

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'

Setting up Accounts & Sources



Nickalls, Jane

posted this on May 05 12:56 PM

[Click here](#) to view a demonstration of the set up for a balance forward plan with loans.

[Click here](#) to view a demonstration of the set up for a plan with assets all with a vendor.

[Click here](#) to view a demonstration of the set up for a plan with assets in brokerage accounts and with a vendor.

0 people found this useful.

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

Accounts/Sources

Use Investment Accounts to track Participant balances:

[Refresh](#)

Yes ▼ ??

Financial data import vendor:

None ▼ ??

Financial data import ID code:

??

[List Financial Data Vendors](#)

[Work with Sources](#)

[Work with Inv Accounts](#)

Setting up Investment Accounts

Inv Account Setup

[Return](#) | [Update](#) | [Loan Inv Account Distribution/Hierarchy](#)

Seq	AccountID	Account Name	Account Description	Type
100	POOLED	Pooled	Pooled	Cash
110	VENDOR	Lincoln	Lincoln	Cash
120	LOAN	Loan Fund	Loan Fund	Cash
130	BROKERAGE	Brokerage Account	Brokerage Account	Brokerage
140				Cash
150				
160				
170				
180				

[Return](#) | [Update](#)

Select Investment Accounts Available for Loans

Account ID	Account Name	Allow Loans
POOLED	Pooled	Yes
VENDOR	Lincoln	Yes
LOAN	Loan Fund	No
BROKERAGE	Brokerage Account	Yes

Select Loan Account: LOAN

[Return](#) | [Update](#) | [Hierarchy](#)

**Pro-rata or
Ordering Rule**

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	ROLLROHTAX	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
ROLLROHTAX	Rollover Roth Taxable	Yes

[Return](#) | [Update](#) | [Hierarchy](#)

Pro-rata or Ordering Rule

Loan Module

[Home](#) > [Edit Company](#) > [Edit Plan](#) > Admin

Company: ID:

Plan: ID:

Checklist: **Volume Submitter 401(k) (Prototype Format) - EGTRRA**

Details: EIN: ??? • PN: ??? • PYE: ???

Year End:

Select Task

[Edit Census](#) | [Review Docs](#) | [Portal](#) | [Download Current](#) | [Download Prior](#) | [Upload Census](#)

Other Import/Export/Reports [Print Reports](#)

Scrub/Eligibility 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
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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

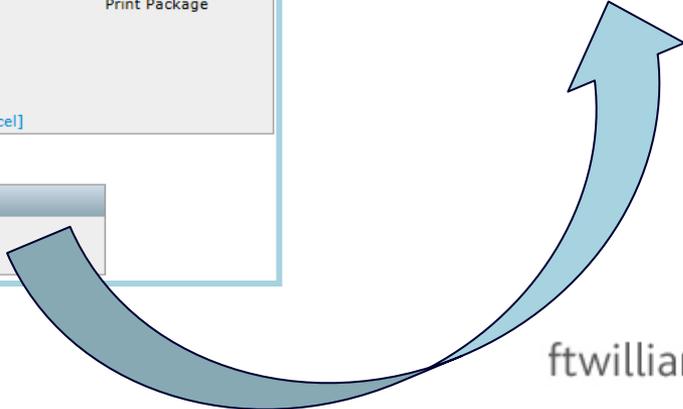
[Transaction/Statement Menu](#)

[New Loan](#) | [Service Loan](#) | [Loan Report](#)

Transactions/Statements

[Transaction/Statement Menu](#)

[New Loan](#) | [Service Loan](#) | [Loan Report](#)



Add a New Loan – Select Participant

[Home](#) > [Edit Company](#) > [Edit Plan](#) > [Admin](#) > New Loan

New Loans

Company: **ABC Company Inc**

Plan: **Sample 401(k) Plan**

Checklist: **Volume Submitter 401(k)**

Year End: **2012-12-31**

Select Participant

Pending Loans

None

Create New Loan

Employee1, Firstname3 ▼

Create a new loan

- 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	<input type="text" value="10000"/>	<input type="text" value="100"/>	10000.00	5000.00 Yes	10000.00
ROTH	<input type="text" value="0"/>	<input type="text" value="0"/>	0.00	0.00 Yes	0.00
MATCH	<input type="text" value="5000"/>	<input type="text" value="100"/>	5000.00	2500.00 Yes	5000.00
PS	<input type="text" value="4000"/>	<input type="text" value="100"/>	4000.00	2000.00 Yes	4000.00
ROLLUNREL	<input type="text" value="0"/>	<input type="text" value="0"/>	0.00	0.00 Yes	0.00
LOAN	<input type="text" value="0"/>	<input type="text" value="0"/>	0.00	0.00 Yes	0.00
			Outstanding Loans	-0.00	
			Total	9500.00	19000.00
			Dollar Limit	50000.00	
			Highest Balance	<input type="text" value="0.00"/>	
			Current Balance	<input type="text" value="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](#) |

Loan Details Review

Enter Loan Data for Participant		
Name	Employee3, Firstname5	Loan Policy
SSN	111-11-1115	
Description	<input type="text" value="New Loan"/>	
Origination date	<input type="text" value="4/11/2014"/>	
Principal	<input type="text" value="0.00"/>	Max: 2990.61 Review/Edit
Annual interest rate	<input type="text" value="0.000000"/>	Look up prime rate
Repayment Type:	<input type="text" value="Number of Payments"/>	
Number of payments	<input type="text" value="0"/>	
Payment Amount	<input type="text" value="0.00"/>	
First repayment date	<input type="text"/>	
Number of outstanding loans permitted		5
Allow extended term for principal residence	<input type="text" value="Yes"/>	Yes
Payment frequency	<input type="text" value="Bi-Weekly"/>	pay period
Payable in full on termination	<input type="text" value="Yes"/>	Yes
Prepay loan	<input type="text" value="None"/>	None
Repay by payroll deduction	<input type="text" value="Yes"/>	Yes
Loan processing fee	<input type="text" value="No"/>	No
Loan processing fee amount	<input type="text" value="0.00"/>	
Loan maintenance fee	<input type="text" value="No"/>	No
Loan maintenance fee amount	<input type="text" value="0.00"/>	
Loan default period	<input type="text" value="Maximum cure period"/>	Maximum cure period
If 'Specified day', number of days	<input type="text" value="0"/>	
Require spousal consent	Determined by Doc Specs	
<input type="button" value="Update Loan Info"/> <input type="button" value="Print Loan Documents and Post Transactions"/>		

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

Sort by name | Show payments due within 7 15 30 45 60 90 days | Select Participant

[Show All](#) | [Showing Active Only](#) | [Show Default Only](#)

Select Payments

Begin Date (MM/DD/YYYY): End Date (MM/DD/YYYY):

Select for Payment	Payment Date	Scheduled Date	Payment Amount	Name	Added Interest	Added Principal	Remaining Balance
<input type="checkbox"/>	<input type="text" value="01/11/2014"/>	01/11/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	395.48
<input type="checkbox"/>	<input type="text" value="01/25/2014"/>	01/25/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	391.89
<input type="checkbox"/>	<input type="text" value="02/08/2014"/>	02/08/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	388.29
<input type="checkbox"/>	<input type="text" value="02/22/2014"/>	02/22/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	384.69
<input type="checkbox"/>	<input type="text" value="03/08/2014"/>	03/08/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	381.08
<input type="checkbox"/>	<input type="text" value="03/22/2014"/>	03/22/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	377.46
<input type="checkbox"/>	<input type="text" value="04/05/2014"/>	04/05/2014	4.35	Employee1, Firstname3 (Active)	<input type="text" value="0.00"/>	No prepay	373.84
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
- 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

Select Report

Active Loans

Employee1, Firstname3 - 2012-11-17 - New Loan |

Defaulted Loans

None

Closed Loans

Employee1, Firstname3 - 2011-12-02 - New Loan |

Print Loans as of:

4/11/2014

[Print Current Active Loans](#)

[Print Current Defaulted Loans](#)

[Print Current Closed Loans](#)

Print Annual Report:

[Annual Report for 2012](#)

Loan Details for Participant Status: Active

Name	Employee1, Firstname3
SSN	111-11-1113
Description	New Loan
Date of Loan	11/17/2012
Principal	\$500.00
Annual Interest	5.000000%
Number of Payments	130
Payment Frequency	Bi-Weekly
First Repayment Date	00/00/0000
Allow extended term for principal residence	Yes
Payment frequency	Bi-Weekly
Payable in full on termination	Yes
Prepay loan	None
Repay by payroll deduction	Yes
Loan processing fee	No 0.00
Loan maintenance	No 0.00
Loan default period	Maximum cure period 0
Require spousal consent	No

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

[Promissory Note \(doc\)](#)

[Note and Amortization \(doc\)](#)

[Unpost payment 29 Due date: 2013-12-28](#)

[Default Loan](#)

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

Transaction Menu

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

Select Batch

Del Pending

<input type="checkbox"/>	BegBal - Generic - 2013-12-31	Upload csv	<input type="checkbox"/>
<input type="checkbox"/>	Contrib-401K - Generic - 2013-12-31	Upload csv	<input type="checkbox"/>
<input type="checkbox"/>	Earn - Generic - 2013-12-31	Upload csv	<input type="checkbox"/>
<input type="checkbox"/>	LoanDist - Generic - 2013-12-31	Upload csv	<input type="checkbox"/>
<input type="checkbox"/>	LoanRepay - Generic - 2013-12-31	Upload csv	<input type="checkbox"/>

Posted

None

| ▼ | ▼

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
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%
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

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