



**CITY OF JERSEY CITY  
EMPLOYEES' RETIREMENT SYSTEM**

280 GROVE STREET, ROOM 106 | JERSEY CITY, NJ 07302  
P: 201 547 5143 | F: 201 369 7274



## **ERS LOAN APPLICATION**

**The Interest Rate as of February 1, 2024 is 10% per annum.**

**LOAN PROVISIONS:** Applicants must have **3 years** of contributing membership as reflected and posted to his account. Loans may not be less than **\$1,000.00**; must be in multiples of **\$100.00**; **may not exceed 50% of member's total credit in Retirement Fund. No more than 2 loans may be made by any member in any 12-Month period.** Loan insurance must be taken and shall repay outstanding balance of loan, if in the event a member should die before loan is completely repaid.

**ALL LOANS MUST BE PAID IN A 5 YEAR PERIOD, BEGINNING WITH THE FIRST LOAN TAKEN COMMENCING JANUARY 1, 2004.**

I understand that I must repay this loan, together with any balance I may have outstanding on a present loan, with interest at 10% per annum, through payroll deductions. I certify that I am an actively contributing member and that I am not **currently** receiving Workmen's Compensation or on a leave of absence without pay and **that I am in regular pay status**, not suspended or have disciplinary charges pending against me that may result in termination, and am not retiring or leaving employment with the City.

I understand that if I accept a loan from the Employees' Retirement System of Jersey City, I shall be required, upon assuming an unpaid leave of absence status, to either:

- (A) Commence making direct payment to the Pension System of the previously calculated bi-weekly payroll deductions or, in the alternative,
- (B) Be subject to increased biweekly payroll deductions upon return from leave of absence upon recalculation of principal and interest due on the date of my return from my leave of absence. I further understand that interest will continue to accrue during the leave of absence and if not sooner paid, will be added to the aggregate amount of the loan for purposes of calculating biweekly payroll deductions to be made upon my return to work.
- (C) The 5 year rule still applies.

**PLEASE NOTE: If you intend to cash your ERS Loan check at Bayonne Community Bank, you must make prior arrangements with the Washington Street branch located in Jersey City, phone number: (201) 823-0700.**

*If you have any questions please contact Pension at (201) 547-5143.*

*Please retain this page along with Loan Provisions for your records and return page 2 to the Office of Employee Benefits for Processing.*



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**ERS LOAN APPLICATION**

[ ] JERSEY CITY EMPLOYEE

[ ] LIBRARY EMPLOYEE

EMPLOYEE I.D NO.: \_\_\_\_\_ SSI (LAST 4 ONLY): \_\_\_\_\_

NAME: \_\_\_\_\_ DATE OF BIRTH: \_\_\_\_\_  
*(Please Print)*

ADDRESS: \_\_\_\_\_

EXTENSION: \_\_\_\_\_ HOME or CELL PHONE #: \_\_\_\_\_

**Amount of Loan  
Requested**

**Loan Repayment  
Amount (per pay) Requested**

\$ \_\_\_\_\_ or Maximum

\$ \_\_\_\_\_

Department: \_\_\_\_\_

Division: \_\_\_\_\_

Title of Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
*(Full Name-Do Not Print)*

**PLEASE NOTE: If you intend to cash your ERS Loan check at Bayonne Community Bank, you must make prior arrangements with the Washington Street branch located in Jersey City, phone number: (201) 823-0700.**

**LOAN CHECKS CAN ONLY BE PICKED UP ON DUE DATE.**

## LOAN PROVISIONS

- To be eligible, you must be an actively contributing member of an eligible retirement system.
- To be eligible, you must have three years of contributing membership POSTED to your account.
- Loan balances cannot be more than one-half of the contributions you have posted to your account, cannot exceed a maximum of \$50,000, and must be repaid within five years or;
- The loan must be repaid prior to attaining the age 70.
- **You are permitted no more than two loans in a 12-Month Period.**
- The interest rate is the prevailing rate set annually by the Pension Commission, and is calculated on the unpaid balance of the loan. The insurance rate is one point one percent (1.1%), this allows the loan to be paid in full upon death.
- If you retire with an outstanding loan balance, you have the option to pay off the outstanding balance **in its entirety** or to repay loan through deductions from your retirement allowance until the balance of the loan **together with interest** is repaid. Payments will be the monthly equivalent of the amount deducted from your compensation immediately before retirement.
- If you die before the outstanding loan balance with interest has been recovered, the remaining balance will be repaid from the insurance you paid.
- Any lump sum payments or loan payoffs must be made by money order, certified check, etc. **NO PERSONAL CHECKS WILL BE ACCEPTED as of March 1, 2020.**

## INTERNAL REVENUE SERVICE (IRS) REQUIREMENTS

**IRS regulations require that loans must be repaid within a period not to exceed five years. The IRS further requires that members who have multiple outstanding loans must repay the balance of all loans taken within a period not to exceed five years from the issuance of the first loan taken after January 1, 2004.** If a loan cannot be repaid within the five-year maximum when paid at the maximum allowable loan deduction of 25 percent of your base salary, your loan may be denied or you may be issued a loan in a smaller amount than you requested.

IRS regulations also require members to make timely payments toward outstanding loan balances. You will be notified\* after nonpayment (zero contributions) toward the balance of your outstanding loan and offered the following options:

- Pay the loan off through a lump sum repayment;
- Repay the loan in monthly installments through personal billing;
- Take a taxable distribution; or
- If you returned to employment, repay through employer payroll deductions.

**Failure to repay the loan as scheduled may result in the unpaid loan balance being declared a taxable distribution which will be reported to the IRS.** The Employees' Retirement System of Jersey City will send you a Form 1099-R for tax filing purposes in January of the following year. 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 ten percent tax for taking an early pension distribution.

A taxable distribution cannot be cancelled by resuming loan payments in which the taxable distribution occurs. Please note that 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. Additionally, active and vested members who have a taxable distribution are required to repay the balance of the loan to the retirement System. Since these are Federal regulations, neither the Pension Commissioners nor the Employees' Retirement System of Jersey City has the authority to waive or delay the application of these provisions.