Loan Suspension Q&A

Q. What does the federal CARES Act allow?

A. The CARES Act allows a “qualified individual” to request the suspension of pension loan repayments until December 31, 2020.

Q. Who is a “qualified individual”?

A. A "qualified individual" is an active or retired member of the Public Employees’ Retirement System (PERS), Teachers’ Pension and Annuity Fund (TPAF), State Police Retirement System (SPRS), or Judicial Retirement System (JRS) who:

- Is diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention; or
- Has a spouse or dependent diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention; or
- Experiences adverse financial consequences as a result of (i) being quarantined, furloughed, laid off; or having work hours reduced due to COVID-19; (ii) being unable to work due to lack of child care due to COVID-19; (iii) being unable to work due to closing or reduced hours of a business owned or operated by the individual due to COVID-19; or (iv) other factors as determined by the Secretary of the Treasury.

Q. How does this affect a pension loan?

A. If suspension of repayment is requested and approved, the loan repayment will be suspended through December 31, 2020. Interest on the outstanding balance of the loan will continue to accrue from the date of suspension through December 31, 2020, and the resumption of repayments.

Q. How long can I suspend my loan repayment?

A. Loan repayments will be suspended until December 31, 2020.

Q. What happens to my loan when the suspended repayments resume?

A. In January 2021, the loan balance will be recertified to include accrued interest, the loan repayments will resume on a revised schedule, and the repayment may increase in accordance with federal guidelines. As of the publication of this Q&A, specific guidance on the recertification of suspended loans is pending from the Internal Revenue Service.

Q. How do I request suspension of my loan repayment?

A. To request suspension of your loan repayment, you must submit a completed *Request for Suspension of Loan Repayment* form to the Division of Pensions & Benefits. Separate versions are provided for either qualified active employees or qualified retirees who are repaying a loan balance.

Q. Can I borrow again while my repayments are suspended?

A. No. If your loan repayment is suspended, you will not be eligible to take an additional loan for the duration of the suspension.

Q. What happens to my loan's five-year repayment period?

A. In January 2021, the loan balance will be recertified to include accrued interest, the loan repayments will resume on a revised schedule, and the repayment may increase in accordance with federal guidelines. As of the publication of this Q&A, specific guidance on the recertification of suspended loans — including the five-year repayment period — is pending from the Internal Revenue Service.

Q. What if I am off payroll and my loan repayments are made through personal billing?

A. If your loan balance is current from repayments made through personal billing, you may request a suspension until December 31, 2020.

However, a suspension cannot be applied to a loan which is in default and has been designated as a deemed distribution, even if the five-year repayment period has not reached maturity.

Q. What happens to my loan's suspended repayments if I retire?

A. If you are an active member and retire during a period of repayment suspension, the loan balance and accrued interest will be carried into your retirement account. As of January 2021, and the end of the repayment suspension, the loan balance will be recalculated to include accrued interest and loan repayments will resume as a deduction from your monthly retirement allowance until the loan balance plus interest is satisfied.

The loan repayment may increase in accordance with federal guidelines. As of the publication of this Q&A, specific guidance on the recertification of suspended loans is pending from the Internal Revenue Service.

You may also elect to repay your outstanding loan balance in one lump sum prior to retirement.

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