



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS

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December 2019

TO: Certifying Officers, All Funds

FROM: New Jersey Division of Pensions & Benefits

SUBJECT: Electronic Fund Transmittal Required for Pension Loan Disbursements

The New Jersey Division of Pensions & Benefits (NJDPB) is implementing a significant change to pension loan procedures for members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Police and Firemen's Retirement System (PFRS), and State Police Retirement System (SPRS).

Effective January 2020, all pension loans must be disbursed by Electronic Fund Transmittal (EFT), also known as Direct Deposit.

- Eligible members who wish to borrow against their pension accounts must have a valid bank routing and account number when submitting a Pension Loan Application through the Member Benefits Online System (MBOS). Once requested, loans cannot be canceled.
- A loan that has been deposited into a member's bank/financial account cannot be returned. Members may request a loan payoff on MBOS or by calling 609-292-7524.
- Paper loan checks will no longer be produced under any circumstance.
- The loan interest rate and administrative processing fee continues to apply for all pension loans. Interest rates and fees are updated annually and posted on the NJDPB website: www.nj.gov/treasury/pensions

The last loan disbursement by paper check will be for loans processed and mailed on January 8, 2020 (applications will be due on MBOS by end of business Friday, January 3, 2020).

All subsequent loan applications will require the member's bank information for EFT and be held while the NJDPB implements the changeover to EFT. After the change, the next loan disbursement date will be January 22, 2020.

EMPLOYER PARTICIPATION

Early communication to employees of this upcoming change will be key for a smooth transition to the new procedure. Employers should take every opportunity to inform employees of the upcoming loan disbursement change via in-house communications.

- All employers should also make the attached announcement available to employees to inform them of the pending change to EFT disbursement for pension loans.

- As we near the January 2020 implementation date, the NJDPB will provide State biweekly employees with paycheck messages through Centralized Payroll.
- Local employers are encouraged to make similar messages available to employees and remind them of the pending change.

The NJDPB thanks employers for playing a significant role in assisting with the change.

ADDITIONAL INFORMATION

If you have questions regarding any of the information provided in this letter, contact the NJDPB's Office of Client Services at (609) 292-7524, or email the NJDPB at: *pensions.nj@treas.nj.gov*

Enclosure

State of New Jersey • Department of the Treasury

DIVISION OF PENSIONS & BENEFITS

P.O. Box 295, Trenton, NJ 08625-0295

**MEMBER BENEFITS ONLINE SYSTEM (MBOS)
LOAN APPLICATION**

**ATTENTION: The Division of Pensions & Benefits
is implementing a significant change to the
pension loan process.**

Effective January 2020, all pension loans must be disbursed by Electronic Fund Transmittal (EFT), also known as Direct Deposit. This requirement applies to all loans to eligible members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Police and Firemen's Retirement System (PFRS), and State Police Retirement System (SPRS).

- Eligible members who wish to borrow against their pension account must have a valid bank routing and account number when submitting a Pension Loan Application through the Member Benefits Online System (MBOS).
- Paper loan checks will no longer be produced under any circumstance.
- Once your loan application is submitted, the loan cannot be canceled. 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 any accrued interest.

The last disbursement by paper check will be for loans processed and mailed on January 8, 2020 (applications will be due on MBOS by end of business Friday, January 3, 2020).

All subsequent loan applications will require the member's bank information for EFT and be held for the next loan disbursement date on January 22, 2020, following the changeover to EFT.

For additional information, see the *Pension Loans*
Fact Sheet on the NJDPB website:
www.nj.gov/treasury/pensions



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