

BERS

Board of
Education
Retirement
System



TAX DEFERRED ANNUITY LOAN PROGRAM

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Board of Education Retirement System

Members of the Board of Education Retirement System (BERS) who elect to participate in the Tax Deferred Annuity (TDA) are eligible for the TDA loan program. This pamphlet highlights the important features of the TDA Loan Program. The TDA Loan Program is separate and apart from any other loan program in which you may be eligible to participate. Other BERS loan programs include the Tier 1/2, Tier 4/6 and the Early Retirement Loan Programs. The TDA loan program is administered in accordance with IRS Rules and Regulations, New York State Education Law, the Administrative Code of the City of New York and administrative provisions adopted by BERS and its Board of Trustees.

A TDA loan is a participant loan that reduces your TDA account by the amount of the loan plus the service charge. As payments are made, the principal and interest are added back into your account. When the loan check is drawn, your account balance is reduced.

Introduction

Board of Education Retirement System

Eligibility

If you are a member and a TDA participant in active service or on an approved leave of absence, have at least one year of TDA participation or you are vested or retired with TDA Deferral status, have not taken a TDA Loan in the last 12 months and are not in default in any BERS loan program, you may be eligible to take a loan.

Minimum Loan Amount

The minimum Loan amount that you can borrow is \$1,000.

Maximum Loan Amount

If you have five or more years of credited service, your maximum available loan is the lesser of (a) or (b) below. If you have less than five years of credited service, your maximum available loan is the least of (a), (b) and (c) below:

- (a) \$50,000 minus your highest combined loan balance during the last 12 months from any employer-sponsored loan program. These include the QPP, Early Retirement, and TDA loan programs, as well as the New York City Deferred Compensation Plan Loan Programs (457 and 401(k));
- (b) 75% of your TDA Account less any current outstanding loan balance on your TDA Loan; or
- (c) The greater of (1) 50% of your QPP, Early Retirement, TDA, 457 and 401(k) Accounts or (2) \$10,000 less your current combined outstanding loan balances.

NOTE – When your loan is processed, your TDA accounts will be automatically debited based on your fixed and variable account balances (and any transfers in process), at the time of the loan.

Interest Rate

The interest rate of TDA loans is currently 7.00% per annum for United Federation of Teachers (UFT) members on loans issued after the date April 16, 2010. For other TDA participants, the interest rate on basic TDA loans is 8.25% on loans taken after July 1, 1988.

Service Charge

There is a \$50 non-refundable service charge to process or recalculate a loan. This charge will be considered an additional loan amount when calculating the repayment and duration. For example, if you are eligible for a \$50,000 loan, you will receive a check or Electronic Funds Transfer (EFT) for \$49,950 to avoid exceeding the \$50,000 maximum when the \$50 charge is added to the loan. If you are eligible for and request a loan of \$10,000, you will receive a check or EFT for \$10,000. Repayments will be calculated on \$10,050 (the loan amount plus the \$50 charge).

When you apply for a loan, you have the option of paying the charge by certified check or money order (personal checks will not be accepted) to avoid having the charge included in the monthly repayment amount.

Once your loan application is processed, the loan cannot be cancelled.

Board of Education Retirement System

TDA loans are fully insured 30 days after the loan is distributed to you. Once your loan is insured, in the event of your death, any outstanding loan balance will be repaid by the insurance program. The insurance rate is currently 0.4% per annum. The insurance premium is considered when calculating your repayment amount when you apply for a loan. If you fail to repay your loan, it will default and the insurance on your loan will cease.

The maximum repayment period for TDA loans is 60 months. The amount borrowed, together with interest, insurance and service charge is repaid in regular installments over the period selected by you up to 60 months. Special circumstances are applicable if you are on active military duty in the United States armed forces. You may not have to repay any loan for up to 60 months after the loan is initiated. If you are on active military duty, contact BERS to discuss your repayment options.

Repayments are generally made through payroll deductions. If deductions from your paycheck do not begin on the date indicated in the letter notifying you of the repayment terms, please contact BERS immediately to ensure that the repayments are scheduled and your loan does not default. It is your responsibility to notify BERS of changes in your payroll status which may interfere with loan repayment deductions from your paycheck.

If you have an outstanding loan and you are not receiving regular paychecks (that is, you are on an approved leave of absence without pay or you are a part-time employee on the T Bank payroll), you must request to make monthly repayments directly to BERS. Monthly payments made directly must agree with the amount calculated when the loan is initiated.

If you miss a scheduled payment for any reason, additional interest and insurance will accrue.

When calculating your loan payment based on the duration you selected, the repayment amount cannot be less than 2% of your gross salary per paycheck.

A lump sum repayment option to pay off an outstanding loan balance is available. If you wish to make a lump sum repayment, contact BERS and request a lump sum payment amount and repayment due date. Partial repayments over your calculated repayment amount are allowed but will result in a \$50 fee to recalculate a new loan repayment amount.

If no repayments are received within any 90-day period, your loan will go into default. If your loan goes into default, the loan will no longer be insured. Also, the outstanding balance will be deemed a distribution and will be reported to the Internal Revenue Service. You will receive an IRS 1099-R Form for the taxable portion of the distribution. There may be tax consequences associated with this distribution.

Loan Insurance

Duration and Repayment

Default

Retirement

If a loan is not fully repaid within 60 months of disbursement, the outstanding balance will be deemed a distribution and will be reported to the Internal Revenue Service.

If you retire with an outstanding loan balance and select a TDA Deferral, you must request to make monthly loan repayments directly to BERS. If no payments are received in any 90 day period, the outstanding loan balance will be in default and deemed a distribution. If a distribution occurs, you will receive a 1099-R that will also be reported to the Internal Revenue Service. There may be tax consequences associated with this distribution.

**Separation
from Service:
Resignation or
Termination**

If you resign or are terminated and you have an outstanding loan, you should request to make monthly repayments directly to BERS before you are removed from active payroll status. If no loan repayments are received in any 90-day period, your loan will go into default.

**Transfer of
Membership
to Another
Retirement
System**

If you transfer your BERS membership to another public retirement system, your outstanding loans will also be transferred, provided the new retirement system is willing to accept the outstanding loans. If the new system cannot accept the outstanding loan, you must make a lump sum payment to BERS within 90 days. Otherwise, the outstanding loan will be considered a distribution.

Death

If you have an outstanding loan balance at the time of your death, your loan will be liquidated according to the insurance provisions provided herein.

**Loan
Information**

Your semi-annual Statement of Accounts includes information concerning your loan activities, availability and status. You may also request a loan inquiry from BERS at any time during the year.

INTEREST RATE	8.25%
LOAN INSURANCE	0.40%
TOTAL	8.65%

The application fee of \$50 will be deducted from the loan check. **Do not submit with the application.**

Approximate repayment schedules for biweekly payroll. For a member on a weekly payroll, the repayment amount will be about half that of a loan payable over the same number of years. In all cases, payments may not be less than 2% of base salary.

	NUMBER OF PAYMENTS				
	130	104	78	52	26
Loan Amount	Estimated Payback Amounts				
\$ 49,050.00	\$464	\$557	\$713	\$1,027	\$1,971
\$ 48,050.00	\$454	\$546	\$699	\$1,006	\$1,931
\$ 47,050.00	\$445	\$534	\$684	\$985	\$1,891
\$ 46,050.00	\$435	\$523	\$670	\$964	\$1,850
\$ 45,050.00	\$426	\$512	\$655	\$944	\$1,810
\$ 44,050.00	\$416	\$500	\$641	\$923	\$1,770
\$ 43,050.00	\$407	\$489	\$626	\$902	\$1,730
\$ 42,050.00	\$398	\$478	\$612	\$881	\$1,690
\$ 41,050.00	\$388	\$466	\$597	\$860	\$1,650
\$ 40,050.00	\$379	\$455	\$583	\$839	\$1,609
\$ 39,050.00	\$369	\$444	\$568	\$818	\$1,569
\$ 38,050.00	\$360	\$432	\$554	\$797	\$1,529
\$ 37,050.00	\$350	\$421	\$539	\$776	\$1,489
\$ 36,050.00	\$341	\$410	\$524	\$755	\$1,449
\$ 35,050.00	\$332	\$398	\$510	\$734	\$1,409
\$ 34,050.00	\$322	\$387	\$495	\$713	\$1,368
\$ 33,050.00	\$313	\$376	\$481	\$692	\$1,328
\$ 32,050.00	\$303	\$364	\$466	\$671	\$1,288
\$ 31,050.00	\$294	\$353	\$452	\$650	\$1,248
\$ 30,050.00	\$284	\$341	\$437	\$630	\$1,208
\$ 29,050.00	\$275	\$330	\$423	\$609	\$1,167
\$ 28,050.00	\$265	\$319	\$408	\$588	\$1,127
\$ 27,050.00	\$256	\$307	\$394	\$567	\$1,087
\$ 26,050.00	\$247	\$296	\$379	\$546	\$1,047

Please note that the 8.25% is for non UFT members.

(Chart continues on next page.)

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	NUMBER OF PAYMENTS				
	130	104	78	52	26
Loan Amount	Estimated Payback Amounts				
\$ 25,050.00	\$237	\$285	\$365	\$525	\$1,007
\$ 24,050.00	\$228	\$273	\$350	\$504	\$967
\$ 23,050.00	\$218	\$262	\$336	\$483	\$926
\$ 22,050.00	\$209	\$251	\$321	\$462	\$886
\$ 21,050.00	\$199	\$239	\$306	\$441	\$846
\$ 20,050.00	\$190	\$228	\$292	\$420	\$806
\$ 19,050.00	\$180	\$217	\$277	\$399	\$766
\$ 18,050.00	\$171	\$205	\$263	\$378	\$726
\$ 17,050.00	\$162	\$194	\$248	\$357	\$685
\$ 16,050.00	\$152	\$183	\$234	\$336	\$645
\$ 15,050.00	\$143	\$171	\$219	\$316	\$605
\$ 14,050.00	\$133	\$160	\$205	\$295	\$565
\$ 13,050.00	\$124	\$149	\$190	\$274	\$525
\$ 12,050.00	\$114	\$137	\$176	\$253	\$485
\$ 11,050.00	\$105	\$126	\$161	\$232	\$444
\$ 10,050.00	\$95	\$115	\$147	\$211	\$404
\$ 9,050.00	\$86	\$103	\$132	\$190	\$364
\$ 8,050.00	\$77	\$92	\$118	\$169	\$324
\$ 7,050.00	\$67	\$80	\$103	\$148	\$284
\$ 6,050.00	\$58	\$69	\$88	\$127	\$244
\$ 5,050.00	\$48	\$58	\$74	\$106	\$203
\$ 4,050.00	\$39	\$46	\$59	\$85	\$163
\$ 3,050.00	\$29	\$35	\$45	\$64	\$123
\$ 2,050.00	\$20	\$24	\$30	\$43	\$83
\$ 1,050.00	\$10	\$12	\$16	\$22	\$43

Please note that the 8.25% is for non UFT members.

The Interest Rate is subject to change on new loans. Please contact BERS to obtain the current rates.

This information should not be considered legal or tax advice. For such advice, we suggest that you contact your legal or tax consultant. The information provided is based on our understanding of the IRS Rules and Regulations, New York State Education Law, the Administrative Code of the City of New York, and the Administrative provisions adopted by BERS. If any of the information provided herein conflicts with any laws, rules and regulations, it is the laws, rules and regulations that will govern.

INTEREST RATE	7.00%
LOAN INSURANCE	0.40%
TOTAL	7.40%

The application fee of \$50 will be deducted from the loan check.

Do not submit with the application.

Approximate repayment schedules for biweekly payroll. For a member on a weekly payroll, the repayment amount will be about half that of a loan payable over the same number of years. In all cases, payments may not be less than 2% of base salary.

	NUMBER OF PAYMENTS				
	130	104	78	52	26
Loan Amount	Estimated Payback Amounts				
\$ 49,050.00	\$449.25	\$542.93	\$699.55	\$1,013.62	\$1,957.39
\$ 48,050.00	\$440.09	\$531.87	\$685.29	\$992.95	\$1,917.48
\$ 47,050.00	\$430.93	\$520.80	\$671.03	\$972.29	\$1,877.58
\$ 46,050.00	\$421.77	\$509.73	\$656.77	\$951.62	\$1,837.67
\$ 45,050.00	\$412.61	\$498.66	\$642.50	\$930.96	\$1,797.77
\$ 44,050.00	\$403.45	\$487.59	\$628.24	\$910.29	\$1,757.86
\$ 43,050.00	\$394.29	\$476.52	\$613.98	\$889.63	\$1,717.95
\$ 42,050.00	\$385.14	\$465.45	\$599.72	\$868.96	\$1,678.05
\$ 41,050.00	\$375.98	\$454.38	\$585.46	\$848.30	\$1,638.14
\$ 40,050.00	\$366.82	\$443.31	\$571.19	\$827.63	\$1,598.24
\$ 39,050.00	\$357.66	\$432.24	\$556.93	\$806.97	\$1,558.33
\$ 38,050.00	\$348.50	\$421.18	\$542.67	\$786.30	\$1,518.42
\$ 37,050.00	\$339.34	\$410.11	\$528.41	\$765.64	\$1,478.52
\$ 36,050.00	\$330.18	\$399.04	\$514.15	\$744.97	\$1,438.61
\$ 35,050.00	\$321.02	\$387.97	\$499.88	\$724.31	\$1,398.71
\$ 34,050.00	\$311.86	\$376.90	\$485.62	\$703.64	\$1,358.80
\$ 33,050.00	\$302.70	\$365.83	\$471.36	\$682.98	\$1,318.89
\$ 32,050.00	\$293.55	\$354.76	\$457.10	\$662.31	\$1,278.99
\$ 31,050.00	\$284.39	\$343.69	\$442.84	\$641.65	\$1,239.08
\$ 30,050.00	\$275.23	\$332.62	\$428.57	\$620.98	\$1,199.18
\$ 29,050.00	\$266.07	\$321.55	\$414.31	\$600.32	\$1,159.27
\$ 28,050.00	\$256.91	\$310.49	\$400.05	\$579.65	\$1,119.36
\$ 27,050.00	\$247.75	\$299.42	\$385.79	\$558.99	\$1,079.46
\$ 26,050.00	\$238.59	\$288.35	\$371.53	\$538.32	\$1,039.55

Please note that the 7% is for UFT members.

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	NUMBER OF PAYMENTS				
	130	104	78	52	26
Loan Amount	Estimated Payback Amounts				
\$ 25,050.00	\$229.43	\$277.28	\$357.26	\$517.66	\$999.65
\$ 24,050.00	\$220.27	\$266.21	\$343.00	\$496.99	\$959.74
\$ 23,050.00	\$211.11	\$255.14	\$328.74	\$476.33	\$919.83
\$ 22,050.00	\$201.96	\$244.07	\$314.48	\$455.66	\$879.93
\$ 21,050.00	\$192.80	\$233.00	\$300.22	\$435.00	\$840.02
\$ 20,050.00	\$183.64	\$221.93	\$285.95	\$414.33	\$800.12
\$ 19,050.00	\$174.48	\$210.86	\$271.69	\$393.67	\$760.21
\$ 18,050.00	\$165.32	\$199.80	\$257.43	\$373.00	\$720.30
\$ 17,050.00	\$156.16	\$188.73	\$243.17	\$352.34	\$680.40
\$ 16,050.00	\$147.00	\$177.66	\$228.91	\$331.67	\$640.49
\$ 15,050.00	\$137.84	\$166.59	\$214.64	\$311.01	\$600.59
\$ 14,050.00	\$128.68	\$155.52	\$200.38	\$290.34	\$560.68
\$ 13,050.00	\$119.52	\$144.45	\$186.12	\$269.68	\$520.77
\$ 12,050.00	\$110.37	\$133.38	\$171.86	\$249.01	\$480.87
\$ 11,050.00	\$101.21	\$122.31	\$157.60	\$228.35	\$440.96
\$ 10,050.00	\$92.05	\$111.24	\$143.33	\$207.68	\$401.06
\$ 9,050.00	\$82.89	\$100.17	\$129.07	\$187.02	\$361.15
\$ 8,050.00	\$73.73	\$89.11	\$114.81	\$166.35	\$321.24
\$ 7,050.00	\$64.57	\$78.04	\$100.55	\$145.69	\$281.34
\$ 6,050.00	\$55.41	\$66.97	\$86.29	\$125.02	\$241.43
\$ 5,050.00	\$46.25	\$55.90	\$72.02	\$104.36	\$201.53
\$ 4,050.00	\$37.09	\$44.83	\$57.76	\$83.69	\$161.62
\$ 3,050.00	\$27.93	\$33.76	\$43.50	\$63.03	\$121.71
\$ 2,050.00	\$18.78	\$22.69	\$29.24	\$42.36	\$81.81
\$ 1,050.00	\$9.62	\$11.62	\$14.98	\$21.70	\$41.90

Please note that the 7% is for UFT members.

The Interest Rate is subject to change on new loans. Please contact BERS to obtain the current rates.

This information should not be considered legal or tax advice. For such advice, we suggest that you contact your legal or tax consultant. The information provided is based on our understanding of the IRS Rules and Regulations, New York State Education Law, the Administrative Code of the City of New York, and the Administrative provisions adopted by BERS. If any of the information provided herein conflicts with any laws, rules and regulations, it is the laws, rules and regulations that will govern.

REQUIRED
Member Number: E or G

Last 4 Digits
of SSN

Employee
Identification Number

BERS

Board of Education
Retirement System

MAILING ADDRESS | 55 WATER STREET, 50TH FLOOR
NEW YORK, NY 10041

This form can be submitted via our document upload link on nycbers.org.
You may also submit this form via fax to (718) 935-4124 or (718) 935-3830.

Prefix

☐ Mr ☐ Mrs ☐ Ms ☐ Miss ☐ Other _____

First Name

M.I. Last Name

Bureau

Job Title

OFFICIAL DATE OF RECEIPT

Home/Legal Address

Apt. No.

City

State

Zip Code

Mailing Address (if different from above)

Apt. No.

City

State

Zip Code

Primary Telephone Number

Secondary Telephone Number

Is this a Cell #

☐ Yes ☐ No

Is this a Cell #

☐ Yes ☐ No

Work Telephone Number

Extension _____

REQUIRED – Primary Email

Secondary Email

Are you on the Per Session/Per Diem Payroll (T Bank)? ☐ Yes ☐ No

If you are on the T Bank Payroll, you must make payments directly to BERS.



TDA LOAN APPLICATION

TDA LOAN APPLICATION

REQUIRED

Member Number: E or G

Last 4 Digits
of SSNEmployee
Identification Number**BERS**Board of Education
Retirement SystemMAILING ADDRESS | 55 WATER STREET, 50TH FLOOR
NEW YORK, NY 10041**LOAN TYPE: CHOOSE ONE BOX IN EACH SECTION**

Loan Amount*

☐ Maximum or ☐ Net Loan Amount \$ _____

*Combined loan amounts cannot exceed \$50,000 unless taken with retirement application.

Repayment Schedule**

☐ Repayment Amount \$ _____ or Duration: _____

Months (Maximum 60)

**The minimum loan repayment amount per loan cannot be less than 2% of your gross salary.
Repayments cannot exceed net pay.**COMPLETE THIS SECTION FOR ELECTRONIC FUNDS TRANSFER**You may submit this form via our document upload link on nycbers.org.

You may also submit this form via fax to (718) 935-4124 or (718) 935-3830.

My TDA Loan should be deposited via EFT to the same account as my payroll check. ☐ YES ☐ NO

If you checked YES, do not fill in your banking information below.*

*Note: If you are an SCA employee you must provide the EFT information.

If you checked NO, please enter your banking information below.

Exact Name of Financial Institution

Type of Account

☐ Checking ☐ Savings

Name of Account Holder

Transit Routing/ABA Number (Must be 9 Numbers)

Account Number

☐ I hereby authorize the Board of Education Retirement System to electronically transfer these funds to my account.☐ I understand that any incorrect information provided will affect the transfer of my funds.

REQUIRED

Member Number: E or G

Last 4 Digits
of SSNEmployee
Identification Number**BERS**Board of Education
Retirement SystemMAILING ADDRESS | 55 WATER STREET, 50TH FLOOR
NEW YORK, NY 10041**ACKNOWLEDGEMENT**

I understand the conditions under which this loan will be calculated, and have received a copy of the TDA Loan Program Pamphlet.

I understand that any person who presents false or fraudulent information in an application with intent to defraud BERS is guilty of a crime and may be subject to fines and confinement in prison.

DO NOT SIGN OR DATE UNLESS IN FRONT OF A NOTARY**Signature****REQUIRED****Date**

State of _____ County of _____

On this _____ day of _____ in the year 20 _____

personally appeared before me the said _____

to me known to be the individual described in and who executed the foregoing document, and he (she) duly acknowledged to me that he (she) executed the same, and the statements contained therein are true.

Affix official seal in the box below

Signature of Notary Public or Commissioner of Deeds