

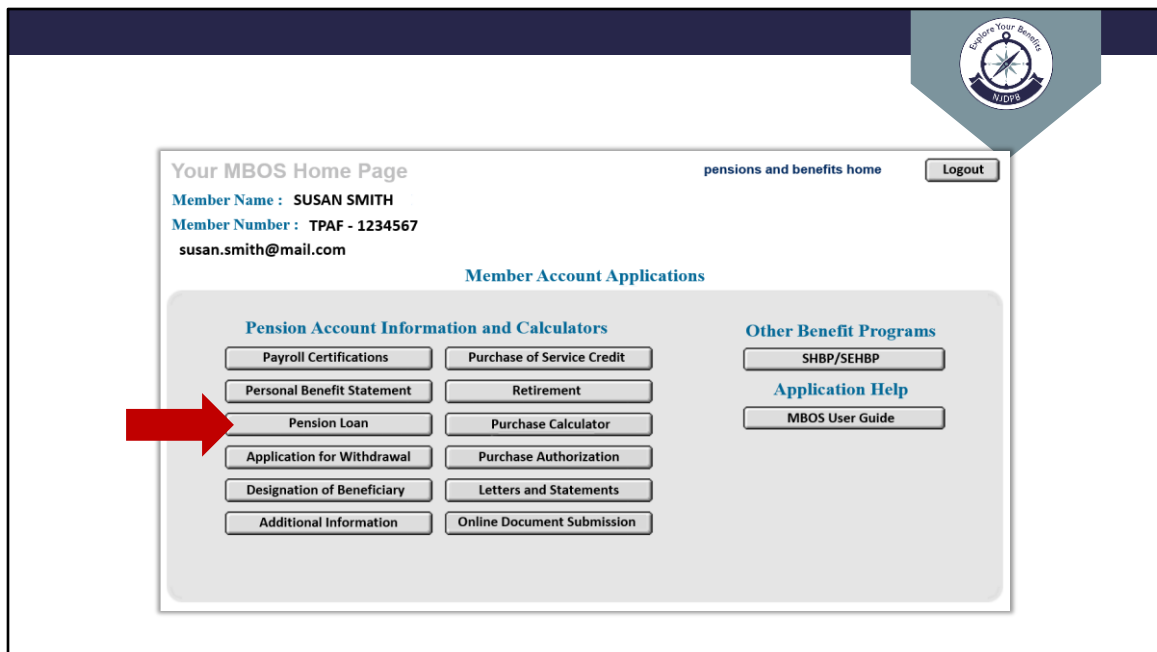


This step-by-step guide will assist active Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), and Police and Firemen's Retirement System (PFRS) members with applying for a pension loan.

Active pension members must use the Member Benefits Online System (MBOS) to apply for a pension loan. Authorized users can register for an MBOS account here: <https://www.nj.gov/treasury/pensions/mbos-register.shtml>


For assistance with the registration process, see the *Active MBOS Registration* video in our video gallery: <https://www.nj.gov/treasury/pensions/videos.shtml>

Please note, if you have already registered for MBOS, you will not be able to register again. If you need assistance accessing your existing MBOS account, please see our MBOS Troubleshooting videos in our video gallery.



Once you have accessed your MBOS account, click the "Pension Loan" button to begin the application.

To exit the Pension Loan application anytime before your final submission, click the "Home" button located at the top of your MBOS screen.



**PENSION LOAN NEW TERMS**


The loan program now requires that the loan payment be electronically deposited to your bank via an Electronic Fund Transfer (EFT). If you agree to the terms, you must provide your bank account and routing numbers. Under no circumstances will you be issued a paper check. If you do not have this information, please obtain it and return to your MBOS active member account to complete the loan application. This information is vital to ensure proper payment to your bank account.

Once your MBOS loan application is submitted, the loan cannot be cancelled.

A loan deposited into your bank/financial account cannot be returned. If you wish to satisfy your full loan balance, you must request and complete a lump-sum loan payoff which will include your entire principal loan balance plus interest.


When applying for a loan, it is your responsibility to ensure that the information you provide is accurate so the funds are deposited into the proper bank/financial account.

☒ I have read and agree to the new terms.



Thoroughly read, and be sure you understand, the new terms regarding pension loans.

Click the box to affirm you have read and agree to the new terms, then select the "OK" button.



Please review the following information before selecting the continue button.

### LOAN INTEREST RATE AND ADMINISTRATIVE FEE

For information about the current loan interest rate and administrative fee, please [click here](#).

### REQUIREMENTS


All pension loans must be repaid within 5 years. If you have an outstanding loan balance and apply for a new loan, the entire balance must be paid within 5 years of the first loan. Further, you may borrow up to half of all pension contributions posted to your account provided that your total outstanding loan balance will not exceed a maximum of \$50,000 when added to the highest balance due (without interest) in the prior 12 month period for all loans. This rule applies to all retirement plans that you have an interest in due to your employment relationship with New Jersey and/or any other governmental plans sponsored or administered by your public sector employer in New Jersey.

**You may encounter one or more of the following restrictions:**

- If you had a loan from another plan (as described above), you must obtain the highest loan balance (without interest) in writing from the plan administrator and retain it for your records before continuing.
- You may be required to pay more than the minimum repayment deduction.
- You may be limited in the amount you may borrow.
- You may have your loan request rejected if the repayment exceeds 25% of your base salary.
- The length of your repayment schedule may be limited by your minimum repayment.
- The minimum repayment amount cannot be less than your pension contributions.
- Your loan must be deposited into a bank account via EFT. You must provide correct bank information to complete this request.

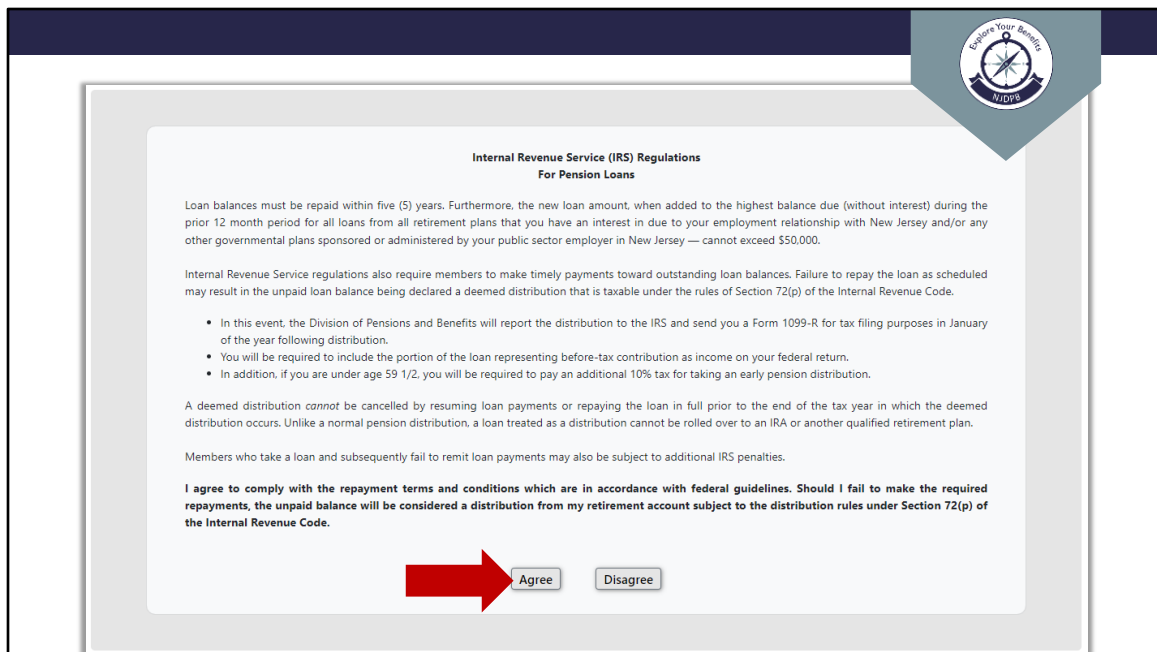
**Additional Information**

- Fact Sheet #81: [Pension Loans](#)
- See our video tutorial [Applying for a Pension Loan](#).
- If you were on a leave of absence or changed employers, [click here](#) for more information.
- If you need additional help, [click here](#).



Thoroughly read the loan requirements in full before you proceed.

Once you have completed reading ALL of the information provided, click “Continue.”



**Internal Revenue Service (IRS) Regulations  
For Pension Loans**

Loan balances must be repaid within five (5) years. Furthermore, the new loan amount, when added to the highest balance due (without interest) during the prior 12 month period for all loans from all retirement plans that you have an interest in due to your employment relationship with New Jersey and/or any other governmental plans sponsored or administered by your public sector employer in New Jersey — cannot exceed \$50,000.


Internal Revenue Service regulations also require members to make timely payments toward outstanding loan balances. Failure to repay the loan as scheduled may result in the unpaid loan balance being declared a deemed distribution that is taxable under the rules of Section 72(p) of the Internal Revenue Code.

- In this event, the Division of Pensions and Benefits will report the distribution to the IRS and send you a Form 1099-R for tax filing purposes in January of the year following distribution.
- You will be required to include the portion of the loan representing before-tax contribution as income on your federal return.
- In addition, if you are under age 59 1/2, you will be required to pay an additional 10% tax for taking an early pension distribution.

A deemed distribution *cannot* be cancelled by resuming loan payments or repaying the loan in full prior to the end of the tax year in which the deemed distribution occurs. Unlike a normal pension distribution, a loan treated as a distribution cannot be rolled over to an IRA or another qualified retirement plan.

Members who take a loan and subsequently fail to remit loan payments may also be subject to additional IRS penalties.

**I agree to comply with the repayment terms and conditions which are in accordance with federal guidelines. Should I fail to make the required repayments, the unpaid balance will be considered a distribution from my retirement account subject to the distribution rules under Section 72(p) of the Internal Revenue Code.**



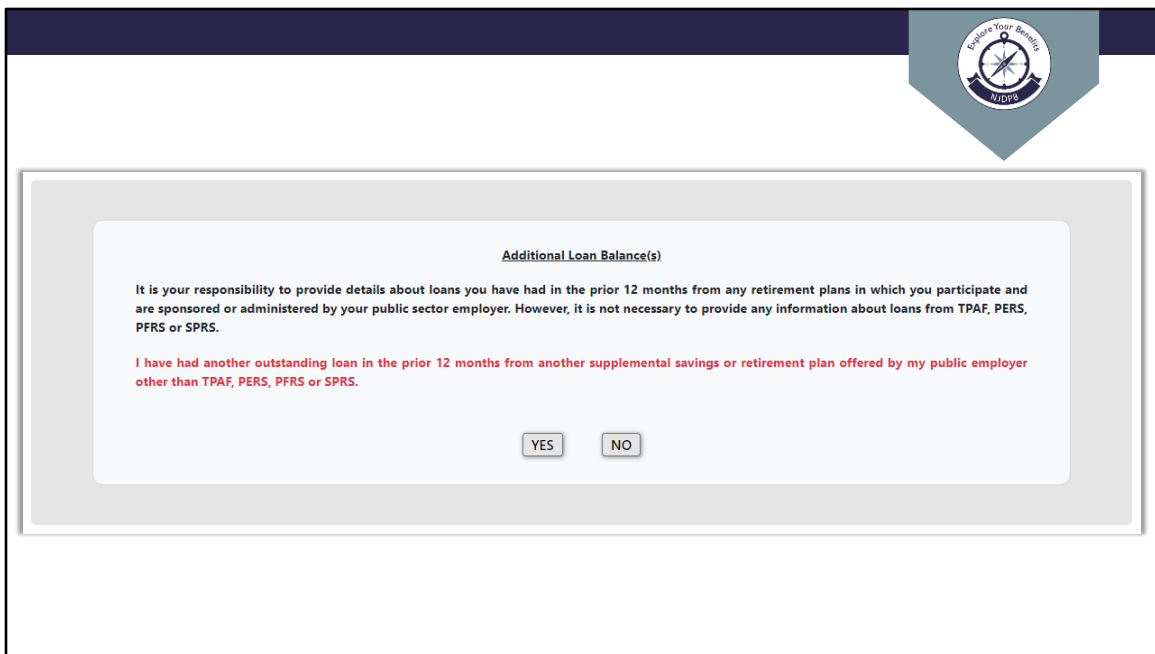
You will then review the IRS Regulations for Pension Loans. Again, thoroughly review this information.

In order to proceed, you **MUST** acknowledge if you “Agree” or “Disagree” with the IRS Regulations.

If you click “Disagree” you will exit the loan application and will not be allowed to borrow.

If you click “Agree” you will continue with the loan application.

Click the appropriate button to acknowledge your response.



The screenshot shows a web interface with a dark blue header bar. On the right side of the header is a circular logo with a compass rose and the text 'Explore Your Benefits' and 'NJOPB'. Below the header is a light gray rectangular area containing a white box. Inside the white box, the title 'Additional Loan Balance(s)' is centered. Below the title, a paragraph explains the responsibility to provide details about loans from retirement plans. A red line of text asks if there has been another outstanding loan in the prior 12 months from another supplemental savings or retirement plan. At the bottom of the white box are two buttons labeled 'YES' and 'NO'.


**Additional Loan Balance(s)**

It is your responsibility to provide details about loans you have had in the prior 12 months from any retirement plans in which you participate and are sponsored or administered by your public sector employer. However, it is not necessary to provide any information about loans from TPAF, PERS, PFRS or SPRS.

I have had another outstanding loan in the prior 12 months from another supplemental savings or retirement plan offered by my public employer other than TPAF, PERS, PFRS or SPRS.

Next, you will need to acknowledge any other supplemental savings or retirement plan loans you have had in the prior 12 months from another supplemental savings or retirement plan offered by your public employer.

This *does not include* your TPAF, PERS, PFRS or SPRS loans.



**Additional Loan Balance(s)**

Provide the highest Loan Balance (principal only without interest) you had in the prior 12 months from all retirement plans that you have an interest in due to your employment relationship with New Jersey and/or any other governmental plans sponsored or administered by your public sector employer other than TPAF, PERS, PFRS or SPRS.

☐ **YES**, I have retained verification for my records of my highest loan balance(s) I had in the prior 12 months. I also understand that this is subject to audit.

☐ **YES**, I certify that the following represents the highest loan balance(s) (without interest) I had in the prior 12 months from all retirement plans as set forth in the above paragraph.

1st Loan Balance :

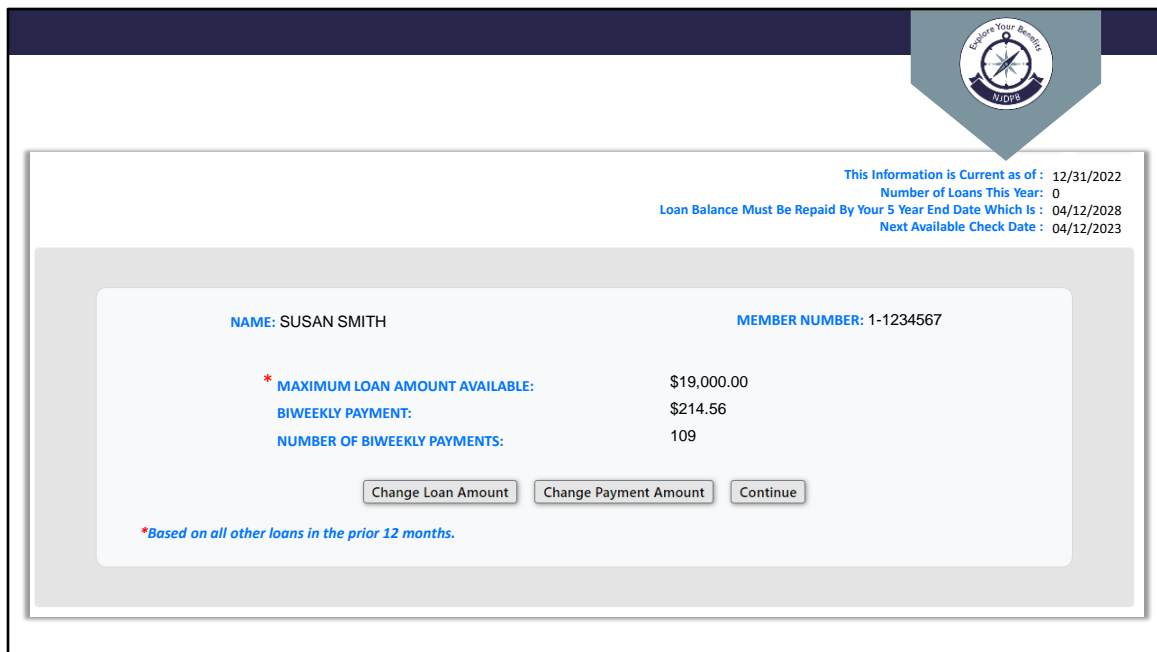
2nd Loan Balance :

3rd Loan Balance :

If you indicate that you have another outstanding loan in the prior 12 months from another supplemental savings or retirement plan that is offered by your public employer other than TPAF, PERS, PFRS, or SPRS, you will be required to acknowledge the following two statements on the application by placing check marks next to each:

- “YES, I have retained verification for my records of my highest loan balance(s) I had in the prior 12 months. I also understand that this is subject to audit.”
- “YES, I certify that the following represents the highest loan balance(s) (without interest) I had in the prior 12 months from all retirement plans as set forth in the above paragraph.”

Then you will provide your highest loan balance(s) in the prior 12 months from those plans in the field provided.



This information is Current as of : 12/31/2022  
Number of Loans This Year: 0  
Loan Balance Must Be Repaid By Your 5 Year End Date Which Is : 04/12/2028  
Next Available Check Date : 04/12/2023

NAME: SUSAN SMITH      MEMBER NUMBER: 1-1234567

* MAXIMUM LOAN AMOUNT AVAILABLE:	\$19,000.00
BIWEEKLY PAYMENT:	\$214.56
NUMBER OF BIWEEKLY PAYMENTS:	109


*\*Based on all other loans in the prior 12 months.*

On the top right of the Loan Calculator screen, you will find the current posting date, the number of loans you have taken during the current calendar year, your 5-year end date, and the next available pension loan check date.

In the center of the screen, you will find the maximum loan amount available to borrow, your minimum loan payment amount, and the number of payments you will have to make if you borrow the amount listed. These will be either biweekly or monthly depending on your payroll schedule.

You have the option to change to your loan amount, change your payment amount, or to continue with processing your loan as presented.






This information is Current as of : 12/31/2022  
Number of Loans This Year : 0  
Loan Balance Must Be Repaid By Your 5 Year End Date Which Is : 04/12/2028  
Next Available Check Date : 04/12/2023


NAME: SUSAN SMITH      MEMBER NUMBER: 1-1234567

* MAXIMUM LOAN AMOUNT AVAILABLE:	\$19,000.00
BIWEEKLY PAYMENT:	\$214.56
NUMBER OF BIWEEKLY PAYMENTS:	109



*\*Based on all other loans in the prior 12 months.*

If you would like to borrow less than the amount available, click the “Change Loan Amount” button.



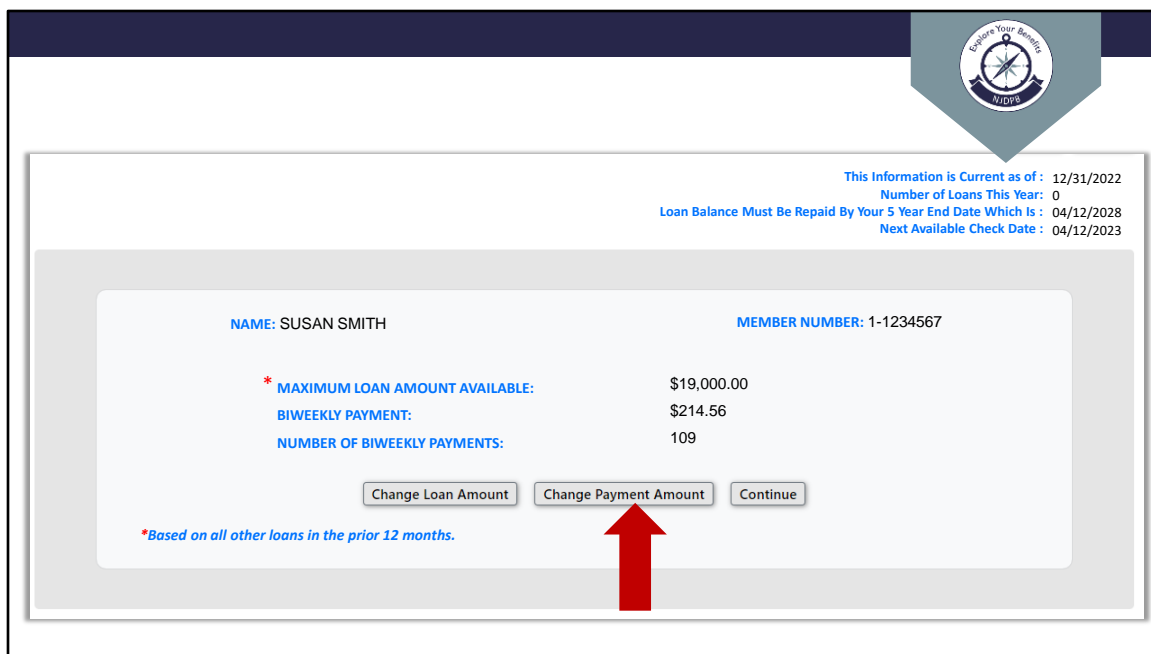
NAME: SUSAN SMITH      MEMBER NUMBER: 1-1234567

* MAXIMUM LOAN AMOUNT AVAILABLE:	\$19,000.00
BIWEEKLY PAYMENT:	\$214.56
NUMBER OF BIWEEKLY PAYMENTS:	109

Enter the New Loan Amount

CHANGE LOAN AMOUNT: \$

Enter the new loan amount and click the “Recalculate” button for a new repayment schedule.



The screenshot displays the MBOS Pension Loan interface. At the top right, there is a logo with a compass rose and the text "Explore Your Benefits" and "NJOPB". Below the logo, the following information is displayed:

This Information is Current as of : 12/31/2022  
Number of Loans This Year: 0  
Loan Balance Must Be Repaid By Your 5 Year End Date Which Is : 04/12/2028  
Next Available Check Date : 04/12/2023

The main content area shows the member's name and number:

NAME: SUSAN SMITH      MEMBER NUMBER: 1-1234567

Below this, the loan details are listed:


\* MAXIMUM LOAN AMOUNT AVAILABLE: \$19,000.00  
BIWEEKLY PAYMENT: \$214.56  
NUMBER OF BIWEEKLY PAYMENTS: 109

At the bottom of the details section, there are three buttons: "Change Loan Amount", "Change Payment Amount", and "Continue". A red arrow points to the "Change Payment Amount" button.

\*Based on all other loans in the prior 12 months.

If you would like to pay more than the minimum repayment amount, click the "Change Payment Amount" button.

It is important to note that you cannot pay less than the minimum repayment amount that has been quoted.



NAME: SUSAN SMITH      MEMBER NUMBER: 1-1234567


* MAXIMUM LOAN AMOUNT AVAILABLE:	\$19,000.00
BIWEEKLY PAYMENT:	\$214.56
NUMBER OF BIWEEKLY PAYMENTS:	109

Enter the New Payment Amount

CHANGE PAYMENT AMOUNT: \$

Enter the new payment amount and click the “Recalculate” button for a new repayment schedule. The system will get as close to your requested amount as possible ensuring that each payment is equal.

If you had many any changes to your loan or payment amount that you no longer wish to have, click the “Restore Max/Min” button to return to the original loan calculator screen.



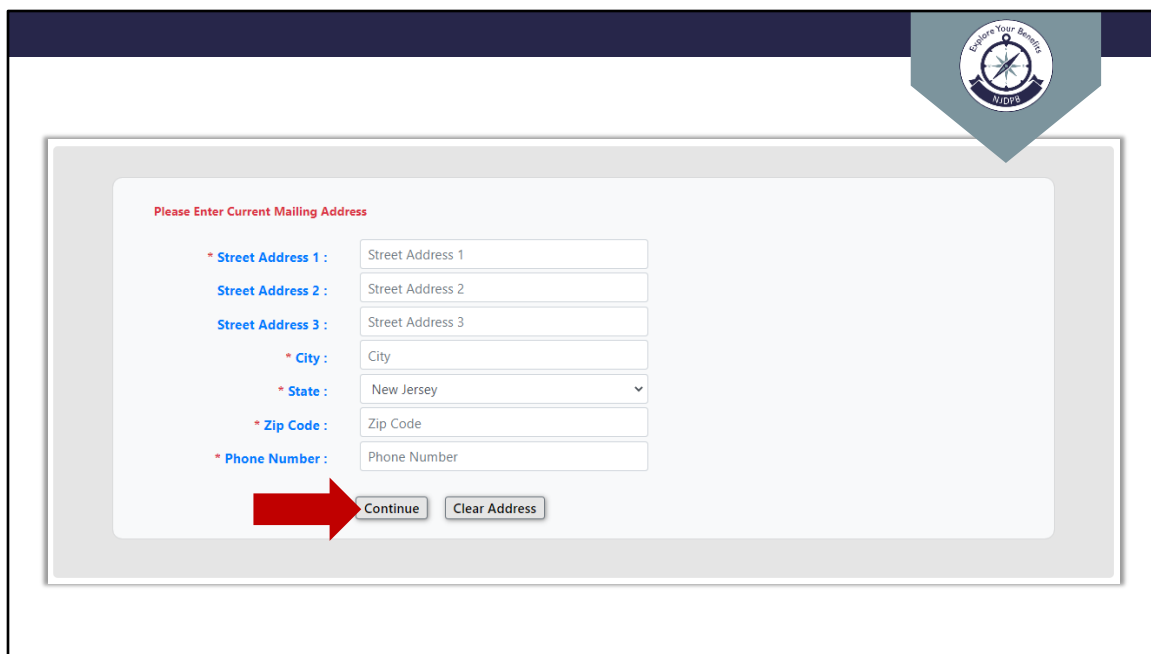
This information is Current as of : 12/31/2022  
Number of Loans This Year: 0  
Loan Balance Must Be Repaid By Your 5 Year End Date Which Is : 04/12/2028  
Next Available Check Date : 04/12/2023

NAME: SUSAN SMITH      MEMBER NUMBER: 1-1234567

* MAXIMUM LOAN AMOUNT AVAILABLE:	\$12,000.00
BIWEEKLY PAYMENT:	\$215.75
NUMBER OF BIWEEKLY PAYMENTS:	63

*\*Based on all other loans in the prior 12 months.*

To proceed with the loan application, click the “Continue” button.



Please Enter Current Mailing Address

\* Street Address 1 :

Street Address 2 :

Street Address 3 :

\* City :

\* State :


\* Zip Code :

\* Phone Number :

Once you have selected your loan amount, provide your current mailing address. This includes your street address, apartment number or floor (if applicable), city, state and zip code.

Please verify this information before proceeding with your loan.

Click the “Continue” button to advance to the next screen.



NAME: SUSAN SMITH MEMBER NUMBER: 1-1234567

Loan Payment is only processed by direct deposit to your bank account.

To process your Pension Loan, please enter the Direct Deposit (Electronic Fund Transfer) information requested in the fields below.


* ACCOUNT TYPE :	<input type="text" value="Account Type"/>
* ACCOUNT NUMBER :	<input type="text" value="Account Number"/>
* CONFIRM ACCOUNT NUMBER :	<input type="text" value="Confirm Account Number"/>
* BANK ROUTING NUMBER :	<input type="text" value="Routing Number"/>
* CONFIRM ROUTING NUMBER :	<input type="text" value="Confirm Routing Number"/>

To process your loan, you must enter your direct deposit information.

Provide your banking information including the type of account, your account number, and the bank's routing number.

Click the "Continue" button to verify the information you have provided.






**NAME:** SUSAN SMITH **MEMBER NUMBER:** 1-1234567

The direct deposit (Electronic Fund Transfer, or EFT) information you have provided is listed below.

If this information is correct, click the Process Loan button and your loan will be processed and deposited to this account on the next disbursement date of 04/12/2023. Otherwise, use the Back button make changes.


<b>NAME OF FINANCIAL INSTITUTION:</b>	MUTUAL BANK OF NEW JERSEY
<b>ACCOUNT TYPE:</b>	CHECKING
<b>BANK ACCOUNT NUMBER:</b>	987654321
<b>BANK ROUTING NUMBER:</b>	012345678
<b>LOAN AMOUNT REQUESTED:</b>	\$12,000.00
<b>BIWEEKLY PAYMENT:</b>	\$215.75
<b>NUMBER OF BIWEEKLY PAYMENTS:</b>	63



Review the direct deposit information you have provided as well as the loan amount you are requesting and your repayment information.

If you need to make a change, click the “Back” button.

If the information is correct, click the “Process Loan” button to submit your application.



**NJ Division of Pensions and Benefits (DPB)**  
**Loan Application**  
**LOAN CONFIRMATION**

**Name:** SUSAN SMITH  
**Member Id:** 1-1234567  
**Phone Number:** 609-555-9876

Your loan for **\$12,000.00** will be processed upon verification and acceptance by the bank and the National Automated Clearing House Association (NACHA) of the routing and account numbers that you have provided. This loan amount, *minus the administrative fee*, will be deposited to your account listed below on **April 12, 2023**.


<b>NAME OF FINANCIAL INSTITUTION:</b>	MUTUAL BANK OF NEW JERSEY
<b>ACCOUNT TYPE:</b>	CHECKING
<b>BANK ACCOUNT NUMBER:</b>	987654321
<b>BANK ROUTING NUMBER:</b>	012345678

Upon deposit, your repayment will begin on **April 22, 2023** for **63 BIWEEKLY** payments of **\$215.75** each.

Once your MBOS loan application is submitted, the loan cannot be cancelled.

A loan deposited into your bank/financial account cannot be returned. If you wish to satisfy your full loan balance, you must request and complete a lump-sum loan payoff which will include your entire principal loan balance plus interest.

Once processed, your Loan Confirmation will appear. Be sure to scroll to down to view the entire confirmation.



**BANK ACCOUNT NUMBER:** 587634321  
**BANK ROUTING NUMBER:** 012345678

Upon deposit, your repayment will begin on **April 22, 2023** for **63 BIWEEKLY** payments of **\$215.75** each.

Once your MBOS loan application is submitted, the loan cannot be cancelled.

A loan deposited into your bank/financial account cannot be returned. If you wish to satisfy your full loan balance, you must request and complete a lump-sum loan payoff which will include your entire principal loan balance plus interest.

You have indicated the following:  
I have had another outstanding loan in the prior 12 months from another supplemental savings or retirement plan offered by public employer other than TPAF, PERS, PFRS, or SPRS. **YES** ☐ **NO** ☒

To verify the number of loans taken this calendar year in addition to this loan, go to the ["Payroll Certifications Application."](#)

**DISCLAIMER**  
By completing information for the electronic deposit of your pension loan directly to your bank, you are acknowledging that you have provided DPB the accurate bank routing and account numbers. In the event that you have not provided the correct bank account information, you will still be responsible for the repayment of the pension loan balance including any accrued interest. In addition, you will be responsible to coordinate reversal of the funds with your bank. You will not be eligible for another pension loan until the reversal of funds are fully refunded to the DPB via Wells Fargo Bank, N.A. and all other conditions of eligibility for a loan are met.

PLEASE PRINT THIS LOAN CONFIRMATION FOR YOUR RECORDS.

[Home](#) [Print/View](#)

At the bottom of the loan summary page, click the "Print/View" button to save or print a copy of this confirmation for your records.



**Phone:** (609) 292-7524

**Email:** *pensions.nj@treas.nj.gov*

**Mail:** P.O. Box 295  
Trenton, NJ 08625-0295

**For more information about this topic, see the *Loans* fact sheet and the *Applying for a Pension Loan* video. Both are located on our website: [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)**

If you have any questions regarding pension loans, you can reach out to the Division of Pensions & Benefits by telephone, email, or postal mail. For additional information about this topic, see the *Loans* fact sheet and the *Applying for a Pension Loan* video. Both are located on our website at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)