

# Payday Loans vs. 401k Loans

Your employee has an emergency medical expense and needs \$2000 to pay her doctor. Should she get a payday loan, or borrow from her 401k?



	Payday Loan	401k Loan
Amount Borrowed	\$2000	\$2000
Time to Pay Back	2 months	2 months
APR Interest Rate	660%	6%
Interest Paid to Payday Lender	\$2,200	\$0.00
Interest Paid to Her Own 401k Account	\$0.00	\$20.05

The answer is simple. Borrow from your 401k and pay yourself interest!