

7.4. Loan Module

10/29/2024 4:27 pm CDT

If you use ftwilliam.com for document purposes, the loan module will only be available if the plan allows for loans. For non-document users, the loan module is always available.

Loan Investment and Source Set Up

Prior to working in the loan module, users will need to set-up loan distribution hierarchies for investments and sources. Note that loans are tracked as an investment in the ftwilliam software.

Loan Investment Account Setup

Select “Plan Specifications” from the “Compliance Menu” page. Under “Sources and Investment Accounts” click the “Work with Sources/Inv Accounts” link. Make sure that “Use Investment Accounts to track Participant balances” is “Yes”; if not, select “Yes”. The “Work with Investment Accounts” link will appear; click this link. Add an investment account for loans. Typically the AccountID would be “LOAN” and the Account Name and Account Description would both be “Loan Fund” though you may certainly use something different. Investment Type would be “Cash”. Note that if you do not have any other investment listed on this screen you should add one, typically the AccountID would be “Vendor”, “Brokerage” or “Pooled” and you can add your own account name and description.

Check the “Add all Investments to all sources” box if all sources are permitted to have loans taken from them. This will automatically add all listed investments to all sources. If there are some sources that do not have one or more investment accounts, you will need to manually add the investment accounts to the sources. Click “Update” to save your changes.

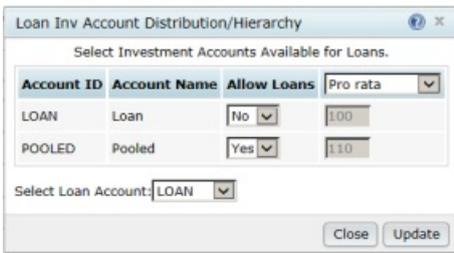
AccountID	Account Name	Account Description	Type	Del
POOLED	Pooled	Pooled	Cash	
LOAN	Loan	Loan	Cash	
			Cash	

Add all Investments to all Sources

Close Update

Next, on this same screen, click on “Loan Inv Account Distribution/Hierarchy”. For each investment select “Yes” or “No” from the “Allow Loans” drop-down to indicate whether money in that investment is available for loans. Note that the loan fund should not be available for loans. Make sure that the loan fund is selected in the “Select Loan Account” drop-down.

Use the last column to establish the loan distribution hierarchy - either pro rata or ordering rule. If you select the latter you will need to enter sequence numbers to indicate how the investments should be ordered when a loan distribution is processed. Click “Update” to save your changes.



Source Set Up for Loans

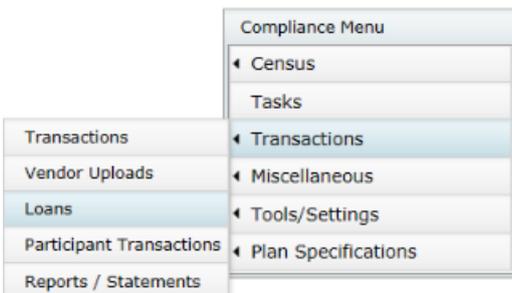
Select “Work with Sources”; you’ll go to the “Source Setup” page. Click the “Loan Source Distribution/Hierarchy” at the top; this will open the “Select Sources Available for Loans” screen. Make sure the sources that loans can be taken from have “Yes” selected and others have “No”. Be sure to click “Update” to save your changes. Click the “Hierarchy” button to set up the hierarchy for loan distributions by source, again either pro rata or ordering rule. Click “Update” to save your changes, then return to the Source Setup page.



On the “Work with Sources/Inv Accounts” page, you should click to “Edit” or “Add” each source for which loans are allowed; this is located to the far right of each source under “Account Information”. Here you need to ensure that the loan fund is listed as an available investment for each source that permits loans. Also any other investments permitted to be used for that source should also be listed. Click “Update” to save your changes, then return to the main Compliance Menu page.

Adding New Loans and Servicing Loans

Assuming you have up-to-date account balances in the Transactions Menu, you are ready to work in the loan module. To access the loan module, select “Loans” under the “Transactions” option of the “Compliance Menu”.



The Loans page is where new loans are created, viewed, modified and where loan report options can be found.

Home > Edit Company > Edit Plan > Compliance > Transactions > Loans

Company: Test Company ID:
 Plan: Demo Plan ID:
 Year End: 12/31/2013

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: Select

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
				None				

New Loan

Select the link “Add new loan” and you will be taken to the “New Loans” page. Under “Create a New Loan” you should see a list of participants in the plan. Select the participant from the list and click “Add Loan”.

Add new Loan

Select Participant

Add Description

Close Create New Loan

This will create a “Pending Loan” for the selected participant.

New Loans

Pending Loans

EE1, FN1 (2015 loan 1)

Add new

Close

Click the link under “Pending Loans” to be directed to the edit loan page where the following loan specifications can be entered.

Enter Loan Data for Participant

Name	EE1, FN1	Loan Policy
SSN	100-01-0001	
Description	2015 loan 1	
Origination date	01/04/2016	
Principal	0.00	Max: 5000.00 Review/Edit
Annual interest rate	0.000000	Look up prime rate
Repayment Type:	Number of Payments	
Number of payments	0	
Payment Amount	0.00	
First repayment date		

Print Loan Documents and Post Transactions

Cancel Update

- Description – Enter a description of the loan that will be taken. This description can be any set of values and is determined at user discretion.
- Origination date – This date is the date the loan is taken by the participant. Clicking the box will prompt a pop-up calendar. Use the years and the bottom to scroll through the years. Use the arrows at the top to move back or forth through the months or the drop down box to select a month. Click on a day to select the day of the month/year. Double-click in the field to manually enter a date in mm/dd/yyyy format.
- Principal – The principal amount is the amount to be taken from the plan as a loan to the participant. The

system will calculate the maximum loan amount available, shown at the right of this field. The principal amount cannot exceed the maximum amount. Note that in some cases the system may not have all the information it needs to calculate the maximum available loan. Click on “Review/Edit” to review and update the amount.

- Review/Edit – Users can change the amounts available by source and investment, and/or the vesting percentage. Enter applicable amounts for any outstanding loans previously taken in “Highest Balance” and “Current Balance” if the loan is not appearing in the “Outstanding Loans” total above. Click “Update” to save your changes and have the system recalculate the maximum loan amount; then return to the New Loans screen. Note that any changes you make here will not feed to any other part of the system; you are only impacting the amount available for a loan.

Amounts Available for Loans

Source	Inv Acct	Balance	Actual Vest %	Vest Bal	1/2 Vest Limit	Allow	Available
401K	POOLED	10000	100	10000.00	5000.00	Yes	10000.00
401K	LOAN	0	100	0.00	0.00	No	0.00
ROTH	POOLED	0	100	0.00	0.00	Yes	0.00
ROTH	LOAN	0	100	0.00	0.00	No	0.00
AFTERTAX	POOLED	0	100	0.00	0.00	Yes	0.00
AFTERTAX	LOAN	0	100	0.00	0.00	No	0.00

Cancel Update

- Annual interest rate – Enter the amount of interest to be applied to the loan.
- Look up prime rate – Plan administrators may refer to the prime rate currently in effect to determine a fair interest rate to use for loans. Clicking the “Look up prime rate” link will display the prime rate shown by bankrate.com in a new web page.
- Repayment Type – Select either “Number of Payments” or “Payment Amount”. Additional selections will be made below, based on the selection made here.
- Number of Payments – Enter the total number of payments the participant will make. The system will calculate the payment amount to satisfy principal and interest amounts needed to pay off the loan within the total number of payments entered.
- Payment Amount – Enter the amount the participant wishes to make per payment. The system will calculate total number of payments needed to pay off the loan in the amortization schedule.
- First repayment date – This is the date the participant will make their first payment. This date cannot be prior to the origination date nor can it be greater than 90 days past the origination date. Clicking the box will prompt a pop-up calendar. Use the years and the bottom to scroll through the years. Use the arrows at the top to move back or forth through the months or the drop down box to select a month. Click on a day to select the day of the month/year. Double-click in the field to manually enter a date in mm/dd/yyyy format.
- Number of outstanding loans permitted – This number is pulled from the plan document. If changes are needed to this number, they must be made in the plan document. A warning message will appear if the number of loans created, exceeds this number.
- Allow extended term for principal residence – The plan document may permit an extended repayment time for loans that will be used to purchase a principal residence. Choose either yes or no from the drop down box to change the answer here. Select “yes” if the loan will be used to purchase a principal residence. The default answer is no. The answer under the loan policy column will display yes or no. If “yes” is displayed, the plan document does permit the extended repayment.
- Payment frequency – Using the drop-down box, select the frequency in which payments will be made
- Payable in full on termination – If the loan is payable in full upon termination of employment, set this to yes. Answers should be based on the plan document.
- Prepay loan – This is determined by the plan document. Options include:
 - None- No prepayment permitted
 - Prepay in full only – Only a full repayment is permitted
 - Prepay in full or in part – More than the minimum payment is permitted, up to full repayment.

- Repay by payroll deduction – Determined by the plan document. Usually loan repayments are done through payroll deduction, so the default here is “yes”. Set this to “no” if the plan document dictates otherwise.
- Loan processing fee – If there is a loan processing fee, set this to “yes”, otherwise, set to “no”.
- Loan processing fee amount – If “Loan processing fee” is “yes”, enter the dollar amount of the loan processing fee here.
- Loan maintenance fee - If there is a fee for maintaining a loan, set this to “yes”, otherwise, set to “no”. Please note that this fee is separate from the loan processing fee and is usually applied on an annual basis (or other periodic time frame).
- Loan maintenance fee amount - If “Loan maintenance fee” is “yes”, enter the dollar amount of the loan maintenance fee here.
- Loan default period – Select the time frame in which the loan will go into default if payment is not timely made. Options are “maximum cure period” and “specified number of days”. Please refer to the plan document.
- If “Specified day”, number of days – If “Loan default period” is “specified number of days”, enter the number of days in which the loan will go into default once a payment is not made.

Once all applicable data for the loan has been entered, click “Update”, then click “Print Loan Document and Post Transactions” to continue. Please note that the “Print Loan Documents and Post Transactions” link will not be active until after pressing the “Update” button and receiving a message that the updates were successful.

Field	Value	Default
Payable in full on termination	Yes	Yes
Prepay loan	Prepay in full or in part	None
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	Maximum cure period	Maximum cure period
If 'Specified day', number of days	0	
Require spousal consent	Determined by Doc Soecs	

This brings you to a screen that summarizes the loan details, provides links to “Amortization Schedule (csv) (doc)”, “Promissory Note (doc)”, “Note and Amortization (doc)”, and “Post Loan”. In general, you will want to print and save the documents before posting the loan. After posting the loan, these reports will be available in the Loan Reports.

Name	EE1, FN1
SSN	100-01-0001
Principal	\$1000.00
Annual Interest	5.000000%
Number of Payments	10
Payment Frequency	Bi-Weekly
Date of Loan	01/31/2013
Date of first payment	02/01/2013
Amortization Schedule	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Promissory Note	<input checked="" type="checkbox"/>
Note and Amortization	<input checked="" type="checkbox"/>

Once posted, the loan will be added as a pending batch transaction in the “Transactions Menu”.



The loan distribution batch has the negative loan amount coming out of the applicable accounts and the positive loan amount going into the loan fund, resulting in a zero net amount.

Home > Edit Company > Edit Plan > Compliance > Transactions > Batch Details Updates Help

Company: Test Company ID:
 Plan: Demo Plan ID:
 Year End: 12/31/2013

Pend | All | View Part Trans

Transaction Type: LoanDist Created: 01/04/2016 11:16:57
 Source: SYSTEM Last Modified: 01/04/2016 11:16:57
 Description: EE1, FN1 Posted: N/A
 Status: Pend

Refresh Grid

LastName	FirstName	SSN	TransType	SourceID	AccountID	AllocDate	ContribDate	TransAmount	
1	EE1	FN1	100-01-0001	LoanDist	401K	LOAN	01/31/2013	01/31/2013	1000.00
2	EE1	FN1	100-01-0001	LoanDist	401K	POOLE	01/31/2013	01/31/2013	-1000.00

Compliance Menu

- ← Census
- Tasks
- ← Transactions
- ← Miscellaneous
- ← Tools/Settings
- ← Plan Specifications

Service Loan

Posting payments can be done directly within the main screen of the loan module. At the top of the screen, there are multiple options to sort and view existing loans (sort by date or participant, active/defaulted only, etc.). To select a payment, click to select along the left-hand side of the page. To select several payments within a date range, enter the begin and end date in mm/dd/yyyy format and press "Update". This will automatically check all the payments within that time frame. If pre-payment is applicable, enter any pre-payment interest and principal for the payment date and click "Update" to view the total payment selected. Once you are ready, click "Post Loan Payments". You will be taken to a page to confirm the amount to post, and once confirmed, the loan payment(s) will be added as a pending batch transaction in the "Transactions Menu".

Home > Edit Company > Edit Plan > Compliance > Transactions > Loans Updates Help

Company: Test Company ID:
 Plan: Demo Plan ID:
 Year End: 12/31/2013

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

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"/>	02/01/2013	02/01/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	900.86
<input type="checkbox"/>	02/15/2013	02/15/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	801.53
<input type="checkbox"/>	03/01/2013	03/01/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	702.01
<input type="checkbox"/>	03/15/2013	03/15/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	602.30
<input type="checkbox"/>	03/29/2013	03/29/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	502.40
<input type="checkbox"/>	04/12/2013	04/12/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	402.31
<input type="checkbox"/>	04/26/2013	04/26/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	302.02
<input type="checkbox"/>	05/10/2013	05/10/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	201.54
<input type="checkbox"/>	05/24/2013	05/24/2013	101.06	EE1, FN1 (Active)	2015 loan 1	0.00	0.00	100.87

Total Payment for Selected: \$0.00

Update | Post Loan Payments

Loan Report - Default Loan

There are multiple reports, functions and documents that can be accessed in the Global Loan Report Menu.



To delete a loan, select the participant under “Active Loans” and click “Delete”. You will be asked to confirm the delete.

To default or offset a loan, access amortization schedules and other loan documents, select the participant under “Active Loans” and click on “Select”. You will see similar documents as were available before the loan was posted, plus the additional options to unpost payments and “Default Loan”. To default a loan, click on “Default Loan”, update the default date and click on “Post Loan Default”. You will be asked to confirm “Post Loan Default” and be taken back to the loan data for that participant. You will have a new option to “Perform Loan Offset” after defaulting the loan and the loan will be listed as defaulted. Offsets can be performed here to close the loan and offsets will appear as pending batches in the Transactions Menu.

Other reports available include loans as of a certain date, “Print Current Active Loans”, “Print Current Defaulted Loans”, “Print Current Closed Loans” and “Annual Report for YYYY”.
