The Admin Software Loan Module

ftwilliam.com
Administration Software
User Group Meeting

Meeting #17 May 6, 2014

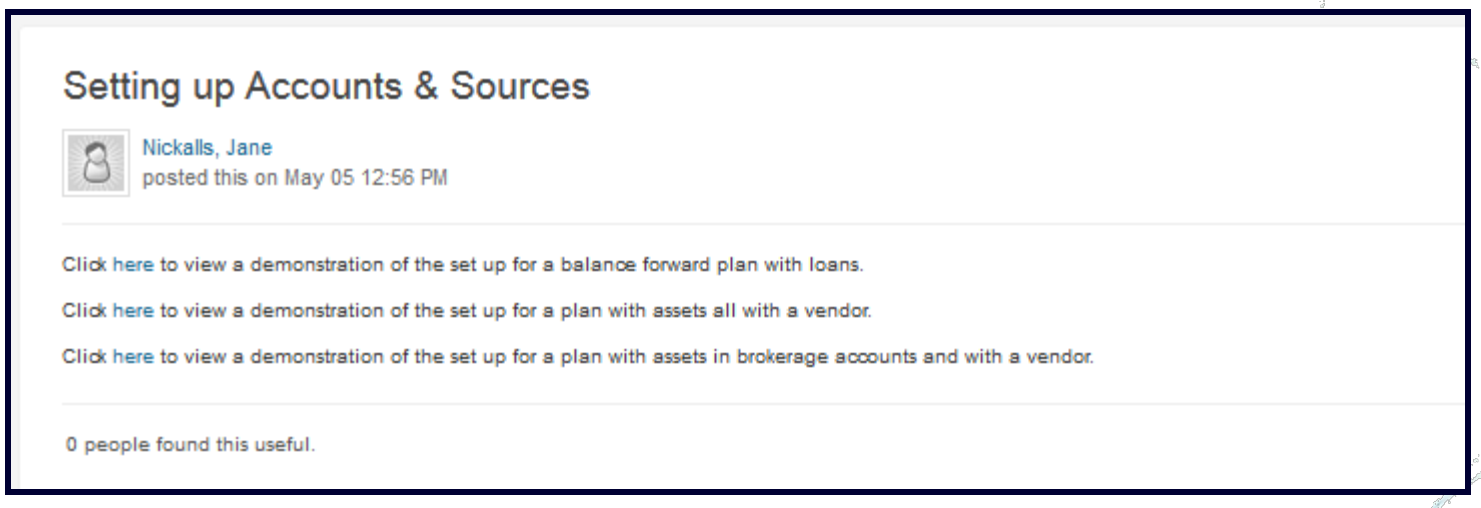
Wolters Kluwer
Law & Business

Agenda

- Update on the Admin Forum
- The loan module:
  - Background
  - Setting up the loan module
  - Adding a new loan
  - Servicing the loan
  - Loan reports
  - None ftw Loan Module Loans
- ftwilliam PPA document update

Update on the Admin Forum

- New ‘Screencasts’ added to forum on setting up accounts and sources
- Under ‘Transactions’



Background

- The loan module is separate from the rest of the software
  - No additional cost
  - Does interact with the transaction menu
- Different ways of using the module
  - Produce loan paperwork
  - Tracking loan repayments
  - Retaining loan history
  - Loan reporting

Background

- Loans are tracked as an investment on ftwilliam
- 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 included – goes to earnings

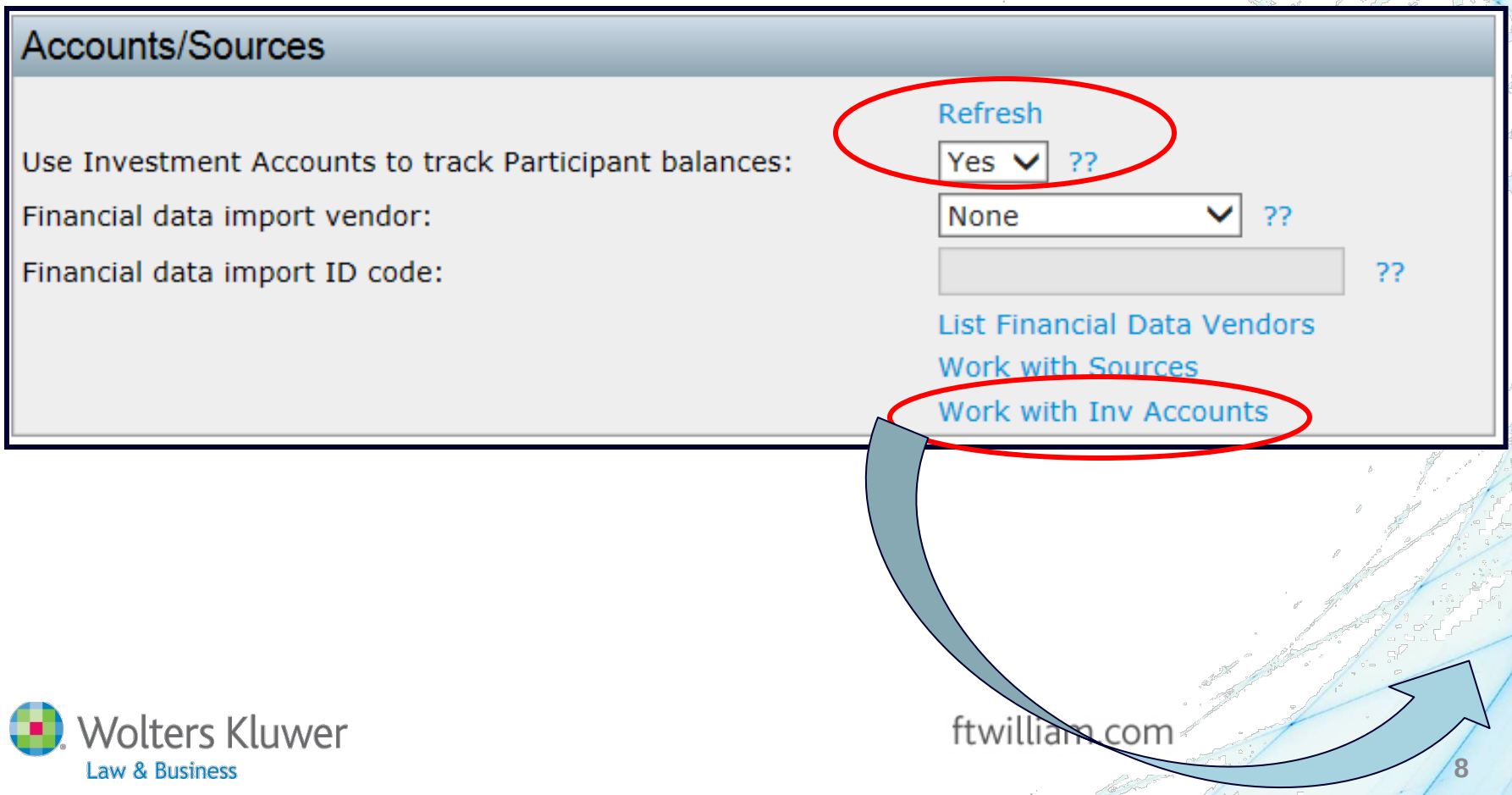
Setting up the Loan Module

- Go to Plan Specifications then General Features/Sources and Inv Accounts
- Select Yes to “Use Investment Accounts to track Participant Balances
- Click ‘Refresh’
- See a new link ‘Work with Investment Accounts’

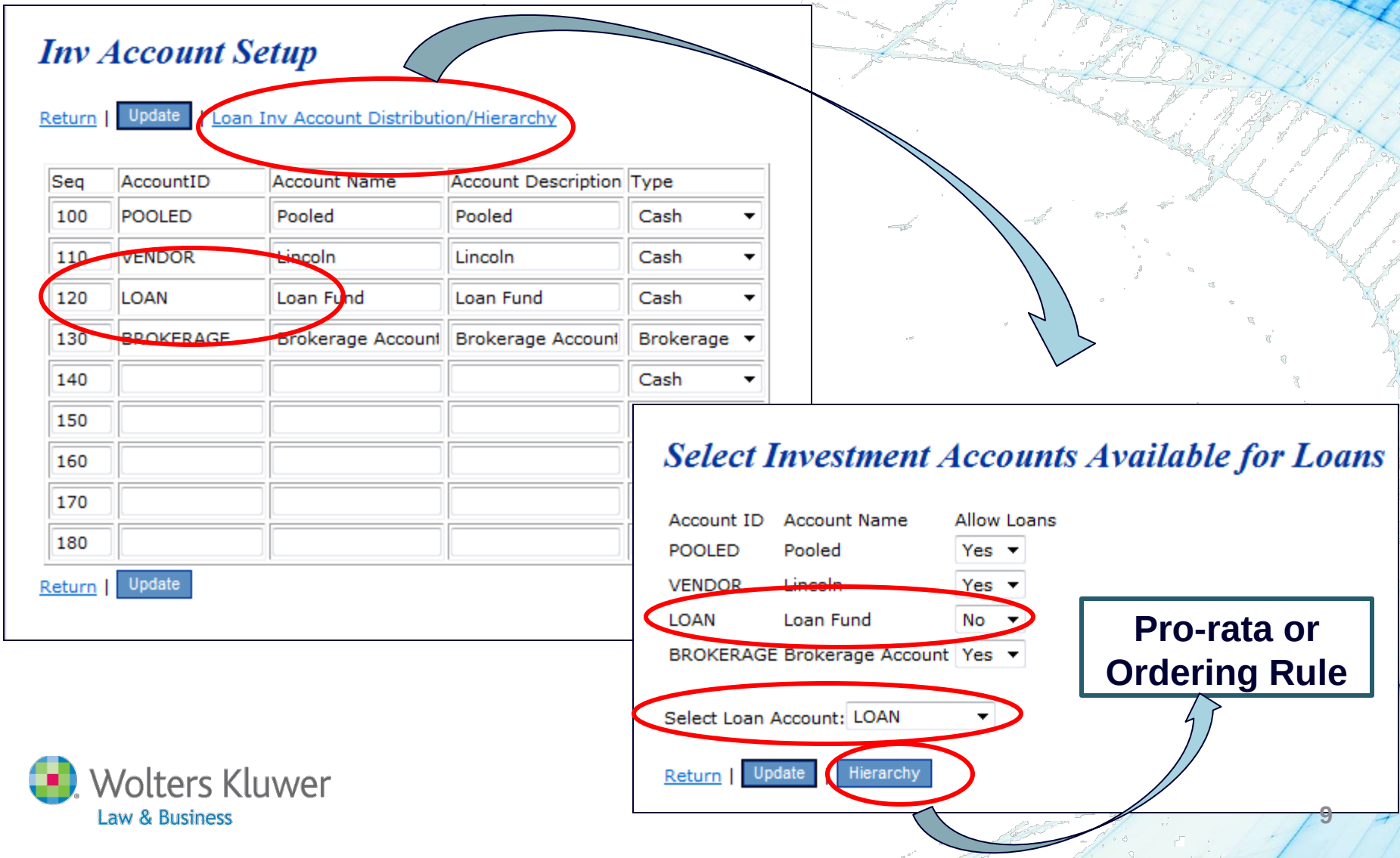
Setting up the Loan Module

- Add a loan fund – no specific rules regarding the name
  - Account name is what shows on reports & statements
  - Account ID is system identifier
- Add at least one other investment – e.g.:
  - Pooled Account
  - Brokerage Account

Setting up Plan Specs



Setting up Investment Accounts



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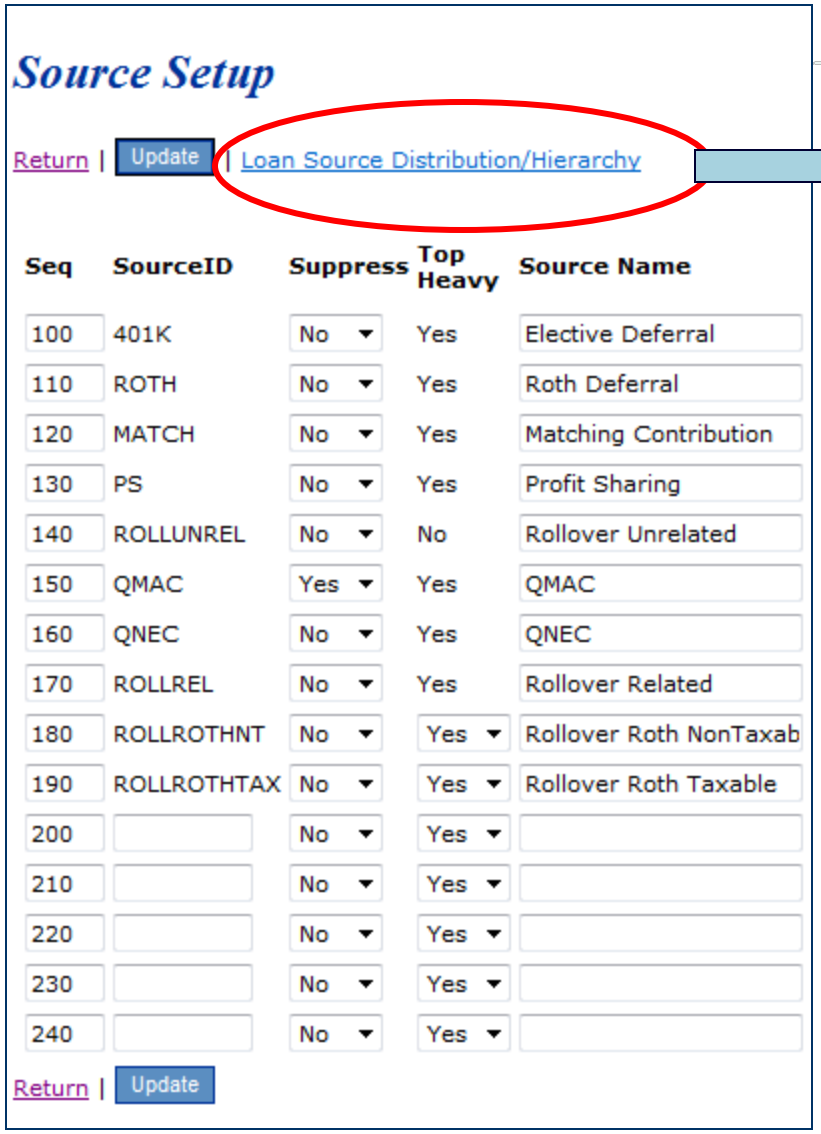
Setting up Work with Sources

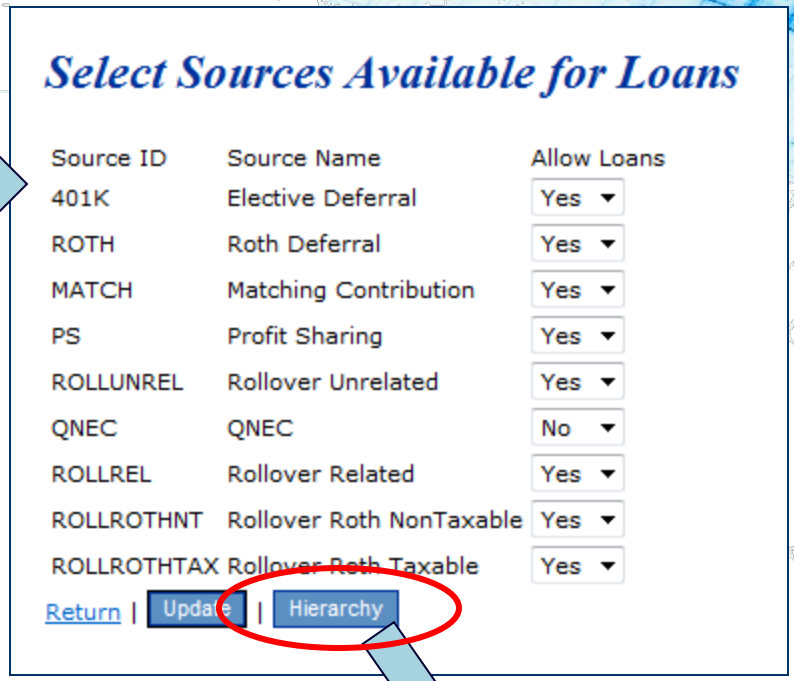


Source Setup

Return | Update | Loan Source Distribution/Hierarchy

Seq	SourceID	Suppress	Top Heavy	Source Name
100	401K	No	Yes	Elective Deferral
110	ROTH	No	Yes	Roth Deferral
120	MATCH	No	Yes	Matching Contribution
130	PS	No	Yes	Profit Sharing
140	ROLLUNREL	No	No	Rollover Unrelated
150	QMAC	Yes	Yes	QMAC
160	QNEC	No	Yes	QNEC
170	ROLLREL	No	Yes	Rollover Related
180	ROLLROTHNT	No	Yes	Rollover Roth NonTaxab
190	ROLLROTHTAX	No	Yes	Rollover Roth Taxable
200		No	Yes	
210		No	Yes	
220		No	Yes	
230		No	Yes	
240		No	Yes	

Return | Update



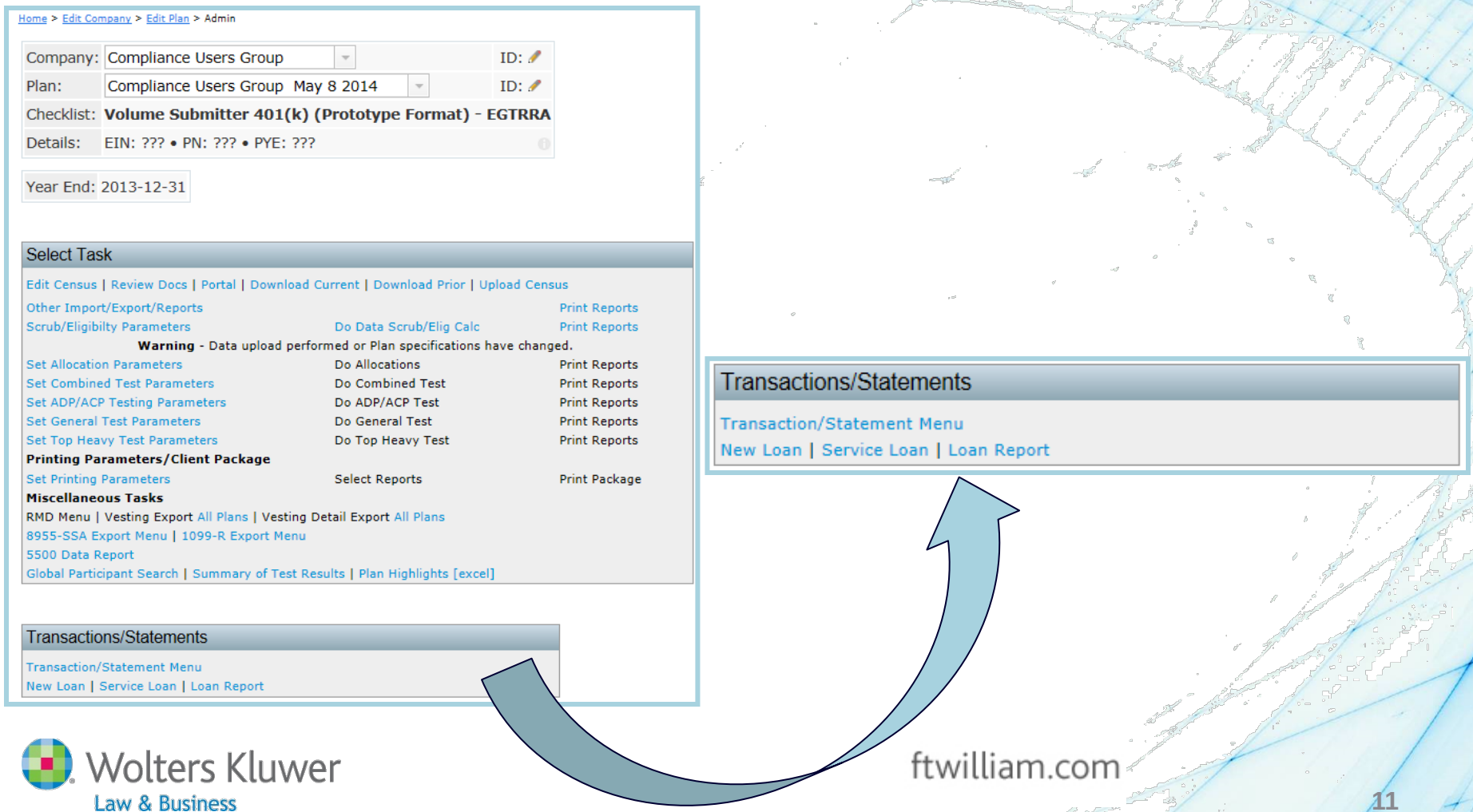
Select Sources Available for Loans

Source ID	Source Name	Allow Loans
401K	Elective Deferral	Yes
ROTH	Roth Deferral	Yes
MATCH	Matching Contribution	Yes
PS	Profit Sharing	Yes
ROLLUNREL	Rollover Unrelated	Yes
QNEC	QNEC	No
ROLLREL	Rollover Related	Yes
ROLLROTHNT	Rollover Roth NonTaxable	Yes
ROLLROTHTAX	Rollover Roth Taxable	Yes

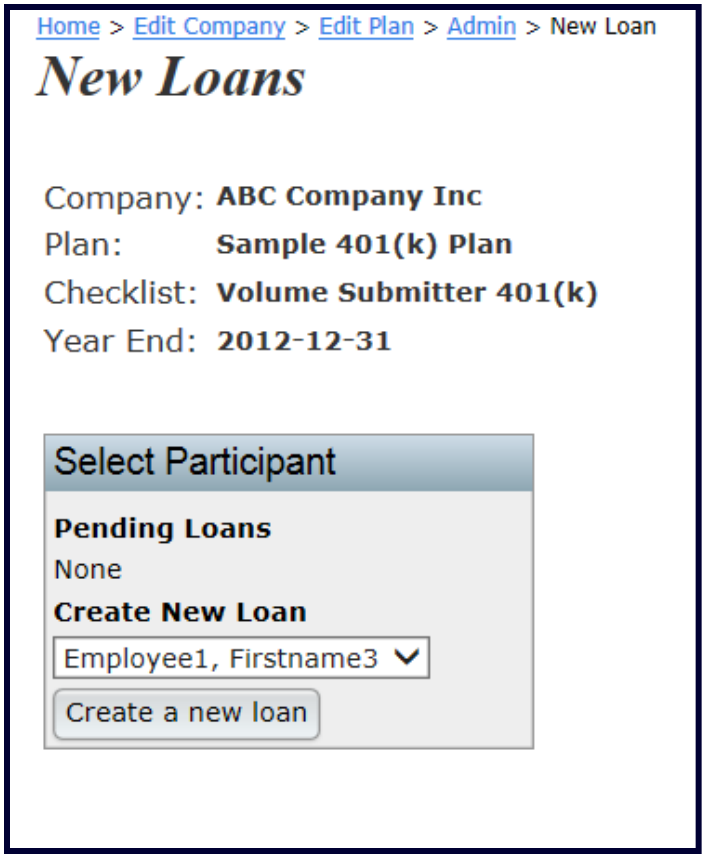
Return | Update | Hierarchy

Pro-rata or Ordering Rule

Loan Module


Home > Edit Company > Edit Plan > Admin
Company: Compliance Users Group ID:
Plan: Compliance Users Group May 8 2014 ID:
Checklist: Volume Submitter 401(k) (Prototype Format) - EGTRRA
Details: EIN: ??? • PN: ??? • PYE: ???
Year End: 2013-12-31
Select Task
Edit Census | Review Docs | Portal | Download Current | Download Prior | Upload Census
Other Import/Export/Reports
Print Reports
Scrub/Eligibilty Parameters
Do Data Scrub/Elig Calc
Print Reports
Warning - Data upload performed or Plan specifications have changed.
Set Allocation Parameters
Do Allocations
Print Reports
Set Combined Test Parameters
Do Combined Test
Print Reports
Set ADP/ACP Testing Parameters
Do ADP/ACP Test
Print Reports
Set General Test Parameters
Do General Test
Print Reports
Set Top Heavy Test Parameters
Do Top Heavy Test
Print Reports
Printing Parameters/Client Package
Set Printing Parameters
Select Reports
Print Package
Miscellaneous Tasks
RMD Menu | Vesting Export All Plans | Vesting Detail Export All Plans
8955-SSA Export Menu | 1099-R Export Menu
5500 Data Report
Global Participant Search | Summary of Test Results | Plan Highlights [excel]
Transactions/Statements
Transaction/Statement Menu
New Loan | Service Loan | Loan Report
Transactions/Statements
Transaction/Statement Menu
New Loan | Service Loan | Loan Report

Add a New Loan – Select Participant



- Ready to add a loan – click on ‘New Loan’
- Select the participant and click ‘Create a New Loan’

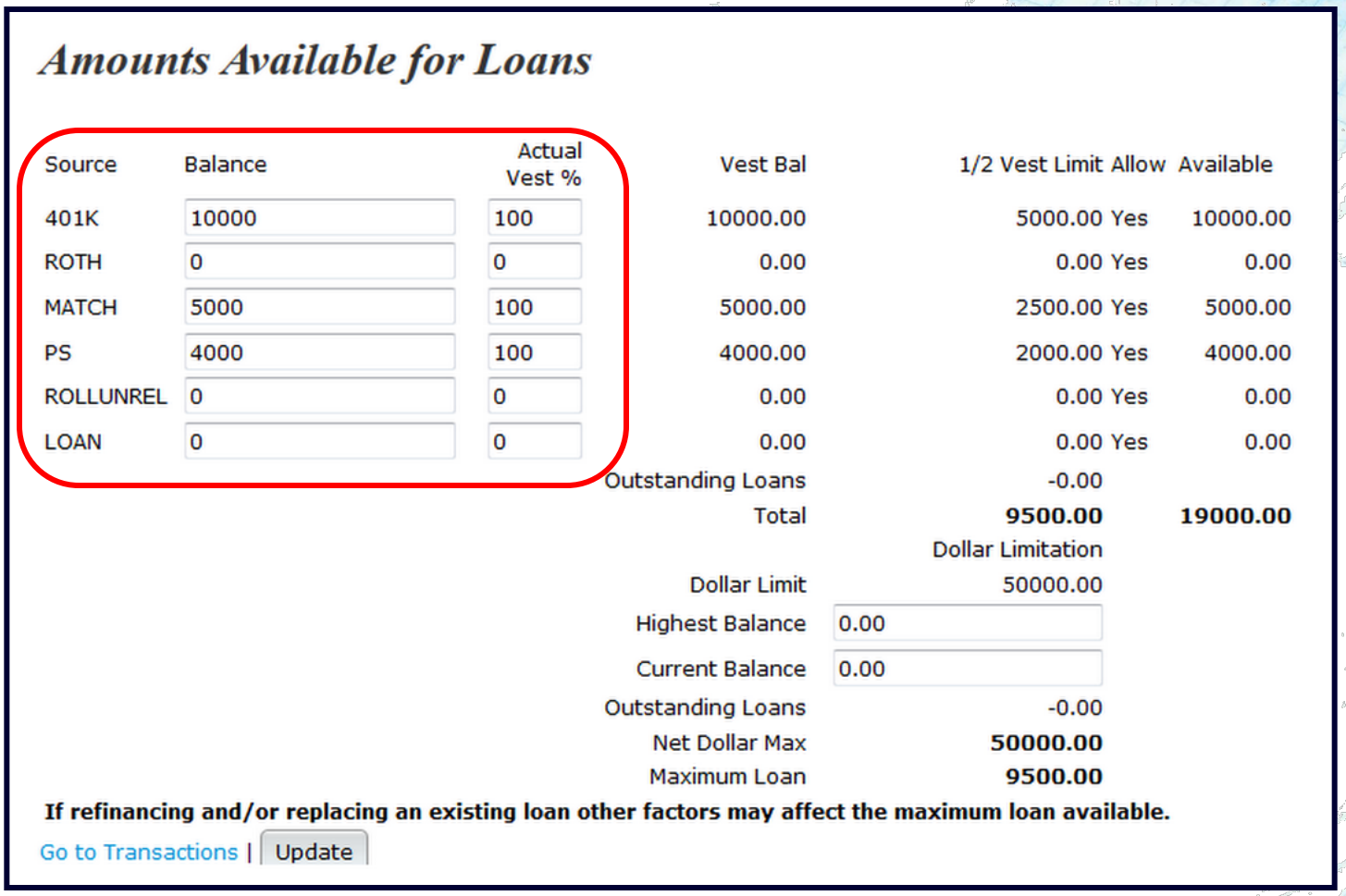
Add Loan Details

- Need to enter:
  - Description – defaults to ‘New Loan’
    - Be creative with description
  - Origination Date
  - Principal
  - Interest rate
  - Number of payments or payment amount
  - First repayment date
- Other items hard coded from document checklist
  - In-service withdrawals/ loans & Administrative elections sections

Notes about New Loans

- You can edit the balance and the vesting percentage on the Amounts Available for Loans screen
- If the screen is not available add a ‘dummy’ batch to force loan balance availability, then delete once the loan is issued.

Overriding the Amount Available



Amounts Available for Loans

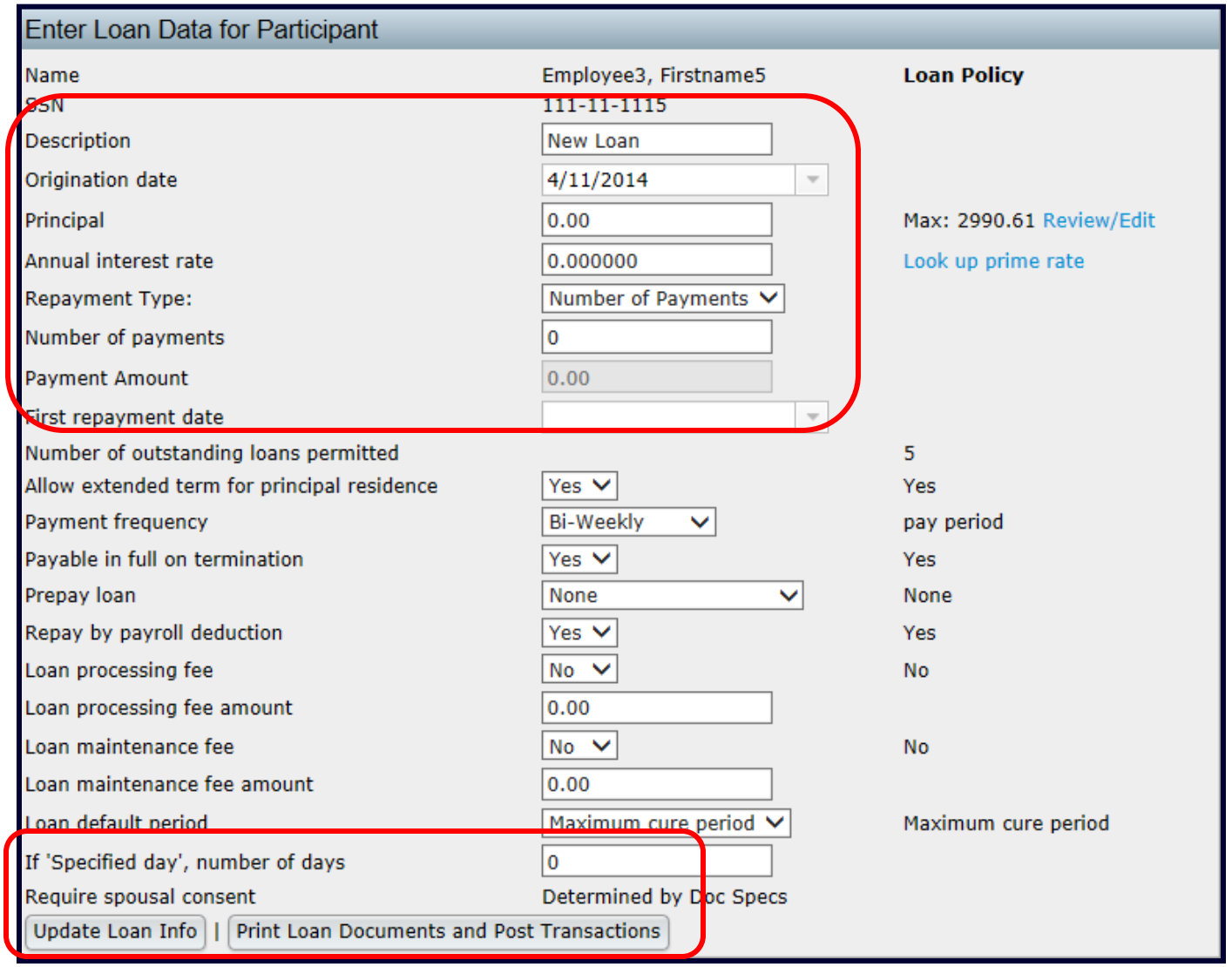
Source	Balance	Actual Vest %	Vest Bal	1/2 Vest Limit	Allow	Available
401K	10000	100	10000.00	5000.00	Yes	10000.00
ROTH	0	0	0.00	0.00	Yes	0.00
MATCH	5000	100	5000.00	2500.00	Yes	5000.00
PS	4000	100	4000.00	2000.00	Yes	4000.00
ROLLUNREL	0	0	0.00	0.00	Yes	0.00
LOAN	0	0	0.00	0.00	Yes	0.00
			Outstanding Loans	-0.00		
			Total	**9500.00**		**19000.00**

Dollar Limitation	
Dollar Limit	50000.00
Highest Balance	0.00
Current Balance	0.00
Outstanding Loans	-0.00
Net Dollar Max	**50000.00**
Maximum Loan	**9500.00**

If refinancing and/or replacing an existing loan other factors may affect the maximum loan available.

Go to Transactions | Update

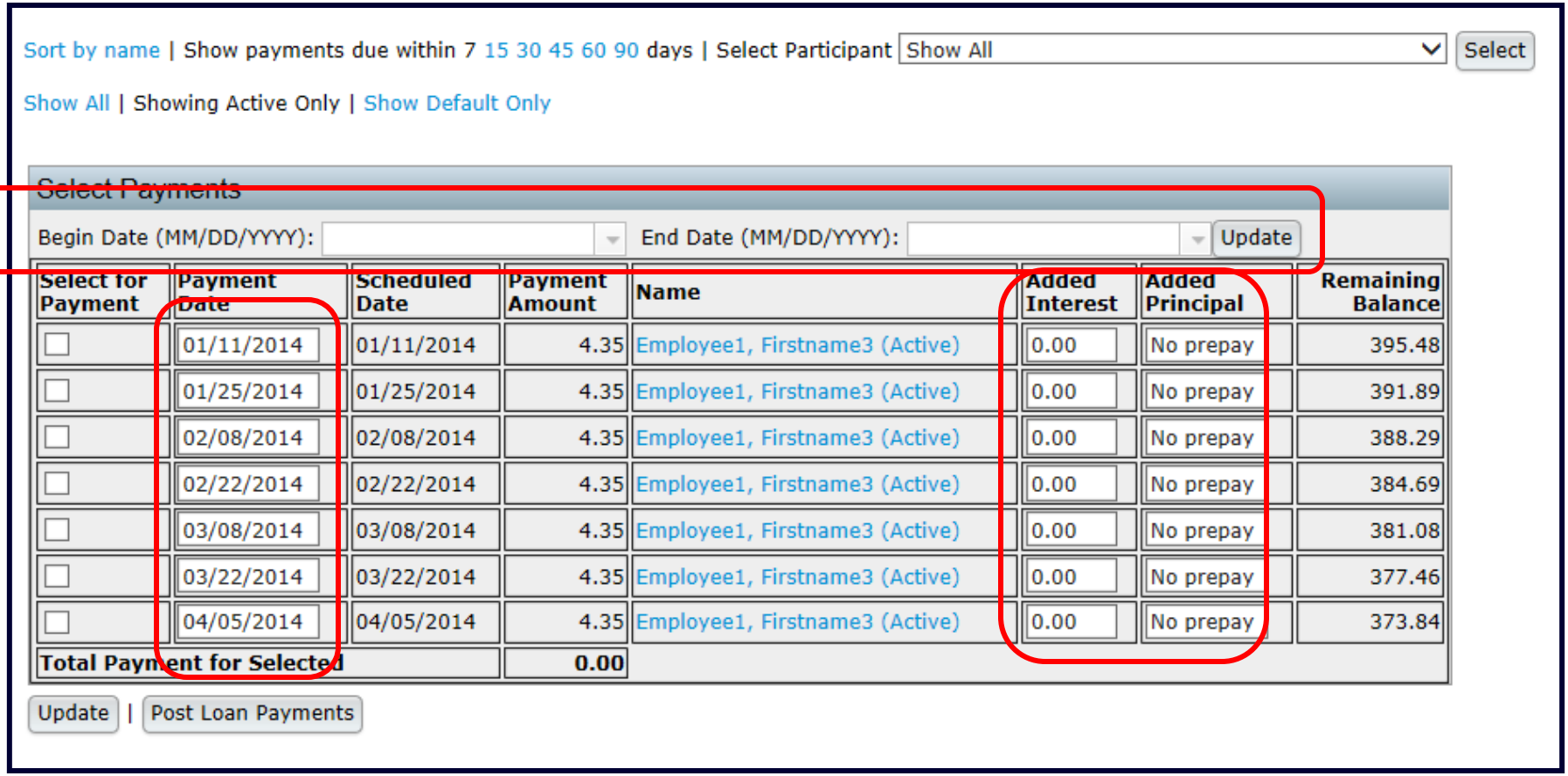
Loan Details Review



Loan Repayments

- Click ‘Service Loan’ to post payments
- Select loan payments
  - Can enter date range & ‘Update’
- Modify date received, add additional interest and/or principle
- Post payments – creates batches in the transaction menu and tracks payments in Loan Module

Selecting Loan Repayments



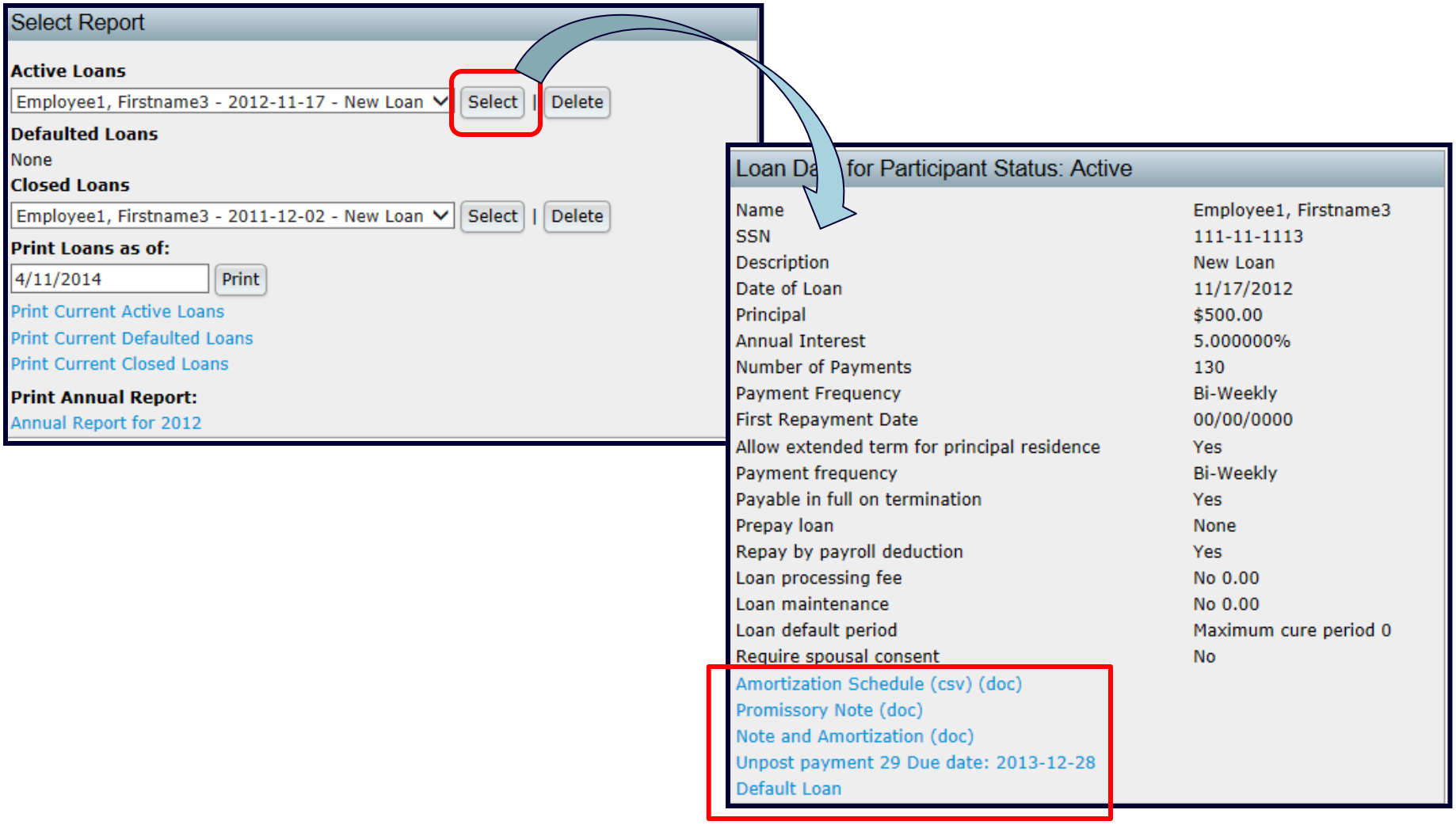
Principle Pay-downs

- If repayment includes additional principle that payment should be the only payment being updated at that time
  - Select only a single payment
- The amortization schedule in the loan module will be adjusted

Loan Reports

- Print Annual Loan Report
- Print a report showing active, defaulted or closed loans
- Select a loan:
  - Delete
  - Reproduce the paperwork
  - Un-post loan repayments
  - Default an active loan
  - Offset a defaulted loan

Loan Reports



Non Module Loans

- Can be 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
- Same for loans where vendor holds assets but does not track loans.

Non Module 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
- No adjustments by ftw user

Non Module 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: Great West, Nationwide and some ING accounts
- Transactions adjusted by ftw user

Non Module 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 ING accounts.
- Transactions adjusted by ftw user

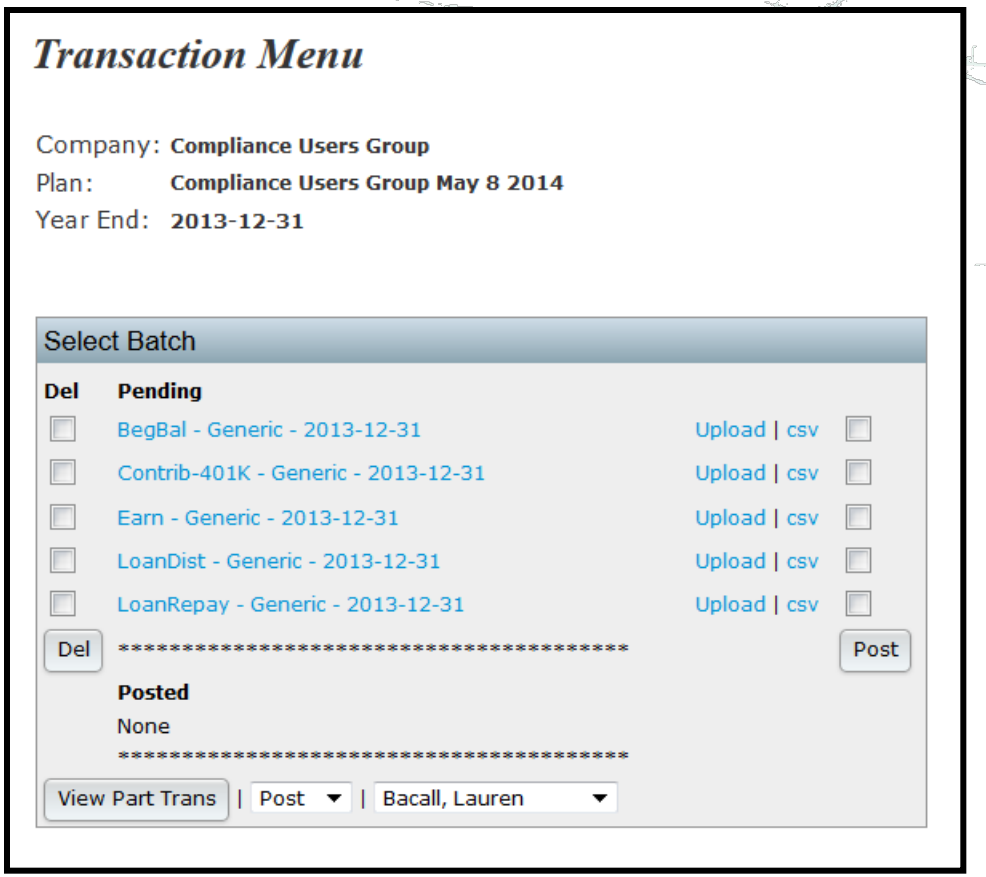
Non Module Loans

- 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.

Non Module Loans

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

Upload Vendor Transactions

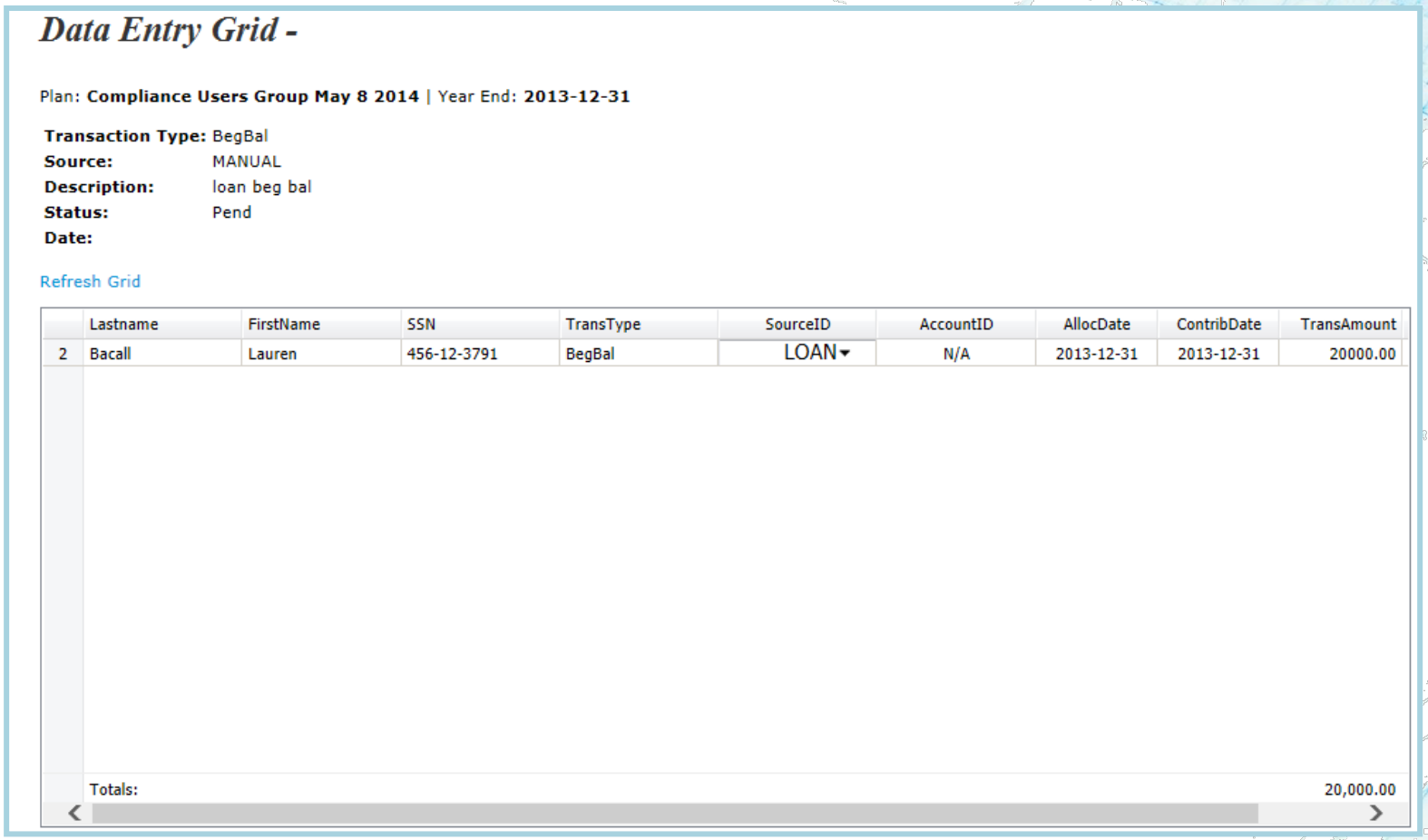


View Just Vendor Activity

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**

Loan Beginning Balance Batch



Data Entry Grid -

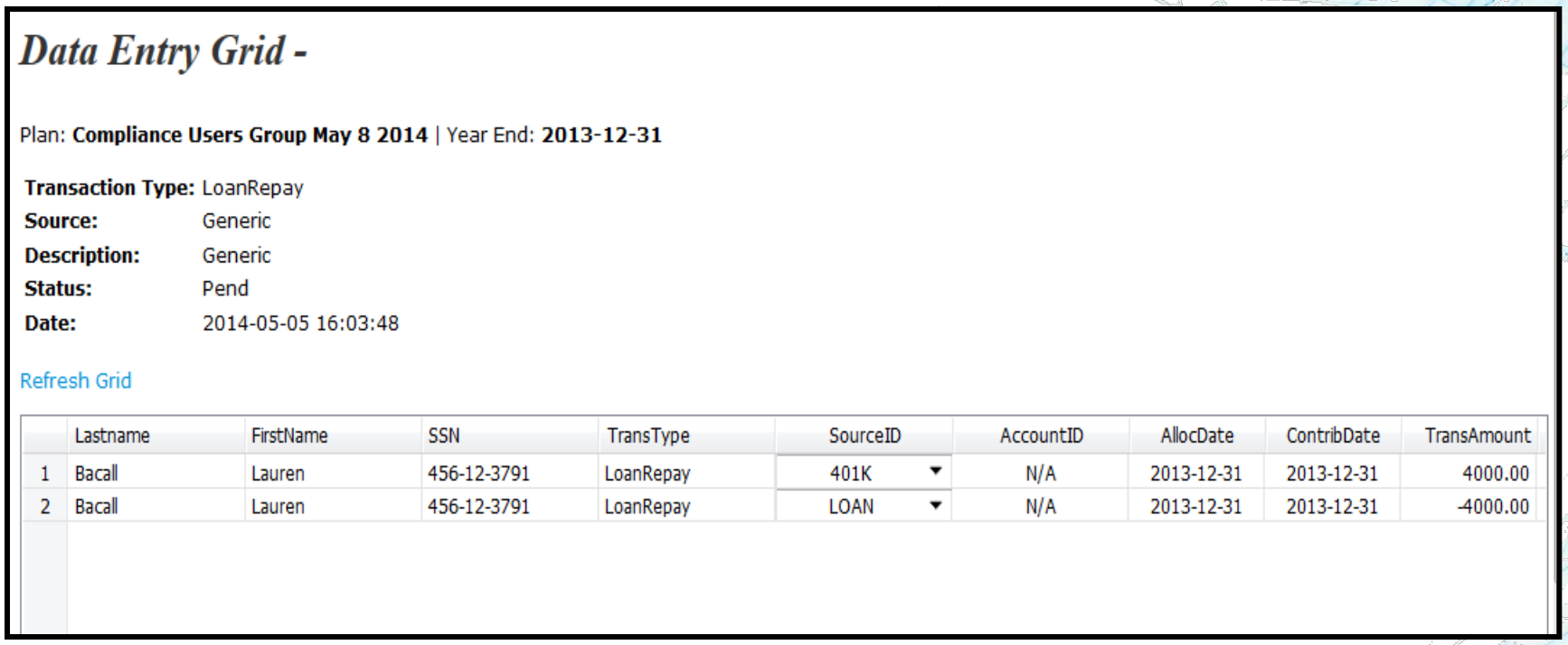
Plan: **Compliance Users Group May 8 2014** | Year End: **2013-12-31**

Transaction Type: BegBal
Source: MANUAL
Description: loan beg bal
Status: Pend
Date:

Refresh Grid

	Lastname	FirstName	SSN	TransType	SourceID	AccountID	AllocDate	ContribDate	TransAmount
2	Bacall	Lauren	456-12-3791	BegBal	LOAN	N/A	2013-12-31	2013-12-31	20000.00
	Totals:								20,000.00

Loan Distribution Batch



Data Entry Grid -

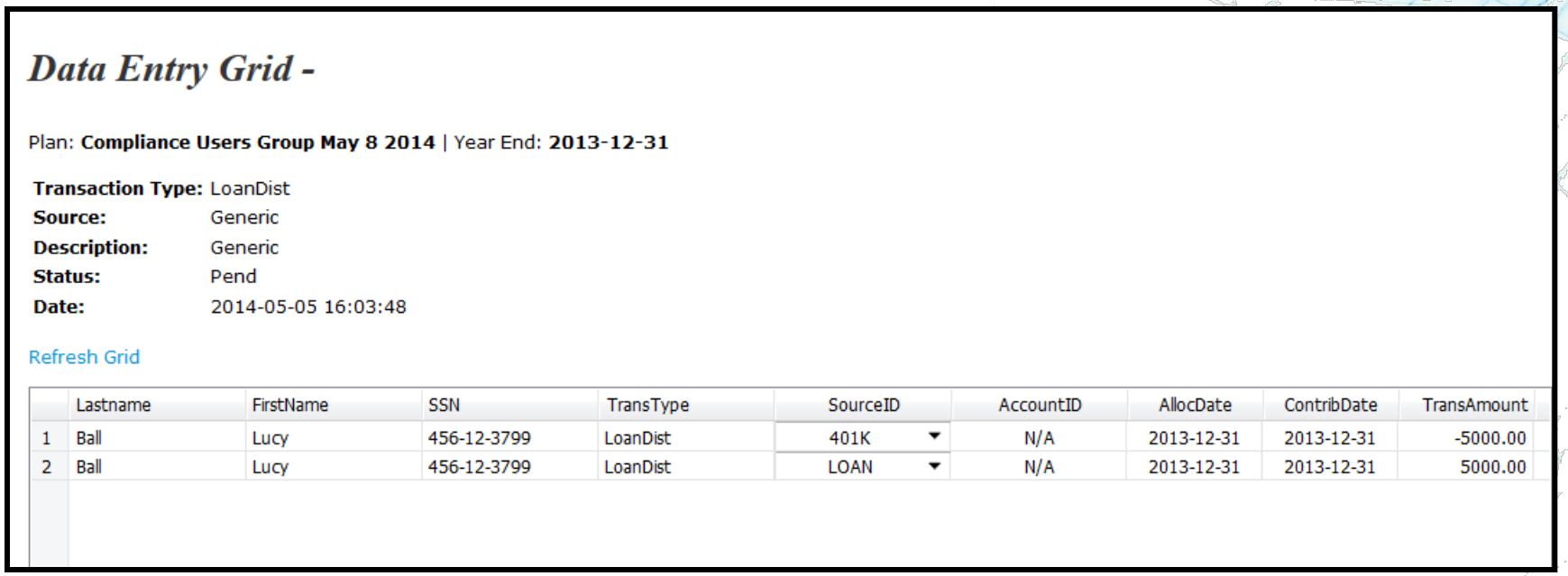
Plan: **Compliance Users Group May 8 2014** | Year End: **2013-12-31**

Transaction Type: LoanRepay
Source: Generic
Description: Generic
Status: Pend
Date: 2014-05-05 16:03:48

Refresh Grid

	Lastname	FirstName	SSN	TransType	SourceID	AccountID	AllocDate	ContribDate	TransAmount
1	Bacall	Lauren	456-12-3791	LoanRepay	401K	N/A	2013-12-31	2013-12-31	4000.00
2	Bacall	Lauren	456-12-3791	LoanRepay	LOAN	N/A	2013-12-31	2013-12-31	-4000.00

Loan Repayment Batch



Data Entry Grid -

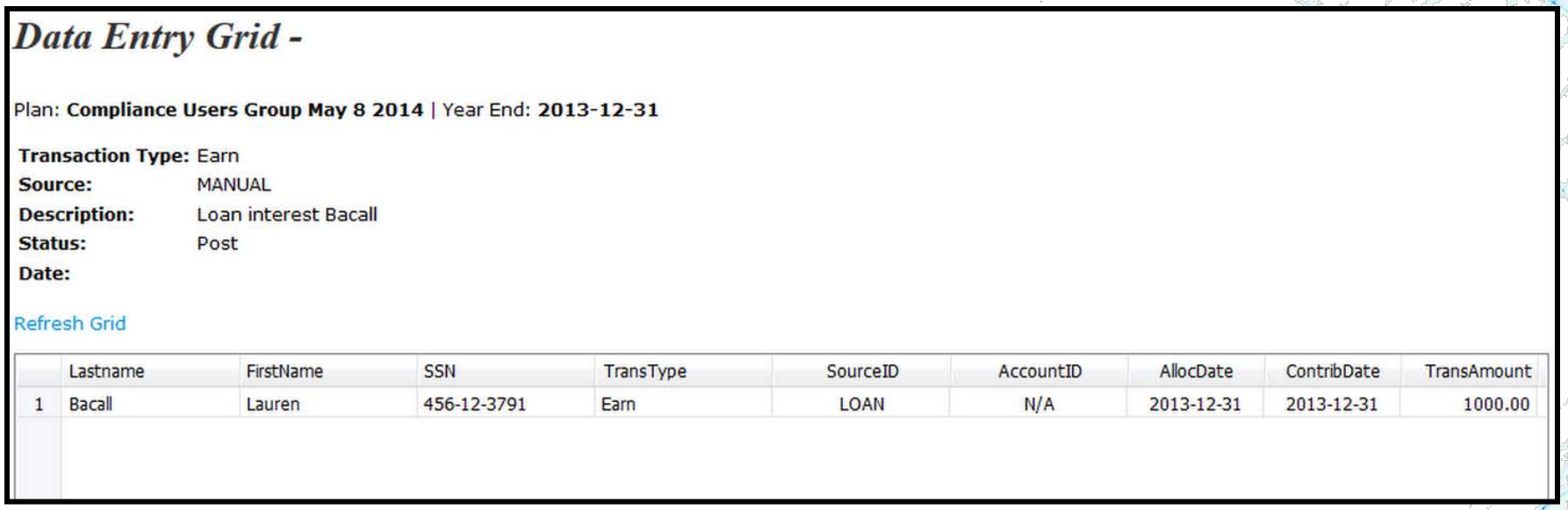
Plan: **Compliance Users Group May 8 2014** | Year End: **2013-12-31**

Transaction Type: LoanDist
Source: Generic
Description: Generic
Status: Pend
Date: 2014-05-05 16:03:48

Refresh Grid

	Lastname	FirstName	SSN	TransType	SourceID	AccountID	AllocDate	ContribDate	TransAmount
1	Ball	Lucy	456-12-3799	LoanDist	401K	N/A	2013-12-31	2013-12-31	-5000.00
2	Ball	Lucy	456-12-3799	LoanDist	LOAN	N/A	2013-12-31	2013-12-31	5000.00

Loan Interest Batch



Data Entry Grid -

Plan: **Compliance Users Group May 8 2014** | Year End: **2013-12-31**

Transaction Type: Earn
Source: MANUAL
Description: Loan interest Bacall
Status: Post
Date:

Refresh Grid

	Lastname	FirstName	SSN	TransType	SourceID	AccountID	AllocDate	ContribDate	TransAmount
1	Bacall	Lauren	456-12-3791	Earn	LOAN	N/A	2013-12-31	2013-12-31	1000.00

View all loan activity

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

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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**
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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**

ftw PPA Document Update

- Advisory/Opinion letters have been received from the IRS.
- We will release the Volume Submitter (prototype format) first, no later than mid-May. Other plan types will be released in order of popularity.
- Lots of new enhancements!
- Email went out April 29 – titled DC PPA Cycle Updates

Recap

- Update on the Admin Forum
- The loan module:
- ftwilliam PPA document update
- Questions, ideas, suggestions?
- Next meeting will be Tuesday June 3 at 12 Noon CT