Mail completed form to:

NEW YORK STATE AND LOCAL RETIREMENT SYSTEM
110 STATE STREET - MAIL DROP 5-9
ALBANY NY 12244-0001

Receipt Date

Tiers 1 & 2 Loan Application

RS 5025

(Rev. 6/11)

Please see pages 3 and 4 for instructions on completing this form. We cannot accept faxed loan applications. If you are not sure you are eligible for a loan, please call us **toll-free at (866) 805-0990 or (518) 474-7736 in the Albany, New York area.**

You must answer all questions in ink and the application must be signed and notarized, or it will be rejected.

1 Personal Information

A. Social Security Number ___-__-____

Registration Number (if known) _______-_

Last Name First Name M.I.

Permanent Mailing Address

Street Address (Street or PO Box) Unit or Apt #

Street Address

City State Zip Code -

Home Phone ( ) -

Work/Cell Phone ( ) -

Extension

B. Address to which you want your check sent **(only if different from permanent mailing address)**

c/o

Street Address (Street or PO Box) Unit or Apt #

City State Zip Code -

2 Required Information– Must be Completed (See page 3 for instructions)

If you have an existing loan with a deferred compensation (457) or a tax sheltered annuity (403-b) plan through your current employer, you must disclose this information **or this loan application will be rejected.** The Internal Revenue Code requires us to consider these loan balances when we calculate the taxability of a loan from our System. Note that this may result in significant tax consequences on your loan from this System. (See tax information on page 4.)

A. Do you have a loan from a deferred compensation (457) or tax sheltered annuity (403-b) plan through your current employer?

☐ No– Go to 3

☐ Yes– You must answer the following (**Do not enter information relating to your Retirement System account**):

B. How much money is currently in your deferred compensation (457) or tax sheltered annuity plan (403-b)? $ ___,___.00

C. What is your current loan balance in your deferred compensation (457) or tax sheltered annuity plan (403-b)? $ ___,___.00

D. In the past 12 months, what was your highest loan balance in your deferred compensation (457) or tax sheltered annuity plan (403-b)? $ ___,___.00

See page 3 for important information and instructions. Before choosing a loan type, call our automated information phone line toll-free at (866) 805-0990 or (518) 474-7736 in the Albany, New York area. Once you access the loan menu, you can receive specific information relating to your account for multiple and refinanced loans.

3 Loan Type– You must select ONLY ONE of the following or we cannot accept your application.

A. ☐ **Loan Type 1** – Check here if you want a loan and do NOT have an existing loan with us.

B. ☐ **Loan Type 2** – (This is called a multiple loan.) Check here if you already have a loan with us and want to take another loan. **The single repayment amount for multiple loans is higher** than a single repayment on a refinanced loan.

C. ☐ **Loan Type 3** – (This is called a refinanced loan.) Check here if you already have a loan with us and want to add to it. **WARNING! The taxable amount for a refinanced loan will always be greater than for a multiple loan,** unless the entire amount of the refinanced loan is non-taxable. To avoid severe tax consequences, verify your taxable amount using our automated information line.

☐ **I am aware of the possible tax consequences of taking a refinanced loan and authorize the Retirement System to process my application as indicated.**

4 Loan Amount

A. **I am applying for** (Choose only one):

i. ☐ A maximum **NONTAXABLE** loan **ii.** ☐ A loan of: $ __ __ , __ __ __ . 0 0 **iii.** ☐ A maximum loan

B. **Loan Repayment Amount** (per pay period)

☐ Minimum *OR* Higher Than Minimum $ __ __ , __ __ __ . 0 0

If you want to pay higher than the minimum required, and choose Loan Type 2 (multiple loans), your payroll loan deduction will remain the same until all loans are paid or a new loan is taken.

C. **Federal Tax Withheld –** If your loan is taxable, Federal law requires us to withhold 10 percent of the taxable amount of this loan, **unless** you check the box below (you may incur additional taxes and/or penalties if your withholding is insufficient). Federal withholding can significantly reduce the loan amount payable to you.

☐ Do not deduct 10 percent withholding tax

5 Payroll Information

A. **Employer** (Employer payroll from which loan repayments will be deducted)

B. **Annual Salary** $ __ __ __ , __ __ __ . 0 0

C. **Payroll Frequency** (Check one box only)

☐ Weekly ☐ Bi-Weekly ☐ Semi-Monthly ☐ Monthly ☐ Quarterly ☐ Semi-Annual ☐ Annual

D. **Employment Term** (Check one box only)

☐ I am a 12-Month Employee ☐ I am a 10-Month Employee ☐ I am a Seasonal Employee

6 TO THE COMPTROLLER OF THE STATE OF NEW YORK:

I am applying for a loan from the Retirement System as shown above. I agree to deductions being taken from my salary for each future payroll period until the total amount due, including interest, is repaid. I agree that my annuity savings account be charged with the required loan insurance premiums until the loan is repaid. I agree that the rate of interest on this loan shall be fixed by the Comptroller as provided for in the Retirement and Social Security Law.

____
Signature (must be signed in ink and acknowledged by a notary)

7 ACKNOWLEDGEMENT TO BE COMPLETED BY A NOTARY PUBLIC

State of ___________________ County of ______________________ On the _____ day of ___________ in the year ________ before me, the undersigned, personally appeared __________________________, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Stamp

____
NOTARY PUBLIC (Please sign and affix stamp)

PERSONAL PRIVACY PROTECTION LAW

In accordance with the Personal Privacy Law, you are hereby advised that pursuant to the Retirement and Social Security Law, the Retirement System is required to maintain records. The records are necessary to determine eligibility for and to calculate benefits. Failure to provide information may result in the failure to pay benefits. The System may provide certain information to participating employers. The official responsible for maintaining these records is the Director of Member & Employer Services, New York State and Local Retirement System, 110 State Street, Albany, NY 12244-0001; Telephone Number (518) 474-4608.

SOCIAL SECURITY DISCLOSURE REQUIREMENT

In accordance with the Federal Privacy Act of 1974, you are hereby advised that disclosure of the Social Security Account Number is mandatory pursuant to Sections 11 and 34 of the Retirement and Social Security Law. The number will be used in identifying retirement records and in the administration of the Retirement System.

BANKRUPTCY INFORMATION

A loan from the Retirement System based on a member's contributions is not a debt and, therefore, is not dischargeable in bankruptcy.

Instructions and Information For Filling Out Loan Application

1 Personal Information

Instructions

A. Complete the entire section.

B. Complete this section only if you want your check sent to an address other than your permanent mailing address. Give the name of the person (or employer) the check should be mailed to in care of, otherwise it will be returned to us.

2 Required Information – Must be Completed

General Information

- The Retirement System does not offer deferred compensation or tax sheltered annuity plans. These are separate plans offered by your employer. However, we cannot issue a loan to you before we know if you have an outstanding loan with either of these types of plans.
- A deferred compensation (457) plan is a voluntary, supplemental retirement savings plan sponsored by your current employer. It enables public employees to save a portion of their gross pay before Federal and State income taxes are deducted.
- A tax sheltered annuity (403-b) plan is an employer-sponsored retirement savings program. By law, participation is limited to employees of public educational organizations and certain nonprofit organizations.
- Your current employer (payroll office) can tell you if you are enrolled in either of these plans.
- The law requires us to take your current loan balance and contribution balance into account when we calculate the taxability of your loan from our System. **If you do not complete this section, your loan application will be rejected.**

Instructions

A. If you answered yes, you must complete B, C and D. Contact your deferred compensation or tax sheltered annuity plan directly to find out your current account balance, loan balance, and highest loan balance in the past 12 months.

3 Loan Type

General Information

Choose only one type of loan. If you do not check any of the boxes, or if you choose more than one type of loan, your application will be rejected.

Instructions

A. Check Loan Type 1 only if you do not have an existing loan from us and are requesting one.

B. Loan Type 2 (multiple loan) allows you to take another, separate loan from us. Multiple loans have separate five year due dates on which the minimum payments are calculated. These minimum payments are then added together for a total minimum payment. That is why if you take another loan under this option, you will have a higher minimum payment than if you refinance. However, the payments for all loans will be combined so you only have one payroll deduction.

C. Loan Type 3 (refinanced loan) allows you to add the new loan amount to your existing loan balance and refinance the entire amount as one loan instead of taking another, separate loan. Minimum repayment amounts for refinanced loans are less than multiple loans because we add on the amount you are currently requesting to your existing loan. We then refinance the total amount for another five years. Because of the increased taxable amount for a refinanced loan, **Federal withholding can significantly reduce the loan amount payable to you.**

4 Loan Amount

General Information

- There are various tax thresholds and circumstances that determine when a loan is taxable and what portion of a loan is taxable. Before choosing a taxable or non-taxable loan, you should call our automated information line to get specific information regarding the amount you want to borrow.
- The maximum non-taxable loan amount will be less for a refinanced loan (Loan Type 3) than for a multiple loan (Loan Type 2), unless the entire amount of the refinanced loan is non-taxable.
- The taxable amount for a refinanced loan (Type 3) will always be more than if you take a multiple loan (Loan Type 2), unless the entire amount of the refinanced loan is non-taxable.
- When choosing the Loan Repayment Amount, you can choose either to repay the minimum amount or a higher than minimum amount each pay period. The minimum amount will be based on your payroll frequency and how much you must repay each payroll period based on a five-year repayment plan. We will calculate what the minimum repayment is if you choose this option.
- If you select minimum payment and have multiple loans, your payroll deduction will equal the total of the minimum payments for each loan. After your oldest loan is repaid, your payroll deduction will be reduced by the amount you had been paying on that loan.

Instructions

A. Check one box to tell us how much you want to borrow. You have three choices:
   i. A loan for the maximum non-taxable amount we can provide you by law (Box i)
   ii. A specific loan amount, up to the maximum amount available (Box ii). You must enter the amount you want to borrow.
   iii. A loan for the maximum amount we can provide you by law (a portion of this may be taxable) (Box iii)

B. You may repay more than the minimum amount, if you wish. Indicate the exact amount you want to repay each pay period. If you want to repay more than the minimum amount and are requesting Loan Type 2 (multiple loans), your payroll loan deduction will remain the same until all loans are paid, a new loan is taken, or you request in writing that your payment be changed to the minimum amount due.

C. Federal Tax Withheld – Federal law requires us to withhold Federal tax at a rate of 10 percent of the taxable amount of the loan unless you elect not to have this automatic withholding apply. Federal withholding can significantly reduce the loan amount payable to you.

5 Payroll Information

Instructions

A. Give us your employer's full name so we can notify them to take loan deductions.

B. Provide your gross annual salary.

C. To determine your loan repayment amount, we need to know how often you are paid (check one box only).

D. Tell us what your term of employment is (check one box only).

6 Signature

We cannot accept your loan application unless it is signed.

7 Notary Public Acknowledgement

The application must be notarized or it will be rejected.

ALL TIER 1 AND TIER 2 LOANS ARE SUBJECT TO THE FOLLOWING:

- You must be in active service with the State or a participating employer and have credit for at least one year of member service. Members on a leave of absence are not considered to be in active service. If you are retiring, your loan application must be received before your date of retirement for it to be processed.
- Only one loan may be granted every 90 days.
- A loan may not be granted for less than $25.
- The maximum loan permitted under law is 75 percent of the amount you have on deposit in your contribution account, less any outstanding loan balance. If the requested loan amount exceeds the legal limit, your application will be processed for the maximum amount permitted.
- The minimum repayments must be in an amount sufficient to **repay the loan within five years** and no less than $3.00 if paid weekly, $5.00 if bi-weekly or semi-monthly, or $10.00 if monthly. Loan repayments are in even dollar amounts and must be paid through payroll deductions. If you leave the payroll, or you are on an authorized leave of absence, please call us for information on repaying your loan. If you do not make payments on your loan quarterly or complete payment within five years of the date the loan is issued, whichever comes first, your loan will be in default. At the time a default occurs, the entire amount due on your loan, minus any previously taxed portion, must be reported to the Internal Revenue Service (IRS) as a lump sum distribution from a qualified plan. **However, the balance on a defaulted loan is still owed, and interest and insurance charges continue to accrue until the balance is paid in full.** If any of your loans are in default, you will be unable to borrow from us in the future until the entire balance on all loans in default has been repaid. If you are called to active military duty, special rules apply. Please contact our Call Center.
- **WARNING!** If you retire or withdraw from the Retirement System and have an outstanding loan on the effective date of your retirement or withdrawal, part or all of the loan balance may constitute taxable funds which were credited to your account and, therefore, would be subject to Federal income tax in the year in which you retire or withdraw. Since this income would not be reportable until you retire or withdraw, information regarding the amount will be furnished to you at that time.
- Interest is charged on loans at the rate of 5 percent per annum, based on the outstanding balance at the beginning of each month.
- Loans are fully insured against the death of a member prior to retirement. There is no insurance for the first 30 days. Premiums to cover the cost of this insurance are based on the amount of the loan and your age, and are charged against your contribution balance at the end of the year. Loan insurance does not cover you if you become disabled or unemployed.

IMPORTANT BENEFIT INFORMATION

If you have an outstanding loan balance at the time of your retirement, your benefit will be **permanently** reduced. The following table shows the approximate annual reduction in benefits for each $1,000 of loan outstanding at retirement if you retire at various ages:

EMPLOYEES' RETIREMENT SYSTEM

Service Retirement Reductions					
Age at Retirement	55	60	62	65	70
Annual Reduction	$84.95	$90.65	$93.48	$98.49	$109.83

POLICE & FIRE RETIREMENT SYSTEM

Service Retirement Reductions						
Age at Retirement	45	50	55	60	62	65
Annual Reduction	$77.34	$80.78	$85.70	$92.63	$96.10	$102.23

IMPORTANT FEDERAL TAX INFORMATION

Existing loans with a deferred compensation or tax sheltered annuity plan: If you have an existing loan from one of these plans, both the current loan balance and the current contribution balance will be taken into account when calculating the taxability of the loan from this system.

1. **Loans over $50,000:**
   No outstanding loan when new loan granted: Loans that exceed $50,000 must be reported to the IRS as a distribution from a qualified plan to the extent that the loan exceeds $50,000, less the highest outstanding loan balance in the past 12 months.

   Refinanced Loan: Refinanced loans that cause the outstanding loan balance at the time the new loan is granted (old balance) when added to the replacement loan (old balance plus the new loan amount) to exceed $50,000, less the difference between the highest total outstanding balance during the past year and the 'old balance,' must be reported to the IRS as a distribution from a qualified plan to the extent that the loan exceeds this amount.

   Multiple Loans: Loans that cause the loan account (total of all outstanding loans plus the new loan) to exceed $50,000, less the difference between the highest total outstanding balance during the past year and the total old balance (total of all outstanding loans prior to new loan), must be reported to the IRS as a distribution from a qualified plan to the extent that the loan account exceeds this amount.

   Any portion of the distribution amount that cannot be offset by your after-tax contribution will be reported to the IRS as ordinary income.
2. **Loans under $50,000:**
   If there is no outstanding loan or a separate multiple loan is granted, and the new loan results in the total 'outstanding balance' being more than the greater of (a) $10,000 or (b) 50 percent of the present value of your accrued non-forfeitable benefit, the amount over that figure will be reported to the IRS as ordinary income for the current year. If you are not vested, the present value of your accrued non-forfeitable benefit is equal to your contribution balance. If you are vested, the present value of your accrued non-forfeitable benefit is an actuarially determined amount. For refinanced loans, the 'outstanding balance' is the total of both the loan balance at the time the new loan is granted *and* the refinanced loan amount (which includes the loan balance at the time the new loan is granted).
3. **If you go off the payroll,** or your loan payments stop prematurely, contact the Call Center to make arrangements to repay your loan directly. If you do not make payments on your loan at least once every three months, or do not complete repayment within five years from the date the loan is issued, your loan will default. When a loan defaults, the outstanding balance, minus any previously taxed amount, must be reported to the IRS as ordinary income.
4. If you are under age 59½ at the time any part of your loan becomes reportable, you may be subject to an additional **10 percent penalty tax.** The Federal Internal Revenue Code imposes this penalty tax on amounts deemed to be a distribution prior to your actual retirement.