



*Board of Education  
Retirement System*

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TAX DEFERRED ANNUITY LOAN PROGRAM

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***Board of Education Retirement System***

65 Court Street  
16th Floor  
Brooklyn, New York 11201-4965

**929.305.3800**

**800.843.5575 (outside New York State)**

## **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 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% or 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**

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.

**Retirement**

**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.

**BOARD OF EDUCATION RETIREMENT SYSTEM  
OF THE CITY OF NEW YORK  
65 COURT STREET  
BROOKLYN, NEW YORK 11201-4965**

**TAX DEFERRED ANNUITY RATES ON NEW LOANS**

INTEREST RATE	8.25%
LOAN INSURANCE	0.4%
TOTAL	8.29%

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.

Loan Amount	NUMBER OF PAYMENTS				
	130	104	78	52	26
	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.)

# TAX DEFERRED ANNUITY RATES ON NEW LOANS

(Continued from previous page.)

Loan Amount	NUMBER OF PAYMENTS				
	130	104	78	52	26
	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.



**BOARD OF EDUCATION RETIREMENT SYSTEM  
OF THE CITY OF NEW YORK  
65 COURT STREET  
BROOKLYN, NEW YORK 11201-4965**

**TAX DEFERRED ANNUITY RATES ON NEW LOANS**

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.

Loan Amount	NUMBER OF PAYMENTS				
	130	104	78	52	26
	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.

(Chart continues on next page.)

# TAX DEFERRED ANNUITY RATES ON NEW LOANS

(Continued from previous page.)

Loan Amount	NUMBER OF PAYMENTS				
	130	104	78	52	26
	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.

# TDA LOAN APPLICATION

BOARD OF EDUCATION RETIREMENT SYSTEM  
OF THE CITY OF NEW YORK  
65 COURT STREET  
BROOKLYN, NEW YORK 11201-4965

G \_\_\_\_\_

First Name	MI	Last Name	OFFICIAL DATE OF RECEIPT
Employee Identification Number	REQUIRED – Email Address		
Work Telephone Number	Alternate Telephone Number		
Bureau	Job Title		

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.

### 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.*



# TDA LOAN APPLICATION

## COMPLETE THIS SECTION FOR ELECTRONIC FUNDS TRANSFER

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. You may submit this form via email to brespon@bers.nyc.gov

If you checked NO, please enter your banking information below. You must submit your form via fax to (718) 935-4124 or (718) 935-3830. Do not submit this form via email.

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.

## ACKNOWLEDGEMENT

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

Signature: \_\_\_\_\_

Date \_\_\_\_\_

STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, 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*

## OFFICIAL USE ONLY

Type:	<input type="checkbox"/> MAX	<input type="checkbox"/> LAD
Direct Payments:	<input type="checkbox"/> No	<input type="checkbox"/> Yes (check yes if not on active payroll)
Service Charge:	<input type="checkbox"/> No	<input type="checkbox"/> Yes      Check # _____

ID submitted: \_\_\_\_\_ Received. by: \_\_\_\_\_

