The slide features a decorative left margin with vertical stripes in shades of purple and blue. Overlaid on these stripes are several circles of varying sizes, also in shades of purple and blue, arranged in a vertical sequence.

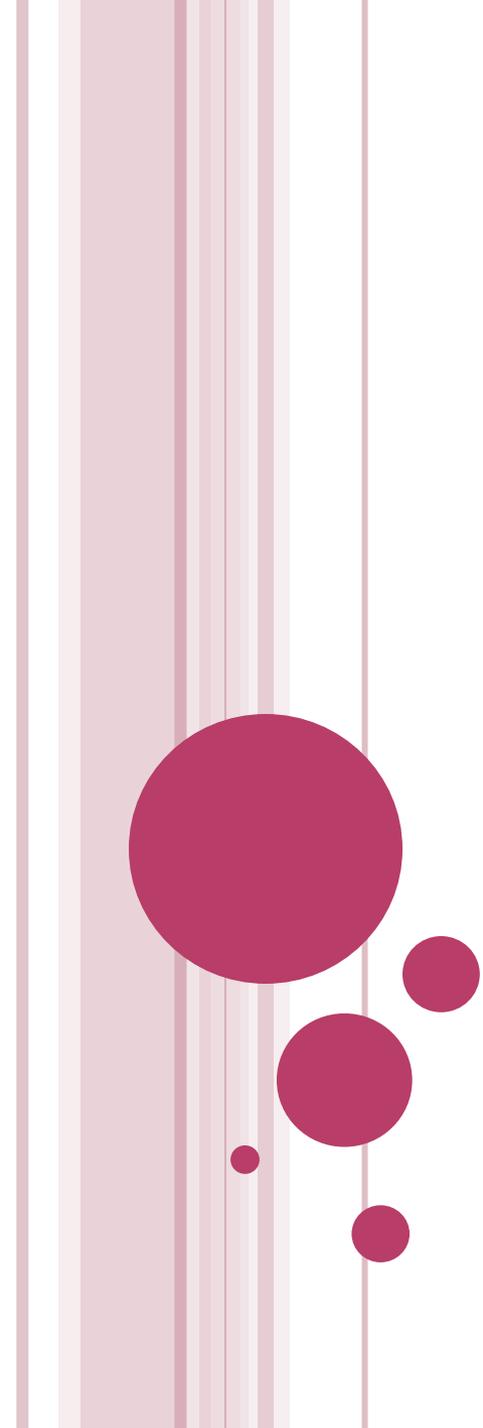
ftwilliam.com Compliance
Module User Group
Meeting #44 July 11, 2017

AGENDA

- The ftwilliam.com loan module:
 - Setting up the loan module
 - Adding a new loan
 - Servicing the loan
 - Loan reports
- Vendor loans
- Sneak peek preview to the new report writer
- Coming soon – more Train the Trainer
- Tips of the month
- Wrap-up

OPTIONS FOR HANDLING LOANS

- Vendor tracks loans/data on TPA file
 - Just upload the vendor file as is
 - Extract the loans from the vendor file
- Add loan transactions manually
- Use the ftwilliam.com loan module
- The method will vary, depending on user preference and how the vendor handles loans



THE LOAN MODULE

Jane Nickalls

LOAN MODULE - BACKGROUND

- The loan module is separate from the rest of the software
 - There's no additional cost and the module is available when the document checklist is coded to allow loans (J 30)
- The module allows a user to:
 - Generate loan paperwork
 - Track loan repayments
 - Retain loan history
 - Produce loan reports

LOAN MODULE - BACKGROUND

- Loans are tracked as an investment on ftwilliam.com
- When a loan is issued, money moves from other investments to the loan fund
- When a loan repayment is made money moves from the loan fund to the other investments
- Interest also calculated in addition to the principle repayment – goes to earnings

LOAN MODULE - BACKGROUND

○ Loans - Source vs Investment

1. Some other software providers treat loans as an independent source
2. Difficult to determine break down of outstanding balance source
3. Vesting of the loan source if ppt is not 100%
4. Repayments deposited to correct source
5. ftw Loan Module treats as investment
6. User's decision.

SETTING UP THE LOAN MODULE

- Go to Plan Specifications then Sources and Investment Accounts
- Select Yes to ‘Use Investment Accounts to track Participant Balances’
- Click on the new link ‘Work with Investment Accounts’
- Add a loan fund & at least one other investment – e.g. Pooled Account or Brokerage Account

SETTING UP THE LOAN MODULE

- Loan fund – no specific rules regarding the name
 - Account name is what shows on reports & statements
 - Account ID is system identifier
 - Account Type is 'Cash'
- Other investments can be type cash or brokerage
- Click the 'Loan Inv Account Distribution/Hierarchy' link
 - Select loan account
 - Indicate which accounts allow loans – loan account does not
 - Select Pro-rata or Ordering rule for how loans are distributed/repaid across accounts
 - Ordering rule allows you to order the other accounts – deplete the first, then the second etc.

SETTING UP INVESTMENT ACCOUNTS

Investment Accounts

Loan Inv Account Distribution/Hierarchy

AccountID	Account Name	Account Description	Type	Del
VENDOR	John Hancock		Cash	
POOLED	Pooled Account		Cash	
BROKERAGE	Brokerage Account		Brokerage	
LOAN	Loan Account		Cash	
			Cash	

Add all Investments to all Sources

Close Update

Loan Inv Account Distribution/Hierarchy

Select Investment Accounts Available for Loans.

Account ID	Account Name	Allow Loans	Pro rata Ordering rule
BROKERAGE	Brokerage Account	Yes	100
POOLED	Pooled Account	Yes	110
VENDOR	John Hancock	Yes	120
LOAN	Loan Account	No	130

Select Loan Account: LOAN

Close Update

SETTING UP SOURCES

Loan Source Distribution/Hierarchy | Add Default Sources

<input type="checkbox"/>	SourceID	Suppress	Top Heavy	Source Name
<input type="checkbox"/>	401K	No	Yes	Elective Deferral
<input type="checkbox"/>	ROTH	No	Yes	Roth Deferral
<input type="checkbox"/>	MATCH	No	Yes	Matching Contribution
<input type="checkbox"/>	QMAC	Yes	Yes	QMAC
<input type="checkbox"/>	QNEC	No	Yes	QNEC
<input type="checkbox"/>	PS	No	Yes	Profit Sharing
<input type="checkbox"/>	ROLLREL	Yes	Yes	Rollover Related
<input type="checkbox"/>	ROLLUNREL	No	No	Rollover Unrelated
<input type="checkbox"/>	ROLLROTHNT	Yes	Yes	Rollover Roth NonTaxal
<input type="checkbox"/>	ROLLROHTAX	Yes	Yes	Rollover Roth Taxable
<input type="checkbox"/>		No	Yes	
<input type="checkbox"/>		No	Yes	
<input type="checkbox"/>		No	Yes	
<input type="checkbox"/>		No	Yes	
<input type="checkbox"/>		No	Yes	

Loan Source Distribution/Hierarchy

Source ID	Source Name	Allow Loans	Pro rata Ordering rule
MATCH	Matching Contribution	Yes	100
ROTH	Roth Deferral	Yes	110
ROLLUNREL	Rollover Unrelated	Yes	120
QNEC	QNEC	No	130
PS	Profit Sharing	Yes	140
401K	Elective Deferral	Yes	150

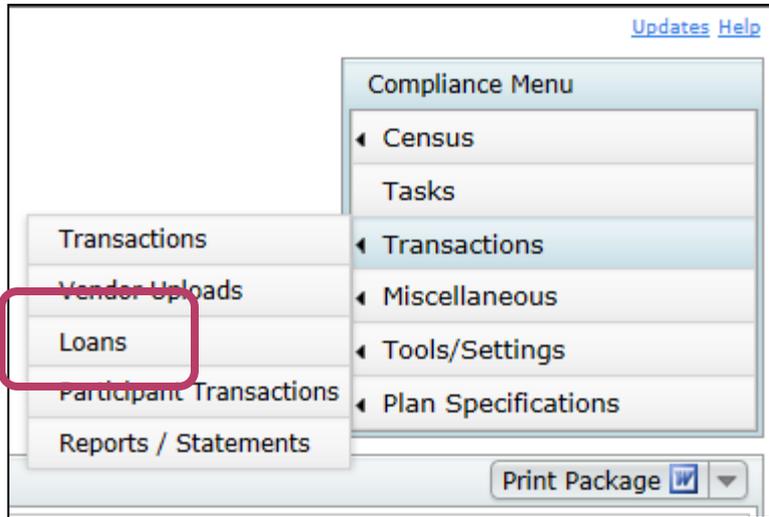
Close Update

- Click the 'Loan Source Distribution/Hierarchy' link
 - Indicate which sources allow loans
 - Select Pro-rata or Ordering rule for how loans are distributed/repaid across sources

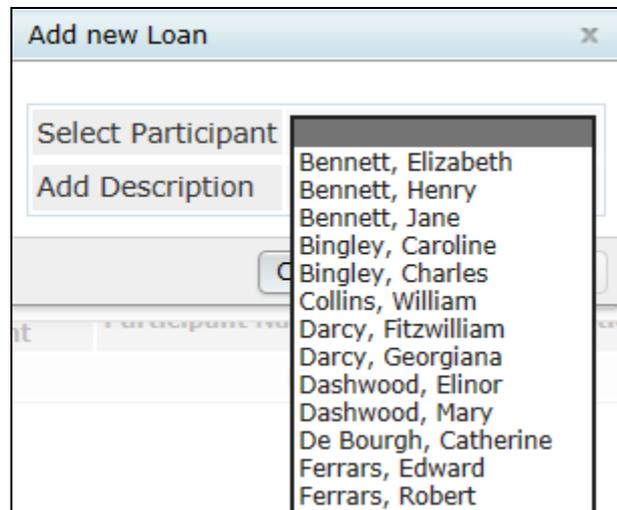
ADDING A NEW LOAN TO THE LOAN MODULE

- Loans need to be added in the plan year they are issued
 - May need to add the new year before the year end
 - Since the loan module is independent of the Tasks menu, you don't need census data added
- Available account balances will pull from the transaction menu – no need to bring forward prior year ending balances
 - You can override the amount available on the new loan screen – click 'Review/Edit' & enter new amounts
- Problem adding a loan? Check account & source setup - you may need to delete the loan & re-add

ADDING A NEW LOAN TO THE LOAN MODULE



- Select Transactions/Loans
- Click 'Add New Loan' then 'Add New'
 - Select the participant and enter data in the fields
- Or click a pending loan and review/edit date



ADDING A NEW LOAN

Enter Loan Data for Participant		
Name	Hurst, Louisa	Loan Policy
SSN	111-11-1126	
Description	2016 Loan #1	
Origination date	11/30/2016	
Principal	10000.00	Max: 34754.98 Review/Edit
Annual interest rate	5.000000	Look up prime rate
Repayment Type:	Number of Payments	
Number of payments	130	
Payment Amount	0.00	
First repayment date	12/30/2016	
Number of outstanding loans permitted		2
Allow extended term for principal residence	No	No
Payment frequency	Bi-Weekly	pay period
Payable in full on termination	Yes	Yes
Prepay loan	Prepay in full or in part	Prepay in full or in part
Repay by payroll deduction	Yes	Yes
Loan processing fee	No	No
Loan processing fee amount	0.00	
Loan maintenance fee	No	No
Loan maintenance fee amount	0.00	
Loan default period	Specified days	Specified days
If 'Specified day', number of days	60	
Require spousal consent	Determined by Doc Specs	

Print Loan Documents and Post Transactions

Cancel Update

- Need to enter:
 - Origination Date
 - Principal – i.e. amount being borrowed – can override
 - Interest rate – link to WSJ shows prime rate
 - Number of payments or payment amount
 - First repayment date
- Review/edit other options
 - Feed from plan doc checklist section J
 - See tip of the month regarding prepay options

ADDING A NEW LOAN

- After adding all the required fields on the new loan screen, click the 'Update' button, then the link to print loan documents & post transactions will be active
 - Option to print amortization schedule in Word or Excel, promissory note in Word, or both together in a single Word document
 - If spousal consent is required, this will be included with the promissory note
 - Click the 'Post Loan' button to create a transaction batch showing the loan distribution and add the loan to the loan module for tracking

LOAN REPAYMENTS

- Loan screen lists loan payments due within 30 days, or other selected date range
- Can modify date received, add additional interest and/or principle if allowed
- To post payments, select for payment and click the 'Post Loan Payments' button
 - Creates batches in the transaction menu and tracks payments in the loan module

SELECTING & POSTING LOAN REPAYMENTS

Home > Edit Company > Edit Plan > Compliance > Transactions > Loans [Updates](#) [Help](#)

Company: ABC Company Inc ID: _____
 Plan: JN 2016 Demo Plan ID: _____
 Year End: 12/31/2016

Sort By: [Name](#)|[Date](#)
 Show payments due within: [7](#) | [15](#) | [30](#) | [45](#) | [60](#) | [90](#) (days)
 Select Participant:
 Showing: [All](#) | [Active Only](#) | [Default Only](#)
 Date Range: Begin:
 End:

Compliance Menu

- ◀ [Census](#)
- Tasks
- ◀ [Transactions](#)
- ◀ [Miscellaneous](#)
- ◀ [Tools/Settings](#)
- ◀ [Plan Specifications](#)

[Add new loan](#) | [Global Loans Report](#)

Select for Payment	Payment Date	Scheduled Date	Payment Amount	Participant Name	Loan Description	Added Interest	Added Principal	Remaining Balance
<input type="checkbox"/>	<input type="text" value="12/29/2016"/>	12/29/2016	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	9816.96
<input type="checkbox"/>	<input type="text" value="01/12/2017"/>	01/12/2017	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	9633.57
<input type="checkbox"/>	<input type="text" value="01/26/2017"/>	01/26/2017	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	9449.83
<input type="checkbox"/>	<input type="text" value="02/09/2017"/>	02/09/2017	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	9265.73
<input type="checkbox"/>	<input type="text" value="02/23/2017"/>	02/23/2017	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	9081.28
<input type="checkbox"/>	<input type="text" value="03/09/2017"/>	03/09/2017	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	8896.47
<input type="checkbox"/>	<input type="text" value="03/23/2017"/>	03/23/2017	202.27	Bingley, Charles (Active)	2016 Loan #1	<input type="text" value="0.00"/>	<input type="text" value="No prepay"/>	8711.31

Total Payment for Selected: \$0.00

PRINCIPLE PAY-DOWNS

- If repayment includes additional principle, that payment should be the only payment being updated at that time
 - Select only a single payment to post
- The amortization schedule in the loan module will be adjusted
- Caution: you will not be able to un-post this principle pay-down

LOAN REPORTS

- Click the 'Global Loans Report' link on the loan screen
- Option to select a current loan:
 - Delete the loan
 - Reproduce the paperwork
 - Un-post loan repayments
 - Default the loan if it's active
 - Offset the loan if it's defaulted
- Print a report showing all loans as of a selected date, defaulted or closed loans
- Print annual loan report showing detail on all loans

LOAN REPORTS

Global Loans Report

Active Loans 

Bingley, Charles - 2016-12-01 - 2016 Loan #1

Defaulted Loans 

None

Closed Loans 

None

Print All Loans as of:

Print Annual Report: [Annual Report for 2016](#) 

Participant Loan Details x

Loan Data for Participant Status: **Active**

Name	Bingley, Charles
SSN	111-11-1120
Description	2016 Loan #1
Date of Loan	12/01/2016
Principal	\$10000.00
Annual Interest	5.000000%
Number of Payments	52
Payment Frequency	Bi-Weekly
First Repayment Date	12/29/2016
Allow extended term for principal residence	No

[Amortization Schedule \(csv\)](#) (doc) 

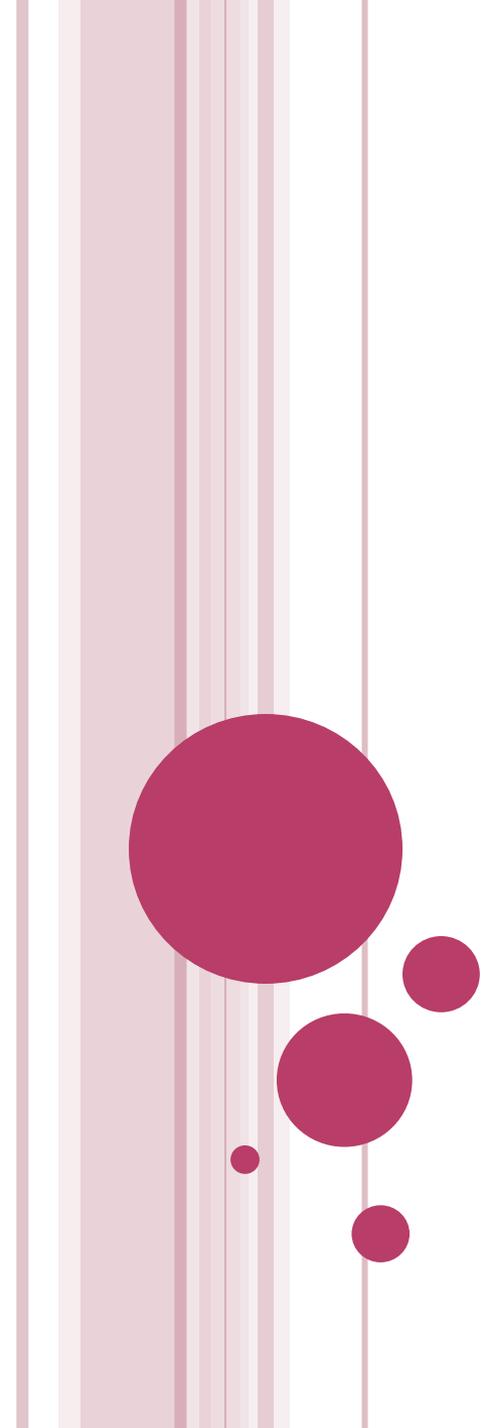
[Promissory Note](#) (doc)

[Note and Amortization](#) (doc)

[Default Loan](#)

CONVERSION LOANS

- If you are converting a plan with active loans from another software vendor, it's hard to reproduce the prior amortization schedule
 - May need to manually adjust repayments
- Usually easier to add outstanding balance and post the other activity manually based on the original schedule
 - Batches would be similar to the ones created by the loan module
 - Repayments can be combined, e.g. 3 or 4 over the year
- Same for loans where vendor holds assets but does not track loans.



VENDOR LOANS

Jane Nickalls

VENDOR LOANS #1

- Assets with Vendor where ppt loans are treated as another investment. Vendor PPT statements reflect full details including outstanding balance
- ftw transaction upload feature does not separate out the loan data since Vendor reports
- Examples: John Hancock, American Funds, Hartford-MFS-MM
- No adjustments by ftw user

VENDOR LOANS #2

- Assets with Vendor where ppt loans are NOT treated as an investment. Vendor PPT statements do not reflect full details or outstanding balance.
- ftw transaction upload feature creates transactions based on the transactions types in the file. ftw does not create loan transactions not in file.
- Examples: Empower, Nationwide and some VOYA accounts
- Transactions adjusted by ftw user

VENDOR LOANS #3

- Assets with Vendor where ppt loans are tracked but the downloadable file does not reflect full details. File may have fields with outstanding balances and the total amount repaid
- ftw transaction upload feature creates transactions based on the transactions types in the file. ftw does not create loan transactions not in file
- Examples: some VOYA accounts.
- Transactions adjusted by ftw user

VENDOR LOANS

- Suggested adjustments
 1. Upload the vendor file
 2. Add a beginning balance batch for outstanding loan balances - normally first year only
 3. Edit batches to replicate the loan repayment activity
 4. Add a batch for interest from amortization schedule

VIEW JUST VENDOR ACTIVITY

Compliance Users Group May 8 2014 Detail Participant Statements 01/01/2013 Through 12/31/2013									
Source/Account	Beg Balance	Contribs	Earnings	Distribs	Transfers	Forfeiture	Other	End Balance	Vesting
Lauren Bacall									
Elective Deferral	55,307.94	5,877.65	8,676.44	0.00	0.00	0.00	4,000.00	73,862.03	100%
Total:	55,307.94	5,877.65	8,676.44	0.00	0.00	0.00	4,000.00	73,862.03	73,862.03
Lucy Ball									
Elective Deferral	6,034.16	10,000.00	875.22	0.00	0.00	0.00	-5,000.00	11,909.38	100%
Total:	6,034.16	10,000.00	875.22	0.00	0.00	0.00	-5,000.00	11,909.38	11,909.38

VIEW ACTUAL LOAN ACTIVITY

Compliance Users Group May 8 2014
Detail Participant Statements
 01/01/2013 Through 12/31/2013

Source/Account	Beg Balance	Contribs	Earnings	Distributions	Transfers	Forfeiture	Other	End Balance	Vesting
Lauren Bacall									
Elective Deferral	55,307.94	5,877.65	8,676.44	0.00	0.00	0.00	4,000.00	73,862.03	100%
Loan	20,000.00	0.00	1,000.00	0.00	0.00	0.00	-4,000.00	17,000.00	100%
Total:	75,307.94	5,877.65	9,676.44	0.00	0.00	0.00	0.00	90,862.03	90,862.03
Lucy Ball									
Elective Deferral	6,034.16	10,000.00	875.22	0.00	0.00	0.00	-5,000.00	11,909.38	100%
Loan	0.00	0.00	0.00	0.00	0.00	0.00	5,000.00	5,000.00	100%
Total:	6,034.16	10,000.00	875.22	0.00	0.00	0.00	0.00	16,909.38	16,909.38

TO SEE ACTUAL LOAN ACTIVITY

- Transaction batches needed – Lauren Bacall:
 - Loan beginning balances of \$20,000
 - Loan interest - \$1,000
 - Repayments - \$4,000
- Transaction batches needed – Lucy Ball:
 - Loan distribution - \$5,000



Separate upload needed/not all data on file

Vendor	File Type
American Premier	.pas
Ascensus	.txt
Empower (Not V2)	.pas
Generic	.csv
Guardian	.txt
VOYA	.fi1
VOYA-Omni	.fi1
VOYA-Post 2016	.xlsx
Lincoln	.csv
Lincoln V2	.csv
Nationwide	.txt
Principal	.csv
SRT	.csv

HOW VENDORS HANDLE LOANS

As Investment/data on TPA file

Vendor	File Type
American Funds	.csv
Hartford-MFS-MM	.csv
John Hancock	.txt
Transamerica	.csv

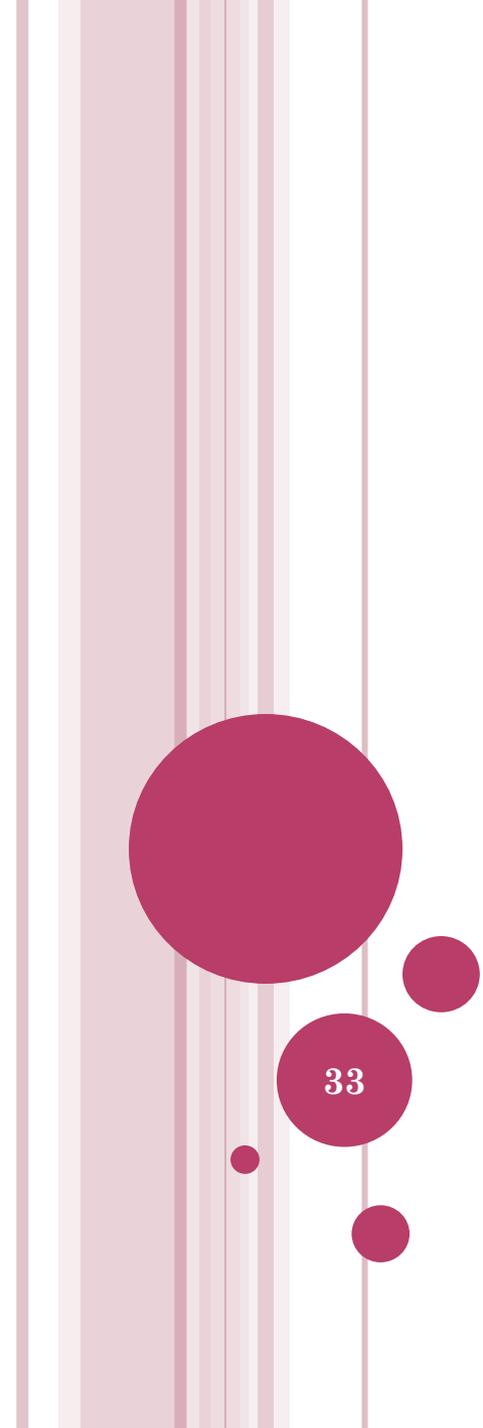
HOW VENDORS HANDLE LOANS

Unknown

Vendor	File Type	Method?
AUL One America	.CSV	
Eplan	.CSV	
Expert Plans	.CSV	
Mass Mutual	RMAP	
Securian	.txt	
The Standard	.CSV	

EMPOWER V2

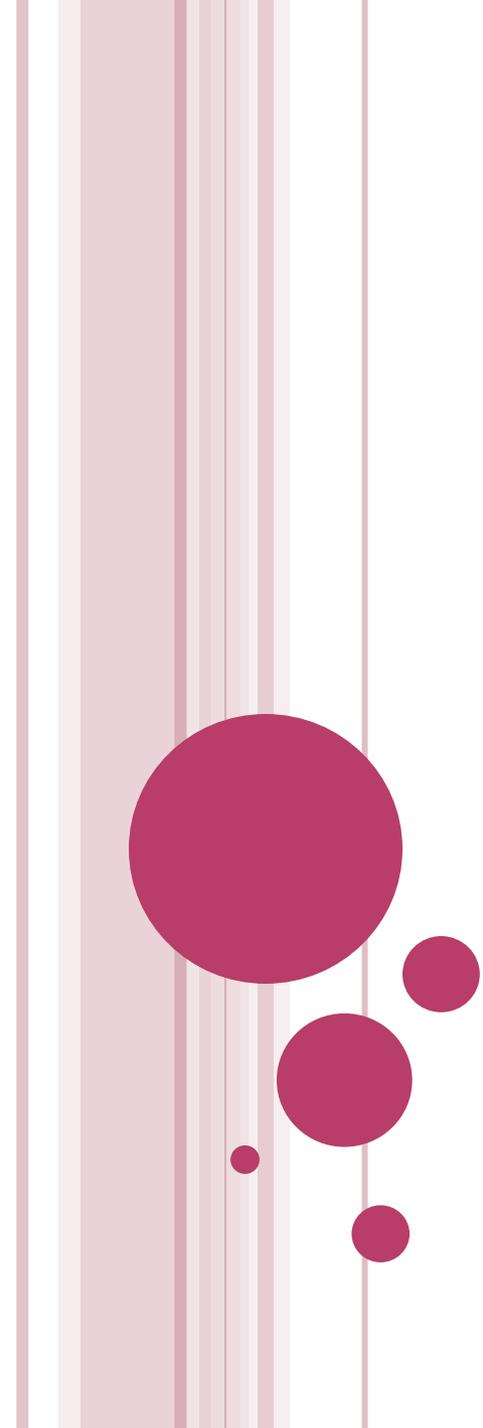
- Enhancement added for Empower version 2, AKA PAS2
- Now the uploads captures loan activity
 - Loan transactions may be shown separately
 - Need to use investment accounts – two accounts, a vendor account and a loan account
- If no loan account is set up, the activity will be combined with other account activity
- Full instructions are in update email sent 12/21/2016



SNEAK PEEK OF THE NEW REPORT WRITER

Janice Herrin

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UPDATE ON TRAIN THE TRAINER & TIPS OF THE MONTH

Janice Herrin

UPDATE ON TRAIN THE TRAINER

- Thanks to those who responded!
- We will be offering basic training – more than three-quarters of respondents wanted it
- Otherwise, the most popular topics are:
 - Plan Specifications, Census, Allocations, Testing, Troubleshooting
- Nearly one-third want a custom session
- We will draw up a schedule and let you know
- We're still open for feedback – contact support@ftwilliam.com and use Train the Trainer as the subject line

TIP OF THE MONTH - JANICE

- Always complete loan set-up, including selecting the loan fund and the loan hierarchy for investments & sources before adding a new loan
 - Also don't forget to indicate that loans can't be taken from the loan fund
- On the new loan screen we suggest selecting 'Prepay in full or in part' for the Prepay loan option
 - Gives most flexibility

TIP OF THE MONTH - JANE

- If HCEs are not being correctly identified, check the following:
 - Ownership, Family Group & Family Group Relation columns all need to be populated on the census in both current & prior years
 - If using TPG, first year in ftw, need to use supplemental grid to indicate who was in TPG
 - In scrub parameters:
 - Make sure the global HCE/Key override is not set to Yes
 - If the plan is a non-calendar year, make sure that 'Use calendar year data election' is not set to Yes – this requires calendar year data

WRAP-UP

- The next meeting will be Tuesday September 12 at 12 Noon CT
- No August user group meeting, but there are still a few slots available at the regional customer conference in Philadelphia on August 8
- Please let us know your suggestions for future topics for the user group meetings!