

# ABP Pension Loans

## LOANS

Vested members of the ABP are eligible to receive loans based on their account balances. Members should contact their investment carrier(s) for applications and repayment procedures.

### **Should You Borrow from Your Retirement Plan?**

Before you decide to take a loan from your retirement account, you should consult with a financial planner, who will help you decide if this is the best option or if you would be better off obtaining a loan from a financial institution or other sources.\*

To receive a plan loan, a participant must apply for the loan and the loan must meet certain requirements. When a participant requests a loan, he or she should receive information from the plan vendor describing the availability of and terms for obtaining a loan.

**Maximum Loan Amount** \*- The maximum amount a participant may borrow from his or her plan is 50% of his or her vested account balance or \$50,000, whichever is less. An exception to this limit is if 50% of the vested account balance is less than \$10,000: in such case, the participant may borrow up to \$10,000. Plans are not required to include this exception.

**Loan Processing** - All loans must be signed by a designated university official in Human Resources. The loan should be submitted to the front office so that it will be logged in. The loan can be faxed to the confidential fax machine in the front office (856-256-4714). The Human Resources Officer must verify that the employee will not exceed the IRS limit by verifying that there are no other NJ State Pension or Supplemental Pension accounts that have outstanding loan balances. If there are outstanding loans, the highest balance due in the twelve months preceding your loan request and the requested amount of the loan cannot exceed the IRS maximum described above. Please note that defaulted loans may also be a factor in the calculation of your maximum loan amount (please contact your pension vendor for detailed information regarding the factors that could affect your loan request). Once all of the NJ State vendors have responded and all of the above listed requirements are met, Human Resources will authorize the loan and direct the signed form to the appropriate vendor. A copy of the signed form may be requested. We allow six working days for this process. **Accordingly, loans cannot be processed in a day.**

[Retirement Plan FAQs Regarding Loans](#) (IRS web site)

\*information obtained from IRS.Gov web site.