

THINGS YOU SHOULD BE AWARE OF IF YOU HAVE RECEIVED A BERS LOAN

REPAYMENT

- 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 us 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.

Quick tip

Log on to the Pension Payroll [website](#) and review your paystubs to make sure that every paystub shows your loan repayments. If your paystub does not show any deductions for your loan repayments, please contact us immediately.

- 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.

Quick tip

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.
- If you wish to pay off your outstanding loan balance in full a liquidation option is available. Please contact BERS to request liquidation forms with the payment amount and repayment due date. Partial repayments over your calculated repayment amount are allowed.

DEFAULT

- 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.

Quick tip

You will receive an IRS 1099-R Form for the taxable portion of the distribution.

There may be tax consequences associated with this distribution.

- Please note that while QPP and AMC loans will be considered distributed for tax purposes, as these loans are not actually repaid by you, the outstanding loan balances will remain and QPP and AMC loans will continue to accrue interest until you repay the loans, retire, or request a refund of your contributions.

Quick tip

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

- **Tier 1/2, Tier 4/6, and Early Retirement Loans** | Any outstanding loan balances at retirement will be deemed distributions unless the outstanding balances are paid in full prior to your retirement date. If outstanding loan balances are distributed, you will receive 1099-Rs for the taxable portions of the distributions that will also be reported to the IRS. There may be tax consequences associated with these distributions.

You have the option of repaying the loan balances not paid at retirement, even after retirement, but the balance must be repaid in one lump sum. Retirees can contact the retirement office and request a payoff amount for any loans that were outstanding at retirement.

Quick tip

Once full payment of the loan is received, your retirement allowance will no longer be reduced after that date.

- **Tax Deferred Annuity Loans** | 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.

RESIGNATION

- 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

- 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 within 90 days to BERS. Otherwise, the outstanding loan will be considered a distribution.