

# Frequently Asked Questions About Pension Loan Electronic Funds Transfer

Effective January 2020, all pension loans must be disbursed by Electronic Funds Transfer (EFT), also known as direct deposit. The EFT requirement applies to loans for all eligible active 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). Members of the Judicial Retirement System are not affected.

See the questions and answers listed below for additional information.

## Q. Why EFT?

Members have frequently requested for their loans to be available by direct deposit. Benefits of direct deposit include: fast and secure disbursement of funds; reduced costs by eliminating printing and mailing; and increased protection against theft or fraud.

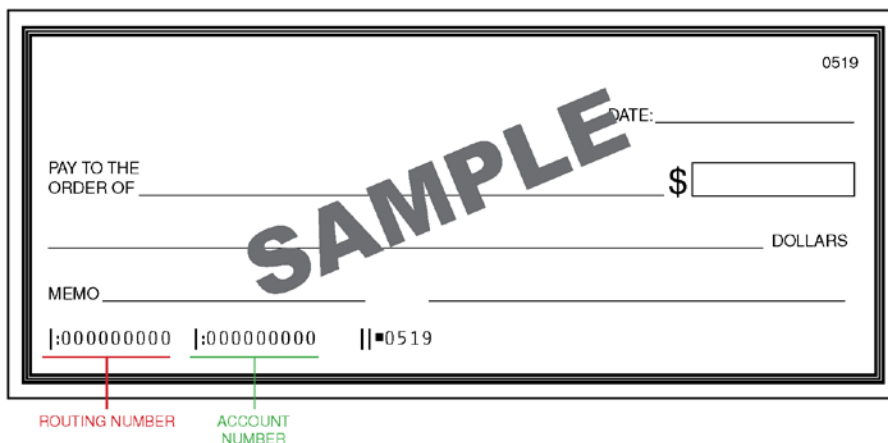
## Q. What will I need to do to take a pension loan?

All you need to do is log in to your Member Benefits Online System (MBOS) account and submit a Loan Application, which requires providing a valid Automated Clearing House (ACH) bank routing number and bank account number.

## Q. Where do I find my bank routing and account numbers?

The routing number is usually found as the far-left row of digits on the bottom of your check. The first two digits must be between 01 and 12 or 21 through 32.

The account number usually appears to the right of the routing number. Do not include the check number — which may appear before or after the account number.



## Q. How do I know if my bank routing and account numbers are valid for the ACH?

Please be sure to type your routing and account numbers carefully. The Loan Application will check them automatically to ensure a valid transfer.

If you believe you have entered your numbers correctly but they are being rejected by the ACH, please contact your bank to obtain valid numbers.

Q: When will I get my loan disbursement?

When you submit the Loan Application on MBOS, the confirmation page will indicate the EFT disbursement date. All loan EFTs are disbursed on Wednesdays.

Q. Why is my bank routing number rejected by the ACH?

A bank's routing number may be rejected for a variety of reasons. Banks may sometimes change their routing numbers, and some smaller banks may not participate with the ACH system. It is also important to note that loan disbursements cannot be made to foreign banks.

Q. Can I request a paper check instead?

No. The pension loan processing system no longer supports the capability to generate paper checks under any circumstances.

Q. Can I transfer my loan disbursement onto a pre-paid debit, credit, or gift card?

No. Pension loans are unable to be disbursed to pre-paid debit, credit, or gift cards.

Q. Will the interest rate change?

The interest rate on pension loans is set annually by the New Jersey State Treasurer. You can find the current pension loan interest rate at:  
[www.nj.gov/treasury/pensions/pension-loans.shtml](http://www.nj.gov/treasury/pensions/pension-loans.shtml)

When you borrow, you have the same interest rate for the life of your loan unless you borrow again after the calendar year has ended. If you borrow again, the entire outstanding loan balance is re-certified for the current year's interest rate.

Q. Will there still be a processing fee?

Yes, there will continue to be an administrative processing fee which applies to all pension loans and is set annually based on the actual costs associated with administering the pension loan program.

You can find the current pension loan administrative processing fee at:  
[www.nj.gov/treasury/pensions/pension-loans.shtml](http://www.nj.gov/treasury/pensions/pension-loans.shtml)

Q. How do I return a loan if the funds are no longer needed?

Once your Loan Application is submitted through MBOS, the loan cannot be canceled and a loan that has been disbursed cannot be returned.

If, after you receive your loan disbursement, you find that the funds are no longer needed, you may request a loan payoff on MBOS or by calling the NJDPB Office of Client Services at: 609-292-7524. Interest may apply on the outstanding balance of the loan.

Q. What can I do if I am unable to use the MBOS Loan Application?

Most eligible active members of the PERS, TPAF, PFRS, and SPRS are able, and required, to submit a loan application using MBOS.

However, if you were recently inactive from payroll (on a leave of absence, changed employers, on supplemental payroll, etc.) you may not be able to use the MBOS Loan Application. You may still be able to borrow if a *Certified Loan Request* form is submitted by your employer to verify your active pay status.

See your human resources representative or benefits administrator for assistance with the *Certified Loan Request* form.

- A voided check to verify your bank routing and account numbers must be included with the *Certified Loan Request* form.
- For savings accounts, a bank-issued letter or document showing the bank routing and account numbers may be substituted for a voided check.
- The *Certified Loan Request* form will not be processed under any circumstances if the ACH rejects the routing or account number, no exceptions.

Q. What do I do if I am getting an error when I use the MBOS Loan Application?

If you receive an error message that is not addressed in this FAQ, please save a screenshot of the error message and contact the NJDPB Office of Client Services at: 609-292-7524 or send an email to [pensions.nj@treas.nj.gov](mailto:pensions.nj@treas.nj.gov)

We will review the error and investigate possible solutions, if any, specific to your account.