

CHANGES TO PENSION LOANS FOR 2008

- **Effective January 1, 2008 the interest rate on pension loans will be 4.69%** calculated annually on the declining balance of the loan.
- The loan interest rate is fixed annually, so if you borrow in 2008 you will have the same interest rate for the life of your loan *unless you borrow again after the 2008 calendar year has ended*. Every time a member borrows against their available loan balance, the entire outstanding balance is re-certified for the *current year's* interest rate.
- **For pension loans taken in 2008, the administrative fee will be \$8.00.**
- **The administrative fee is not an added charge.** Fees are taken from the requested amount of the loan. For example, if you submit a loan request in 2008 for **\$1,000**, the Division will subtract the **\$8.00** administrative fee from the \$1,000 loan and you will receive a check for the balance of **\$992**. When submitting a loan application, always request an amount sufficient to account for the needed loan **plus** the current administrative fee.
- **The interest rate and administrative fee are subject to change.** Interest and fees are set annually with any changes taking effect on January 1st each year.
- *Loan Applications* received by the Division of Pensions and Benefits *on or before* midnight December 31, 2007 will be eligible for the current annual interest rate of 4% with no administrative fee. Early submission of Loan Applications is strongly encouraged for members who wish to take a pension loan prior to the rate and fee changes.
 - ✓ **For the most timely submission and fastest processing** of loan requests, use the **online Loan Application** available on the **Member Benefits Online System (MBOS)**. MBOS loan requests are dated when you complete and submit the online application. An MBOS loan request received *on or before* 11:59 p.m. December 31, 2007 will be eligible for the 2007 interest rate. More information about MBOS and the online Loan Application is available at: www.state.nj.us/treasury/pensions At the Pensions and Benefits home page, click on "Online Member Services – MBOS".
 - ✓ **Mailed Loan Applications** must be *received in the Division's mailroom* no later than the close of business December 31, 2007. Postmark dates will have no bearing on the loan interest/fee cutoff — be sure to allow sufficient time for post office delivery.
 - ✓ **Hand-delivered Loan Applications** must be at the Division of Pension and Benefits, Office of Client Services by the close of business December 31, 2007. Call before visiting as office hours are subject to change due to inclement weather or other circumstances.
- **You must meet all other eligibility criteria for taking a pension loan.** *If you have already taken two loans in 2007 you will not be eligible to borrow and the loan request will be processed for the first available loan of 2008 regardless of the receipt date of the application.*
- *Loan Applications* received by the Division of Pensions and Benefits *on or after* January 1, 2008 will be processed for the new annual interest rate of **4.69%** and charged the **\$8.00** administrative fee. This includes:
 - ✓ **Online Loan Applications** received through MBOS at 12:00 a.m. January 1, 2008 *or after*.
 - ✓ **Mailed or hand-delivered Loan Applications** *received* by the Division of Pension and Benefits *after* the close of business December 31, 2007 — postmark dates have no bearing on the loan interest/fee cutoff for mailed *Loan Applications*.