \$ 75,000 |

 (c)

(a) A 401K loan is a loan from yourself. When money is borrowed, the Participant pays him/herself back overtime via payroll deductions. Therefore, the account has a loan receivable on it's books for the monies due back to repay the loan. E If the money is not paid back, then it becomes a taxable distribution rather than a loan.

(b) When the loan is used for non-marital purposes, the balance to be divided should **INCLUDE** the loan.

(c) Under either scenario, the alternate payee cannot receive the loan asset. The alternate payee receives cash. The Pariticpant keeps the loan asset. So, if the loan is included, the Alternate Payee receives more money because it is a higher account balance including the loan receivable.