3. Tax Aspects of the RAMP Loan

For tax reasons, all RAMP loans contain a demand feature which is described in the RAMP brochure. This means that NYU has the right to demand payment of the loan at any time. Following the death or retirement of an employee, the RAMP loan is no longer considered to be contingent upon the performance of services by the employee and could be characterized by the Internal Revenue Service as a "term" loan. This may result in a potential adverse impact in that the borrower could be deemed to have received the entire benefit of the RAMP loan’s below market interest rate in Year 1 of the loan term. It is in order to address this potential adverse tax consequence that the RAMP loan contains a demand feature.

Since NYU is not offering tax advice to participants, we strongly urge you to consult with your own tax advisors to discuss your own personal tax status and the impact of the RAMP loan on such status.