



LOAN APPLICATION – TIER 4 & TIER 6 PARTICIPANTS

This application is for Tiers 4 and 6 participants who wish to apply for a MaBSTOA Pension Plan loan. There is a service fee of \$30.00 for processing each loan; this fee is automatically deducted from the loan check. **Return the original application to MaBSTOA Pension Loans, 2 Broadway, 10th Fl. Section D, New York, NY 10004 or submit application via email to oaloanapplication@mtahq.org.**

PARTICIPANT INFORMATION (PLEASE PRINT)

BSC ID

Pass Number

Last 4 Digits of SSN

Date of Birth

First Name

Middle Initial

Last Name

Email Address

Address

Apartment Number

City

State

Zip Code

Phone Number

REQUIRED INFORMATION

Before filing this application, be sure you read the Terms of Loan under which a loan will be issued (see pgs. 4-5). **Select one option only for "Loan Requested" and for "Repayment Schedule."** Failure to select an option will result in the loan being processed as if a maximum loan amount had been requested with a minimum repayment amount. Selecting more than one option in any section may result in the loan not being processed. In all cases, the total new outstanding loan can never be greater than the maximum allowed by law. The repayment amount may be higher than requested since it is required to repay the loan within 5 years & repayments cannot be less than 2% of your gross salary (per pay period).

Employer Sponsored Retirement Plans: If you participate in another retirement plan offered through the MTA (the MTA Deferred Compensation Program 401(k) or 457 Plan) and have an existing loan in that plan, you must disclose this information on this application. When borrowing results in a consolidated loan amount over \$50,000, including the total loan amounts outstanding from your 401(k) and/or 457 Plan, any excess over \$50,000 is subject to Federal income tax. You may be subject to an 10% early distribution tax, and you will receive a 1099 at the end of year.

1. How much do you want to borrow? (Check one only)

- ☐ The maximum available
- ☐ Amount \$ _____

2. How will you repay your loan? (Check one only)

- ☐ Minimum Repayment
- ☐ Number of Payments: _____
- ☐ Amount per Pay Period: \$ _____

3. Do you want to Direct Deposit your Loan Check? (Check one only)

- ☐ Yes (If yes, complete pg. 2) ☐ No
- Note:** If direct deposit is elected, a voided check/deposit slip is required, a physical check will be issued if not attached.

4. Do you have an outstanding loan from your MTA Deferred Compensation Program 401(k) and/or 457 Plan? (Check one only)

- ☐ Yes ☐ No

5. Did you read and understand the Terms of Pension Loan and all the rules about taking a MaBSTOA Pension Loan? (Check one only)

- ☐ Yes (If this box is left blank or No is selected, the loan will not be processed.) ☐ No

6. Are you taking this loan at or near retirement? (Check one only)

- ☐ Yes (If yes, read Terms pgs. 4-5) ☐ No

By signing below, the Participant represents that he or she is aware of the limits associated with the maximum allowable loan amount and that receipt of a loan from MaBSTOA Pension Plan will not cause the Participant to exceed these limits. The Participant further acknowledges that any adverse tax consequences which result from the Participant's receipt of a loan which exceeds the loan limit are solely the responsibility of the Participant. I do hereby make application for a loan subject to the TERMS allowed by law and the rules of the MaBSTOA Pension Plan. I have read and understand the TERMS governing this loan.

Signature of Participant

Date (Signed in Notary's Presence)

THIS FORM MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC OR COMMISSIONER OF DEEDS

State of _____ County of _____ On this _____ day of _____, 20____, personally appeared before me the above named, _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he or she acknowledged to me that he or she executed the same, and that the statements contained therein are true.

Signature of Notary Public or Commissioner of Deeds

Official Title

Expiration Date of Commission

If you have an official seal, affix it here.



Metropolitan Transportation Authority
MABSTOA PENSION PLAN

2 BROADWAY, 10TH FL. SECTION D
NEW YORK, NEW YORK 10004

Tel: 646-376-0123

E-Mail: BSCService@mtabsc.org

For Office Use Only

Clock-In Date

PENSION LOAN ELECTRONIC FUNDS TRANSFER (EFT) ELECTION

PARTICIPANT INFORMATION (PLEASE PRINT)

BSC ID Pass Number Last 4 Digits of SSN Date of Birth

First Name Middle Initial Last Name

INSTRUCTIONS

This form is for Tiers 3, 4 and 6 participants who wish to take advantage of EFT (direct deposit). Read and complete the information in this section **ONLY** if you choose to have your loan check deposited directly into your account by Electronic Funds Transfer (EFT):

- Make sure you checked the "Yes" box for Number 3 (Direct Deposit) on Page 1 of this application.
- Attach one of your **pre-printed** personal checks or **pre-printed** savings deposit slips in the space provided below (*pre-printed with your name and routing/account numbers*). If your bank no longer provides personal checks or pre-printed savings deposit slips, attach a copy of the top portion of your Bank Statement or Direct Deposit Set-Up Form from your bank **pre-printed** with your name, routing number and account number.
- If submitting a pre-printed check or deposit slip write VOID (in large letters) across the face, as indicated in the sample; and do not sign the check you are attaching.
- Write in your Bank Name, the Bank's Routing Code, Account Number (**this information MUST be accurate to avoid incorrect deposits**) and select which account you want your funds directly deposited into under "Banking Information."

Please Note: A physical check will be mailed in the absence of the required pre-printed personal check, pre-printed savings deposit slip or bank statement as indicated above.

BANKING INFORMATION (PLEASE PRINT)

Deposit to my ☐ Checking Account ☐ Savings Account

Bank Name

Bank Routing Number

Bank Account Number

Check Sample

JANE A. SMITH
123 MAIN ST.
ANYWHERE, MA 01234

DATE _____ 1234

\$3-178/113

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

VOID

Eastern Bank

MEMO _____ AUTHORIZED SIGNATURE _____

011301798* 020004561* 1234

Routing Number Account Number

Deposit Slip Sample

NAME
ADDRESS
CITY, STATE, ZIP

DATE _____
DEPOSITS MAY NOT BE AVAILABLE FOR ISSUANCE

SIGN HERE FOR CASH RECEIVED

BANK NAME
ADDRESS
CITY, STATE

011301798* 020004561* 1234

Bank Routing Number Bank Account Number

VOID

ATM TOTAL
OTHER DEPOSIT
BANK TOTAL
LESS CASH RECEIVED
\$

Please Note: Your bank may use different routing numbers for deposits. If your deposit slip has this notation, use the routing number for your direct deposit.



TIER 4 & TIER 6 LOAN RATES ON NEW LOANS ISSUED

Interest Rate 6.00% + Loan Insurance 0.30% = 6.30%
The application fee of \$30.00 will be deducted from the loan check.

This is an approximate repayment schedule for bi-weekly payrolls. In all cases, payments may not be less than 2% of base salary.

APPROXIMATE REPAYMENT SCHEDULE

Loan Amount	Year(s)	5	4	3	2	1
	# Payments	130	104	78	52	26
\$50,000		\$449	\$544	\$704		
\$45,000		\$404	\$490	\$634	\$922	
\$40,000		\$359	\$436	\$563	\$820	
\$39,000		\$350	\$425	\$549	\$799	
\$38,000		\$341	\$414	\$535	\$779	
\$37,000		\$332	\$403	\$521	\$758	
\$36,000		\$323	\$392	\$507	\$738	
\$35,000		\$314	\$381	\$493	\$717	
\$34,000		\$305	\$370	\$479	\$697	
\$33,000		\$296	\$359	\$465	\$676	
\$32,000		\$287	\$348	\$451	\$656	
\$31,000		\$278	\$338	\$437	\$635	
\$30,000		\$269	\$327	\$423	\$615	
\$29,000		\$260	\$316	\$408	\$594	
\$28,000		\$251	\$305	\$394	\$574	
\$27,000		\$242	\$294	\$380	\$553	
\$26,000		\$233	\$283	\$366	\$533	
\$25,000		\$224	\$272	\$352	\$512	\$993
\$24,000		\$215	\$261	\$338	\$492	\$954
\$23,000		\$206	\$250	\$324	\$471	\$914
\$22,000		\$197	\$240	\$310	\$451	\$874
\$21,000		\$189	\$229	\$296	\$430	\$834
\$20,000		\$180	\$218	\$282	\$410	\$795
\$19,000		\$171	\$207	\$268	\$389	\$755
\$18,000		\$162	\$196	\$254	\$369	\$715
\$17,000		\$153	\$185	\$239	\$348	\$675
\$16,000		\$144	\$174	\$225	\$328	\$636
\$15,000		\$135	\$163	\$211	\$307	\$596
\$14,000		\$126	\$152	\$197	\$287	\$556
\$13,000		\$117	\$142	\$183	\$266	\$517
\$12,000		\$108	\$131	\$169	\$246	\$477
\$11,000		\$ 99	\$120	\$155	\$225	\$437
\$10,000		\$ 90	\$109	\$141	\$205	\$397
\$ 9,000		\$ 81	\$ 98	\$127	\$187	\$358
\$ 8,000		\$ 72	\$ 87	\$113	\$164	\$318
\$ 7,000		\$ 63	\$ 76	\$ 99	\$143	\$278
\$ 6,000		\$ 54	\$ 65	\$ 85	\$123	\$238
\$ 5,000		\$ 45	\$ 54	\$ 70	\$102	\$199
\$ 4,000		\$ 36	\$ 44	\$ 56	\$ 82	\$159
\$ 3,000		\$ 27	\$ 33	\$ 42	\$ 61	\$119
\$ 2,000		\$ 18	\$ 22	\$ 28	\$ 41	\$ 79
\$ 1,000		\$ 9	\$ 11	\$ 14	\$ 20	\$ 40



TERMS OF PENSION LOAN FOR TIER 4 & TIER 6 PARTICIPANTS

ELIGIBILITY

1. An employee in active service and in pay status with at least one year of membership service credit may apply to borrow from the MABSTOA PENSION PLAN by filing a properly completed and notarized application.
Please Note: MaBSTOA Pension Plan must have your birth date on file before processing a loan.
2. An outstanding loan cannot exceed 75% of the contributions, with interest, last posted to the participant's account. The maximum loan from the Plan cannot exceed \$50,000. In addition, the maximum allowable outstanding loan amount for VESTED employees cannot exceed 50% of the present value of the Accrued Vested Benefit (AVB) less the highest outstanding balance of any pension loan(s) within the previous one-year period from the day a new loan is issued. The AVB is the current value of reserves needed today to fund your future retirement benefit and is based on your retirement plan, age, years of credited service and salary history. **Please Note: Your Available Loan Amount may be reduced by the highest loan balance(s) in the past 12 months for other Employer Sponsored Retirement Plan Loans (i.e., MTA Deferred Compensation Program 401(k) or 457 Plan). According to Internal Revenue Service (IRS) limits, the maximum amount a participant may borrow from their employer sponsored plans is \$50,000.**
3. Employee's account balance must have at least \$1,334. The minimum loan amount is \$1,000.
4. Must be in good standing with any outstanding loan from MaBSTOA Pension Plan.
5. Once a loan has been issued by MaBSTOA Pension Plan, it may not be cancelled.
6. **Only one loan may be issued in any 12-month period. There is no provision in the law to allow for any exceptions, even in emergency situations. The maximum number of outstanding loans allowed at any time is TWO.**
7. The employee's account(s) remains intact and continues to accrue interest on the full balance. The amount borrowed is from pension plan funds.

FEES

1. There is a service fee of \$30.00 for processing each loan. This fee is automatically deducted from the loan check.
2. Those who are no longer on payroll may switch to manual payment; however, there is a \$5.00 per check fee for each manual payment.
3. All manual payments must be in the form of money order, cashier's check and/or certified bank check – personal checks are not accepted.
4. Should you decide to change the repayment amount, there is a \$30.00 service fee for filing an *Application for Change in Loan Repayment Schedule*.

PAYMENT

1. An employee in pay status may only make payments by payroll deductions. Those who are no longer on payroll may switch to manual payment; however, there is a \$5.00 per check fee for each manual payment.
2. You may change the repayment amount once in any 12-month period by completing an *Application for Change in Loan Repayment Schedule*, there is a \$30.00 fee for each change request.
3. Repayments must be at a rate not less than 2% of your gross salary per pay period. Because all loans (including interest and insurance premiums) MUST be paid within five years, it may be necessary for MaBSTOA Pension Plan to adjust your repayment to an amount higher than requested.
4. Each loan issued and outstanding is considered separate and a separate repayment schedule must be applied. A separate deduction will be made for each loan issued.
5. An employee may request, in writing, to repay the outstanding loan in a lump sum. The employee will then be provided with a statement specifying the amount due on a certain date.
6. If an employee is no longer receiving a paycheck from which loan payments are being deducted, it is important to contact the Business Service Center (BSC) at 646-376-0123 or bscservice@mtabsc.org to arrange for payments. This is especially true for vested employees - (see Consequences section for further information).
7. Deductions for repayment should begin in the second but no later than the third pay period after your loan application has been processed. If loan payments are not deducted from your paycheck, notify the BSC immediately.

CONSEQUENCES OF NON-PAYMENT

1. If an employee leaves MaBSTOA service with an outstanding loan balance and discontinues payments, interest will accrue on the outstanding balance up to the date of retirement. This outstanding balance could increase to such a large amount, that may significantly decrease the retirement benefit otherwise payable.
2. A loan for which no payments have been made for over 90 days is termed a *Non-Performing Loan* and may have adverse tax consequences (see Taxability section for further information).
3. If a participant has a *Non-Performing Loan*, all future entitlement to borrow is forfeited until the outstanding balance is fully paid.
4. Insurance coverage is DISCONTINUED on a *Non-Performing Loan* (see Insurance section for further information).



TERMS OF PENSION LOAN FOR TIER 4 & TIER 6 PARTICIPANTS (CONTINUED)

INTEREST

1. The employee must pay interest at the current rate of 6.3% (6.0% interest rate and a 0.3% mandatory payment for insurance).
2. Whenever there is a change in the interest rate, it shall be applicable to loans applied for after the date of such change.

INSURANCE

1. Loan insurance is mandatory, and employees may not elect to waive the insurance premium of 0.3%.
2. Insurance coverage applies only upon the death of a participant.
3. All loans are fully insured AFTER 30 days of issuance. The amount of the new loan will be uninsured for the first 30 days.
4. Insurance coverage is discontinued on a *Non-Performing Loan*. Your *Non-Performing Loan* will no longer be insured against your death and if a beneficiary is due to receive a benefit, the amount of that benefit will be reduced by the amount of the outstanding loan.
5. The terms or conditions of coverage may be modified or the insurance coverage itself may be discontinued.

TAXABILITY

If an employee currently has two or more loans outstanding and applies for an additional loan, the application for a loan will be denied.

With the exception of loans greater than \$50,000, current tax law does not consider a loan scheduled to be repaid within 5-year period to be a taxable distribution. If the loan is not paid within 5 years, then the outstanding balance at the end of that 5-year period may be considered a taxable distribution. In addition, if loan payments are not made for a 90-day period, the Internal Revenue Service (IRS) considers the loan to be a *Non-Performing Loan* and some part of the outstanding loan will be deemed taxable and reported to the IRS. Subsequent loan payments will not negate the fact that a taxable distribution has been reported.

An outstanding loan will also be at least partially taxable upon an employee's retirement or at the time an employee elects to obtain a refund of contributions plus interest after separation. In addition to being taxable at an employee's normal tax rate, the distribution may incur an additional 10% penalty if the employee is under 59 ½ years of age.

Please Note: Under IRS regulations, a loan from the MaBSTOA Pension Plan or a loan from your MTA Deferred Compensation Program 401(k) or 457 Plan account is considered to be a loan from the "same employer" and is subject to all IRS rules concerning loans.

MILITARY SERVICE

1. For an employee who is called into military service and who has an outstanding loan balance, such a loan will be suspended until the employee is discharged from the military service.
2. Interest rate continues to accrue at 6.3% (6.0% interest rate plus 0.3% for insurance).
3. The loan repayments may increase to ensure the outstanding balance is paid within the maximum 5-year period.

OUTSTANDING LOANS AT RETIREMENT

An outstanding loan at retirement will permanently reduce your retirement benefit. The amount of the reduction depends on your age and outstanding loan balance at retirement.

TAXES AT RETIREMENT

IRS regulations require the MaBSTOA Pension Plan to treat a pension loan as a retirement distribution if it is taken at, or near, the time of retirement. However, you may roll over the taxable portion to an IRA or Employer Plan. In the event you choose not to roll over the taxable amount, the MaBSTOA Pension Plan is required to withhold 20% Federal tax before issuing the check. If you have not yet reached the age of 55 and you choose not to roll over the taxable distribution, you may also be subject to an additional IRS 10% early distribution penalty tax when you file your taxes for that calendar year.

If you elect to roll over the eligible distribution, it is your responsibility to ensure that the institution you name will be able to receive this direct rollover from the MaBSTOA Pension Plan.



DID YOU REMEMBER TO...

- ☐ **INDICATE YOUR BSC AND PASS NUMBERS ON THE APPLICATION (PAGE 1)?**
- ☐ **INDICATE THE DESIRED LOAN AMOUNT AND REPAYMENT OPTION (PAGE 1)?**
- ☐ **SIGN THE LOAN APPLICATION (PAGE 1)?**
- ☐ **HAVE THE APPLICATION NOTARIZED (PAGE 1)?**
- ☐ **COMPLETE ALL HIGHLIGHTED ITEMS ON PAGE 1?**
- ☐ **READ TERMS REGARDING EMPLOYER-SPONSORED PLAN LOANS AND TAX LIABILITY (PAGE 1)?**
- ☐ **READ THE TERMS OF PENSION LOAN (PAGES 4 - 5) AND CHECK “YES” FOR QUESTION 5 CONFIRMING YOUR UNDERSTANDING?**
- ☐ **REVIEW THE PENSION LOAN ELECTRONIC FUNDS TRANSFER (EFT) ELECTION FORM AND COMPLETE THE DOCUMENT AS INDICATED FOR THE DIRECT DEPOSIT OF YOUR PENSION LOAN?**
- ☐ **ATTACH A VOIDED CHECK/DEPOSIT SLIP OR BANK STATEMENT, IF ELECTING DIRECT DEPOSIT?**
- ☐ **ENSURE BANK STATEMENT, VOIDED CHECK OR VOIDED DEPOSIT SLIP IS PRE-PRINTED WITH YOUR NAME, ROUTING AND ACCOUNT NUMBERS (STARTER CHECKS ARE NOT ACCEPTED).**