



## MEMORANDUM

TO: Supplemental Retirement Board of Trustees

FROM: Reid Chisholm, Assistant General Counsel

DATE: May 26, 2022

SUBJECT: Proposed amendments to the Policy on Loans

---

The Policy on Loans prohibits a participant from rolling over a loan from the participant's previous employer to the Supplemental Retirement Plans. The policy also prohibits the rollover of a loan from the Supplemental Retirement Plans to another plan. However, the policy does not specifically address the situation of a loan rollover as part of an account rollover from one Supplemental Retirement Plan to another.

The first amendment would explicitly permit the rollover of a loan from one Supplemental Retirement Plan to another as part of an account rollover.

The second amendment would permit the rollover of loans into the Supplemental Retirement Plans if an employer transfers all of its participants' accounts into the Supplemental Retirement Plans from another plan. The rollover would require the administrative and operational assistance of the employer and administrator of the transferring plan; therefore, the loan rollover would be subject to the approval of the Department and the recordkeeper.

These changes would benefit participants by eliminating the requirement that prior to an account rollover, a participant repay the entire outstanding balance or take a distribution of the outstanding balance.

The Policy on Loans and other policies for participants and employers are posted [here](#) on the Board's web page on [www.myNCRetirement.com](http://www.myNCRetirement.com).

### **Recommendation**

Staff recommends the Board adopt the amendments to the Policy on Loans that are attached to this memo.

## Attachment – Proposed amendment to the Policy on Loans

### 11. Rollovers.

- a. A participant is prohibited from rolling over a loan from the participant's previous employer to the Supplemental Retirement Plans, and the Supplemental Retirement Plans will not accept such loans.
- b. A participant is prohibited from rolling over a loan from the Supplemental Retirement Plans to another plan and any attempt to do so will result in a default of the loan.
- c. Notwithstanding subsections (a) and (b), a participating employer may elect to transfer participants' loans to the Supplemental Retirement Plans as part of the transfer of participants' accounts from another plan subject to the approval of the Department and the recordkeeper.
- d. If a participant rolls over the entire account balance from one Supplemental Retirement Plan to another, then the participant also may roll over any loan in the account.