

HBS' Retirement Corner

Furloughs and your retirement plan

What happens to my retirement plan contributions while on furlough?

Your salary deferrals to the plan occur as a deduction to your paycheck. If you are on an unpaid furlough your contributions to the plan will be paused.

Can I take a distribution from the retirement plan while on furlough?

Going on furlough does not make you automatically eligible for a retirement plan distribution. Furloughed employees are still employees of the organization and therefore are not yet eligible for a termination distribution. Furloughed employees may be eligible for an in-service withdrawal, such as a hardship withdrawal or age 59 ½ withdrawal, if allowed under plan provisions and deemed eligible.

What happens to my retirement plan loan?

Loan repayments you make through payroll deduction are paused while you are on an unpaid furlough. Loan repayments outside of payroll may be continued if applicable, or you may be able to suspend repayments for up to a year while on leave. Note that your outstanding loan may default and become taxable if not fully repaid within five years of issuance – regardless of any repayment suspension.

Who can I contact with questions?

Email hbs@hanys.org to schedule a one-on-one appointment with your retirement educator from HANYS Benefit Services.

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