



NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
10 Corporate Woods Drive, Albany, NY 12211-2395

5-YEAR LOAN APPLICATION – ALL TIERS

TO BE ELIGIBLE FOR A LOAN YOU MUST:

- ◆ Have at least \$400 in your Annuity Savings Fund (Tiers 1-2) **OR** at least \$1,334 in your Required Contributions Fund (Tiers 3-6).
- ◆ Have at least one year of member service.
- ◆ Not have received a loan from the System within the current calendar year (Tiers 3-6). (Tier 1-2 members may only borrow once between Jan. 1 and June 30, and once between July 1 and Dec. 31 in any given year.)
- ◆ Not have an outstanding System loan more than two months delinquent, in default or in a non-performing status.

FINANCE CHARGES:

- ◆ A **\$30.00 service charge** is added to the amount to be repaid.
- ◆ Interest is charged at the annual rate of **5%** (Tiers 1-2) **OR** **6.1%** (Tiers 3-6).
- ◆ Life insurance is charged at the annual rate of .10%. Your loan is fully insured beginning 31 days from the date of issuance. Once your loan is in default, insurance coverage ceases.
- ◆ A delinquent payment will result in a \$10.00 service charge for every month a loan account is delinquent.
- ◆ A returned check will result in a \$20.00 service charge for each occurrence.

LOAN TERMS:

- ◆ The minimum loan is \$300 (Tiers 1-2) **OR** \$1,000 (Tiers 3-6).
- ◆ Your loan may not exceed 75% of your Annuity Savings or Required Contributions Fund.
- ◆ A new loan will be combined with any existing loan. (**PLEASE NOTE:** Members with an unpaid balance on a current loan from NYSTRS, or from a 457 or 403(b) plan, are cautioned that current federal tax rules could impose **severe** tax consequences on a new loan.)
- ◆ The minimum monthly payment for all tiers is the greater of 2% of your current contract salary divided by 10, or the amount needed to repay the loan within five years.
- ◆ It is your responsibility to continue loan payments regardless of your employment status. Repayment will be made by payroll deduction. However, if you are not currently employed as a teacher with a participating employer of the System or your employer is unable to deduct the full amount of the loan payment from your compensation, a direct repayment will apply.
- ◆ Your employer will take deductions for payroll repayment during each of the months September through June.
- ◆ For direct repayment, payment is due one month from the issue date and each month thereafter, September through June. Payments are not due during July and August. Any partial payments received will be applied to your outstanding loan but they will **not** advance your next due date **nor** exempt you from the charges noted above.
- ◆ You can make an additional loan payment at any time. Such payments are applied to interest and insurance charges, before being applied to the outstanding principal balance. An extra payment reduces the **number** of your remaining payments, but does not change the **amount** of your ongoing payroll deductions nor the next due date of your loan payments.
- ◆ There is no pre-payment penalty if you repay your loan in full before its scheduled completion date.
- ◆ There are no credit checks involved. If you meet the eligibility requirements, your loan will not be denied.
- ◆ Once the loan payment is processed for disbursement (usually within 24 hours), the loan becomes final and irrevocable.

NON-PAYMENT:

- ◆ For Tier 1-2 members, loans uncollectable through payroll deduction will continue to accrue interest and are deducted from your Annuity Savings Fund at retirement.
- ◆ For Tier 3-6 members, loans uncollectable through payroll deduction go into a non-performing status. When this occurs, a portion of your loan balance will be reportable as income for federal income tax purposes. **Such loans continue to accrue interest and will reduce any benefit payable.**
- ◆ If you are making direct payments and your loan becomes four months past due, your loan will go into a default or non-performing status.
- ◆ Once your loan has gone into a non-performing status or been deducted from your Annuity Savings Fund, you forfeit your right to borrow until the unpaid balance at the time of default is repaid by certified check or money order. In addition, a late payment charge of \$10 will be added to your loan balance for each delinquent payment.
- ◆ Upon termination of membership, any outstanding loan is deducted from your Annuity Savings Fund (Tiers 1-2) or Required Contributions Fund (Tiers 3-6).

TAX INFORMATION FOR 5-YEAR LOANS

- ◆ Generally, loans with a 5-year repayment schedule are not distributions for federal income tax purposes unless they fall into one of the following categories:
 - Loans equal to or greater than \$10,000 which exceed half your accrued benefit with this System;
 - Loans equal to or greater than \$50,000; or,
 - Loans where the highest outstanding loan balance during the previous 12 months plus the current loan balance equals or exceeds \$50,000.

You will be notified prior to issuance if your loan falls into one of these exception categories.

- ◆ If your loan is a distribution, a portion may be reportable as federal taxable income. In addition, you will be subject to an additional federal tax of 10% on the taxable portion if you are less than 59½ years old at the time of the transaction. You should contact the Internal Revenue Service directly regarding the assessment of this additional federal tax penalty.
- ◆ If you are a Tier 1-2 member, the non-taxable portion of your distribution loan is calculated using your member contributions and previously taxed interest.
- ◆ If you are a Tier 3-6 member, the non-taxable portion of your distribution loan is calculated using a ratio based on your previously taxed contributions.
- ◆ If your loan was not a distribution at the time of issuance but your loan is defaulted at retirement and you are at least 55 years old, the transaction may create a taxable event; however, the additional federal tax of 10% would not apply.
- ◆ If your loan is not repaid within five years from the issuance date, a portion of the remaining loan balance may be taxable at that time.
- ◆ Existing loans with a deferred compensation (457) or tax sheltered annuity (403-b) plan **will** affect the taxability of your loan and may result in significant tax consequences.
- ◆ Watch the two-minute video “Loan Truths... And Consequences” found at NYSTRS.org. Also read our *Loan Taxability Tutorial* that accompanies the video.



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10 Corporate Woods Drive, Albany, New York 12211-2395

OFFICE SERVICES ONLY

5-YEAR LOAN APPLICATION – ALL TIERS

INSTRUCTIONS: Type or print in blue or black ink. Review all pages before completing this form. If you have questions about the completion of this form, please call (800) 348-7298, Ext. 6080. Completed forms must be mailed (not faxed) to the address above.

PART A: TO BE COMPLETED BY MEMBER. LOAN WILL BE DELAYED FOR MISSING OR INVALID INFORMATION.
(Generally, a valid loan application will be processed in five business days.)

EmplID # (Optional)	Date of Birth (Required)	Social Security Number (Required)
<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>	<input type="text"/> - <input type="text"/> - <input type="text"/>
	Month Day Year	

First Name	MI	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Permanent Street Address - Line 1

Permanent Street Address - Line 2

City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/> - <input type="text"/>

Check if the above address is an update to your permanent address.

Check if you are a Nonresident Alien. Nonresident Aliens must also submit form W-8 BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting*. W-8 BEN can be found on IRS.gov. Please note that we cannot process your loan application without the W-8 BEN.

Phone Number	<input type="checkbox"/> Home
(<input type="text"/>) <input type="text"/> - <input type="text"/>	<input type="checkbox"/> Work
	<input type="checkbox"/> Cell

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

C / O	<input type="text"/>
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Street Address (Street or PO Box)	Unit or Apt. #
<input type="text"/>	<input type="text"/>

City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/> - <input type="text"/>

Are you currently employed by a participating employer of this System?

YES

NO

Employer Name

LOAN AMOUNT REQUESTED — CHECK ONE BOX ONLY

(If the amount requested exceeds the maximum allowed by law, a check will be issued for the maximum allowable loan.)

<input type="checkbox"/>	Maximum loan available	→ → → → → → → → → → → → → → →	If your loan is taxable, do you want 10% federal income tax withheld from your loan check? <input type="checkbox"/> YES <input type="checkbox"/> NO								
<input type="checkbox"/>	Loan in the amount of \$	<table border="1" style="display: inline-table;"> <tr><td> </td><td> </td><td> </td></tr> </table> , <table border="1" style="display: inline-table;"> <tr><td> </td><td> </td><td> </td></tr> </table> . <table border="1" style="display: inline-table;"> <tr><td>0</td><td>0</td></tr> </table>								0	0
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<input type="checkbox"/>	Maximum non-taxable loan available ("Non-distribution" loan)										

REPAYMENT TERM – SELECT ONE ONLY (Term or Specific Amount)

<input type="checkbox"/> 5 Years	<input type="checkbox"/> 3 Years	OR	Specific Monthly Repayment of						
<input type="checkbox"/> 4 Years	<input type="checkbox"/> 2 Years		\$						
<input type="checkbox"/> 1 Year			<table border="1" style="display: inline-table;"> <tr><td> </td><td> </td></tr> </table> , <table border="1" style="display: inline-table;"> <tr><td> </td><td> </td><td> </td></tr> </table> . <table border="1" style="display: inline-table;"> <tr><td>0</td><td>0</td></tr> </table> *						0
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* YOUR REQUESTED REPAYMENT WILL BE INCREASED TO THE MINIMUM, IF NECESSARY

DEFERRED COMPENSATION – must be completed:

If you have an existing loan with a deferred compensation (457) or a tax sheltered annuity (403-b) plan, 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 2.)

A. Do you have a loan from a deferred compensation (457) or tax sheltered annuity (403-b) plan?
Do not select "Yes" if your loan has been defaulted. If you are unsure of the status of your loan from your 457 or 403(b) plan, refer to your loan statement or contact the financial institution from which you borrowed.

No - Skip steps B, C and D.

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)?

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

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

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Need help answering the questions above? Contact the financial institution from which you borrowed for assistance.

I understand that this loan is subject to the conditions indicated on this application and must be repaid pursuant to the laws, rules and regulations governing loans and any changes thereto. Also, I am hereby authorizing my employer to withhold the legal deductions until such loan is repaid.

SIGNATURE OF MEMBER

Taxability Acknowledgement:

If you have not already done so, please call the System to verify the taxability of the loan you are requesting. To do so, please call (800) 348-7298, Ext. 6080, or if calling from the Albany area (518) 447-6120. You may also calculate the loan taxability online through your MyNYSTRS account.

Any taxable amount is fully reportable as taxable income for federal income tax purposes and you will receive an IRS Form 1099 in January next year. In addition, you may be subject to a 10% additional tax on the taxable amount if you are less than 59½ at the time of the transaction.

If any portion of your loan is taxable, you are required to complete the information below:

First Name	MI	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
EmpID #	OR	Social Security Number
<input type="text"/>		<input type="text"/> - <input type="text"/> - <input type="text"/>

I have been advised by NYSTRS that a portion of my loan will be taxable.

- I understand that on a loan of approximately \$_____ the taxability will be approximately \$_____.
- Please process my loan with the following withholding tax election:
_____ withhold federal taxes (10% of the taxable portion).
_____ do not withhold federal taxes.

Signature	Date
<input type="text"/>	<input type="text"/> / <input type="text"/> / <input type="text"/>
	Month Day Year