§ 50. Loans. a. The following may borrow from the retirement system:

1. Any member in government service or on leave of absence who has credit for at least one year of member service, provided the comptroller shall approve such loan. The total of any such loans shall not exceed seventy-five per centum of his accumulated contributions.

2. Any member absent on military duty, as defined in section two hundred forty-three of the military law. The amount of any such loan, however, shall not exceed the total of his accumulated contributions less one dollar. Such nominal sum of one dollar shall be left in the annuity savings fund to his credit as a token of his continuing membership. Any member who:

(a) While absent on such military duty and prior to October first, nineteen hundred forty-six, withdrew his accumulated contributions, and

(b) Re-entered into government service within one year after the termination of such military duty, may redeposit and repay such withdrawn amount, with interest thereon at the rate of six per centum per annum to October first, nineteen hundred forty-six, and thereafter at the general rate or rates fixed by the comptroller pursuant to this section. In such event such member shall be entitled to the same status, rights and privileges as if he had left the nominal sum of one dollar in the annuity savings fund as a token of his continuing membership.

b. Repayment of loans.

1. An amount so borrowed, together with interest on any unpaid balances thereof, shall be repaid in equal installments which shall be deducted from the member's compensation. Such additional contributions shall be in such amount as the comptroller shall approve. They shall, however, be at least equal to the member's normal contribution to the retirement system, or ten dollars per month, whichever is lower.

2. In the case of repayment by a member on leave of absence without pay, however, any such loan shall be repaid in such installments of principal and interest as the comptroller shall determine.

c. The comptroller, at any time, while the borrowing member is in government service or on leave of absence therefrom, may accept payments on account of any loan in addition to the installments fixed for repayment thereof.

d. The rate of interest payable upon loans made under this section shall be fixed by the comptroller. He shall have power, from time to time and at any time, to decrease such rate to not less than regular interest or to increase the same to not more than six per centum per annum. Any such decrease or increase shall apply, from the effective date thereof, to unpaid balances or loans outstanding on such date and to new loans made thereafter. The comptroller shall adjust any prepaid and unearned interest on balances of loans outstanding as of the effective date of a change in the interest rate.

e. The borrowing member's anuuity savings account shall not be reduced by the loan obtained but a subsidiary record shall be maintained reflecting the outstanding balance on such loan, as well as the allocation of the payroll deductions to principal and interest. Upon the member's withdrawal of his accumulated contributions or retirement, the balance due on his loan shall be deducted from the amount to his credit at such time in the annuity savings fund. Upon the death of the member prior to the loan being fully insured, that portion thereof which is uninsured, shall similarly be deducted from the amount to his credit at the time of his death in the annuity savings fund.

f. In the case of any benefit wherein the amount of pension will be determined, in part, by the amount of annuity, such annuity shall be computed upon the basis of accumulated contributions as if there were no loan or no additional contributions. The resulting retirement allowance shall then be reduced by the actuarial equivalent of the present value of any oustanding loan.

g. Insurance of loans. Each loan made pursuant to this section shall be insured against the death of the member. Such insurance shall be provided by the comptroller through the retirement system upon the following basis:

1. Amount of insurance. Each loan made pursuant to this section shall be insurable in its entirety and shall be insured thirty days after the making thereof.

2. Premiums. In March of each year, premiums at the rate established by the directive of the comptroller, in effect during such year, shall be charged to the member's annuity savings account. In pro-rating premiums, the major part of a month shall be considered as a whole month. If the member during this period withdraws his contributions, dies or retires, the premium to be charged at the time of such withdrawal, death or retirement shall be based on the number of months which had elapsed since the beginning of the fiscal year.

3. Loans heretofore made. Each loan made pursuant to law prior to the effective date of this section as hereby amended, shall be insured from that date upon the terms and conditions set forth in this section, as hereby amended. Premiums after such date shall be deducted in accordance with the provisions of this section.

4. Funds. The comptroller is authorized to establish such funds as may be necessary to carry out the provisions of this subdivision g.

5. Power of comptroller. The comptroller, in his discretion and at the end of any fiscal year, may increase or reduce the premium; modify the terms and conditions of coverage or discontinue the insurance of loans.

6. Continuity of insurance not obligatory. This subdivision g shall not impose any obligation whatsoever upon the retirement system or any employer to continue to insure loans of members upon the terms and conditions herein provided or upon any other terms and conditions.