

May 2010

**AMENDMENT TO THE RULES AND REGULATIONS OF THE BOARD OF EDUCATION RETIREMENT SYSTEM WITH RESPECT TO THE TDA LOAN PROGRAM**

**WHEREAS,** Section 2575 of the Education Law authorizes the Board of Education (Panel for Educational Policy), with the approval of the Teachers' Retirement Board, to adopt changes, alterations, amendments or modifications in the Rules and Regulations of the Board of Education Retirement System, and,

**WHEREAS,** The Tax Deferred Annuity (TDA) Loan Program contained in Appendix A of such Rules and Regulations was adopted by the Board of Education and approved by the Teachers' Retirement Board, and

**WHEREAS,** Section V of Appendix A of such Rules and Regulations provides for members to pay interest on TDA loans at the same rate at which interest is credited on members' TDA accounts in the annuity savings fund (TDA fixed accounts) at the time the loan is issued, and

**WHEREAS,** Immediately prior to the enactment of Chapter 504 of the Laws of 2009, the TDA fixed accounts of all members were being credited with interest at the rate of 8¼ percent, and the TDA loan interest rate was at 8¼ percent for all members, and

**WHEREAS,** Chapter 504 of the Laws of 2009 reduced the rate at which interest is credited on the TDA fixed accounts of BERS members represented by the recognized teacher organization for collective bargaining purposes from 8¼ percent to 7 percent, but provided, in effect, that the interest rate on new TDA loans for such members shall remain at 8¼ percent after the effective date of Chapter 504, unless the BERS Rules and Regulations are amended pursuant to the applicable provisions of section 2575 of the Education Law to provide a different TDA loan rate for such members, and

**WHEREAS,**

It is desirable to amend the TDA Loan Plan set forth in Appendix A of the BERS Rules and Regulations to establish a TDA loan rate of 7 percent for those members represented by the recognized teacher organization for collective bargaining purposes, now therefore be it

**RESOLVED,**

That pursuant to the provisions of section 2575 of the Education Law, the following amendment to Appendix A of the Rules and Regulations of the Board of Education Retirement System is hereby adopted and submitted to the Retirement Board of the New York City Teachers' Retirement System for approval.

The first paragraph of Section V of Appendix A of the Rules and Regulations of the Board of Education Retirement System is hereby amended as follows:

Members will pay interest on TDA loans at the same rate at which interest is credited to the Fixed accounts at the time the loan is issued (currently 8¼%), provided, however, that the interest rate on new TDA loans made to participants (1) who hold a position represented by the recognized teacher organization for collective bargaining purposes, or (2) who held such a position at the time they retired or discontinued service with vested rights to a retirement allowance and elected to defer commencement of distribution of their tax-deferred accounts in accordance with applicable law, shall be seven percent per annum, compounded annually. Interest will be charged to the loan accounts on a monthly basis based on the loan outstanding from the previous month. Payments of these charges will be incorporated into the repayment amount and credited to the members' TDA accounts.

Respectfully Submitted;

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Joel I. Klein  
Chancellor