



Best Practices for 403(b) Plans Information Sharing
December 5, 2008

EXAMPLES FOR REPORTING LOAN AMOUNT AVAILABLE DATA

Note – These examples, and any updates are posted on The SPARK Institute website under the 403(b) Plans Materials Section of the Comments and Materials page, which is located at the following web address. Any updates or revisions will be posted on the website as necessary.

<http://www.sparkinstitute.org/comments-and-materials.php>

The following guidelines should be followed in connection with providing the loan amount available data.

Provide calculated “Maximum Loan Amount Eligible at this Vendor” (“MLAE-Vendor”), subject to all IRS, plan, product and fund restrictions, if any, without reducing this amount for any outstanding or defaulted loans. If there have been any outstanding, defaulted or paid off loans during the prior 12 months, then loan data must be reported for all of the loans within the Loan Component data fields, on either a detailed, loan-by-loan basis or as a “SUMMARY” of all loans (Active, Defaulted and/or Paid Off) during the prior 12 months. If there are more than 99 loans to be reported, then provide loan-by-loan detail for the first 98 and one set of SUMMARY data for all of the other loans as the 99th occurrence.

The Aggregator (or Employer if self-administering loans) should perform the calculations necessary across all vendors to determine the “Maximum Loan Amount Available-Plan” (“MLAA-Plan”). A vendor’s product restrictions may reduce this amount for accounts at that particular vendor.

Please note that the vendor should not over-ride the calculated Maximum Loan Amount Eligible-Vendor (MLAE-Vendor) amount if there are product rules which would otherwise prohibit a loan (e.g., when the plan rules limit the number of outstanding/defaulted loans and the participant account has reached the number of loans limit, or if the product restricts taking a new loan within a certain period of time of an earlier outstanding/defaulted loan). In these cases, the calculated Maximum Loan Amount Eligible-Vendor amount should be calculated according to IRS and plan rules and reported without any adjustment.

If there have been any outstanding, defaulted or paid loans during the prior 12 months, then loan component data fields must be reported. While the best practice is to report each loan separately, the project team recognized that some vendors may be unable to separately report each outstanding, defaulted, or paid-off loan. In this case, the loan data can be summarized and reported within the first (and only) set of loan component data fields, using default values as follows:

- Number of Sets of Loan Component Data Reported = 1
- Vendor Loan Number = “SUMMARY” (This will inform the Aggregator that the loan component data represents a summary of multiple loans, not just one loan.)
- Loan Initiation Date = date of the most recently issued loan.
- Loan Status = If any loan is defaulted, enter “D”, if all loans have been paid off during the prior 12 months, enter “P”, otherwise, enter “A”.
- Loan Type Indicator = Enter “G” (General) unless it is known that at least one of the loans (Active, Defaulted or Paid Off) is Residential, in which case, enter “R”.
- Original Loan Amount = total of the original loan amounts for all outstanding and/or defaulted loans.
- Remaining Loan Balance = total remaining balances of all outstanding and/or defaulted loans.
- Remaining Balance Date = Cash Value date of the account.
- Highest Outstanding Balance-12 = Aggregated sum of the highest outstanding loan balances for all outstanding, defaulted and paid off loans during the prior 12 months.

Summary of December 5, 2008 Revisions

The following changes have been made to the examples that were posted on November 10, 2008:

- 1) Data element name changes for the following Cash Value fields -
 - a. Cash Value 8. Roth Cash Value
 - b. Cash Value 9. 403(b)(7) Employer Cash Value
- 2) Clarification that the 403(b)(7) Employer Cash Value is always excluded when determining the cash value of the account as the 403(b)(7) Employer Cash Value is a subset of the Employer Cash Value.

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EXAMPLE 1. DESCRIPTION - VENDOR A

No loans have ever been taken for this account, there are no additional Plan, Product, or Fund loan restrictions.

In order for the Aggregator to determine the "Maximum Loan Amount Available-Plan", Vendors must report Cash Values, Maximum Loan Amount Eligible-Vendor and other loan data as applicable. The Maximum Loan Amount Eligible-Vendor is calculated by the Vendor applying all IRC, Plan, Product or Fund restrictions only; the amount is NOT reduced by any outstanding/defaulted loan balances.

Part II-Section A: Account Data	Vendor calculation of MLAE-Vendor
Cash Value Data Elements	
1. Cash Value Type G	
2. Employer Cash Value \$40,000	50% of total CV
3. EE Deferral Cash Value \$30,000	
4. Rollover EE Pre-Tax Cash Value	
5. Rollover EE Post-Tax Cash Value	
6. Rollover Roth Cash Value	
7. EE Post Tax Cash Value	
8. Roth Cash Value	
9. 403(b)(7) Employer Cash Value* (acct type 008) always excluded	
Total Account Cash Value = \$70,000	MLAE-Vendor \$35,000

PART II-Section G: Loan Data	Impact on Aggregator's calculation of MLAA-Plan
Data required for all accounts	
1. Method of Reporting Loan Data M	
2. Maximum Loan Amount Eligible-Vendor \$35,000	
3. Filler1-no longer used NULL	
4. Number of Loans Outstanding 0	
5. Filler2-no longer used NULL	
6. Loan Default Indicator N	
7. Number of sets of Loan Component data 0	
Loan Component Data fields when the account has had any loan (Active, Defaulted or Paid Off) during the prior 12 months	
C-1. Vendor loan number	
C-2. Loan Initiation Date	
C-3. Loan Status no Loan component data is reported when Method of reporting is "M"	
C-4. Loan Type Indicator	
C-5. Original Loan Amount	
C-6. Remaining Loan Balance	
C-7. Remaining Balance Date	
C-8. Highest Outstanding Loan Balance-12 months	
Total Remaining Loan Balances = \$0	
Total Highest Outstanding Loan Balance-12 months = \$0	

EXAMPLE 2. DESCRIPTION - VENDOR B

The participant's account at Vendor B has had one loan, originally issued on 10/01/06 in the amount of \$10,000. This loan was paid off during 2008 and had \$3,000 as it's highest outstanding loan balance during the last 12 months.

In order for the Aggregator to determine the "Maximum Loan Amount Available-Plan", Vendors must report Cash Values, Maximum Loan Amount Eligible-Vendor and other loan data as applicable. The Maximum Loan Amount Eligible-Vendor is calculated by the Vendor applying all IRC, Plan, Product or Fund restrictions only; the amount is NOT reduced by any outstanding/defaulted loan balances.

Part II-Section A: Account Data		Vendor calculation of MLAE-Vendor
Cash Value Data Elements		
1. Cash Value Type	G	50% of total CV No reduction in MLAE-Vendor is made due to a loan during the last 12 months
2. Employer Cash Value	\$20,000	
3. EE Deferral Cash Value	\$20,000	
4. Rollover EE Pre-Tax Cash Value		
5. Rollover EE Post-Tax Cash Value		
6. Rollover Roth Cash Value		
7. EE Post Tax Cash Value		
8. Roth Cash Value		
9. 403(b)(7) Employer Cash Value* (acct type 008)	always excluded	
Total Account Cash Value = \$40,000		MLAE-Vendor \$ 20,000

PART II-Section G: Loan Data		Impact on Aggregator's calculation of MLAA-Plan
Data required for all accounts		
1. Method of Reporting Loan Data	C	Despite the fact that there are no outstanding/defaulted loans on the date the data is being reported, there has been an outstanding loan during the last 12 months. This would impact the Aggregator's calculation of MLAA-Plan and must be reported
2. Maximum Loan Amount Eligible-Vendor	\$20,000	
3. Filler1-no longer used	NULL	
4. Number of Loans Outstanding	0	
5. Filler2-no longer used	NULL	
6. Loan Default Indicator	N	
7. Number of sets of Loan Component data	1	
Loan Component Data fields when the account has had any loan (Active, defaulted or Paid Off) during the prior 12 months		
C-1. Vendor loan number	Loan B -1	
C-2. Loan Initiation Date	10/01/2006	
C-3. Loan Status	P	
C-4. Loan Type Indicator	G	
C-5. Original Loan Amount	\$10,000	
C-6. Remaining Loan Balance	\$0.00	
C-7. Remaining Balance Date	09/30/2008	
C-8. Highest Outstanding Loan Balance-12 months	\$3,000	
Total Remaining Loan Balances = \$0		
Total Highest Outstanding Loan Balance-12 months = \$3,000		

EXAMPLE 3. DESCRIPTION - VENDOR C

The participant's account at Vendor C has two outstanding loans which have a total outstanding balance of \$6,000; the vendor is unable to provide loan detail for each loan but knows that the most recently issued loan was issued on 12/01/2007 in the amount of \$ 8,000 and the earlier loan was originally issued for \$10,000. Neither loan was residential. The Highest Outstanding Loan Balance during the last 12 months for both loans was \$12,000

In order for the Aggregator to determine the "Maximum Loan Amount Available-Plan", Vendors must report Cash Values, Maximum Loan Amount Eligible-Vendor and other loan data as applicable. The Maximum Loan Amount Eligible-Vendor is calculated by the Vendor applying all IRC, Plan, Product or Fund restrictions only; the amount is NOT reduced by any outstanding/defaulted loan balances.

Part II-Section A: Account Data			Vendor calculation of MLAE-Vendor
Cash Value Data Elements			
1. Cash Value Type	N		
2. Employer Cash Value	\$24,000		50% of total CV
3. EE Deferral Cash Value	\$24,000		
4. Rollover EE Pre-Tax Cash Value			
5. Rollover EE Post-Tax Cash Value			Because the CV is NET, the Vendor must add outstanding and/or defaulted loan balances before performing the 50% CV calculation
6. Rollover Roth Cash Value			
7. EE Post Tax Cash Value			
8. Roth Cash Value			
9. 403(b)(7) Employer Cash Value* (acct type 008)	always excluded		50% (48,000+6,000)=\$27,000
Total Account Cash Value (NET) =		\$48,000	
Total Account Cash Value (GROSS) =		\$54,000	
			MLAE-Vendor \$ 27,000

PART II-Section G: Loan Data			Impact on Aggregator's calculation of MLAA-Plan
Data required for all accounts			
1. Method of Reporting Loan Data	C		
2. Maximum Loan Amount Eligible-Vendor	\$27,000		
3. Filler1-no longer used	NULL		
4. Number of Loans Outstanding	2		
5. Filler2-no longer used	NULL		
6. Loan Default Indicator	N		
7. Number of sets of Loan Component data	1		
Loan Component Data fields when the account has had any loan (Active, Defaulted or Paid Off) during the prior 12 months			
C-1. Vendor loan number	SUMMARY		
C-2. Loan Initiation Date	12/01/2007		
C-3. Loan Status	A		
C-4. Loan Type Indicator	G		
C-5. Original Loan Amount	\$18,000		
C-6. Remaining Loan Balance	\$6,000		
C-7. Remaining Balance Date	09/30/2008		
C-8. Highest Outstanding Loan Balance-12 months	\$12,000		
Total Remaining Loan Balances =		\$6,000	
Total Highest Outstanding Loan Balance-12 months =		\$12,000	
			Although SUMMARY loan data has been provided, all relevant information is available for the Aggregator to calculate the MLAA-Plan

EXAMPLE 4. DESCRIPTION - VENDOR D

The fund used by this participant restricts loans to 45% of the total cash value. One loan has been taken for this account; the original amount taken was \$15,000 when issued on 02/01/2008 and there is \$10,000 remaining on the loan.

In order for the Aggregator to determine the "Maximum Loan Amount Available-Plan", Vendors must report Cash Values, Maximum Loan Amount Eligible-Vendor and other loan data as applicable. The Maximum Loan Amount Eligible-Vendor is calculated by the Vendor applying all IRC, Plan, Product or Fund restrictions only; the amount is NOT reduced by any outstanding/defaulted loan balances.

Part II-Section A: Account Data

Cash Value Data Elements

1. Cash Value Type	N
2. Employer Cash Value	\$12,000
3. EE Deferral Cash Value	\$24,000
4. Rollover EE Pre-Tax Cash Value	
5. Rollover EE Post-Tax Cash Value	
6. Rollover Roth Cash Value	
7. EE Post Tax Cash Value	
8. Roth Cash Value	
9. 403(b)(7) Employer Cash Value* (acct type 008)	always excluded

Total Account Cash Value (NET) = \$36,000

Total Account Cash Value (GROSS) = \$46,000

Vendor calculation of MLAE-Vendor

Because the CV is NET, the Vendor must add outstanding and/or defaulted loan balances before performing the CV calculation

Fund restricts loan to 45% CV
 $45\%(\$36K + \$10K) = \$20,700$

MLAE-Vendor \$20,700

PART II-Section G: Loan Data

Data required for all accounts

1. Method of Reporting Loan Data	C
2. Maximum Loan Amount Eligible-Vendor	\$20,700
3. Filler1-no longer used	NULL
4. Number of Loans Outstanding	1
5. Filler2-no longer used	NULL
6. Loan Default Indicator	N
7. Number of sets of Loan Component data	

Loan Component Data fields when the account has had any loan (Active, Defaulted or Paid Off) during the prior 12 months

C-1. Vendor loan number	L0001
C-2. Loan Initiation Date	02/01/2008
C-3. Loan Status	A
C-4. Loan Type Indicator	G
C-5. Original Loan Amount	\$15,000
C-6. Remaining Loan Balance	\$10,000
C-7. Remaining Balance Date	09/30/2008
C-8. Highest Outstanding Loan Balance-12 months	\$15,000

Total Remaining Loan Balances = \$10,000

Total Highest Outstanding Loan Balance-12 months = \$15,000

Impact on Aggregator's calculation of MLAA-Plan

EXAMPLE 5. DESCRIPTION - VENDOR E

The product used by this participant restricts loans to two, however this is NOT a factor when reporting MLAE-Vendor even though there are already two outstanding loans on this account, as follows:
 1) an existing loan taken on 02/01/2006 for \$15,000 with an outstanding balance of \$10,000 (highest outstanding loan balance during prior 12 months = \$12,000, and
 2) a defaulted loan taken on 03/01/2008 in the amount of \$5,000; the defaulted amount is \$4,500.

In order for the Aggregator to determine the "Maximum Loan Amount Available-Plan", Vendors must report Cash Values, Maximum Loan Amount Eligible-Vendor and other loan data as applicable. The Maximum Loan Amount Eligible-Vendor is calculated by the Vendor applying all IRC, Plan, Product or Fund restrictions only; the amount is NOT reduced by any outstanding/defaulted loan balances.

Part II-Section A: Account Data		Vendor calculation of MLAE-Vendor	
Cash Value Data Elements			
1. Cash Value Type	N	50% CV	
2. Employer Cash Value	\$30,000	Must add loan balance back in to arrive at GROSS CV to determine MLAE-vendor	
3. EE Deferral Cash Value	\$15,000		
4. Rollover EE Pre-Tax Cash Value			
5. Rollover EE Post-Tax Cash Value			
6. Rollover Roth Cash Value			
7. EE Post Tax Cash Value			
8. Roth Cash Value			
9. 403(b)(7) Employer Cash Value* (acct type 008)	always excluded	50% (\$45,000 + \$14,500)=\$29,750	
Total Account Cash Value (NET) = \$45,000			
Total Account Cash Value (GROSS) = \$59,500			
		MLAE-Vendor	\$29,750

PART II-Section G: Loan Data		Impact on Aggregator's calculation of MLAA-Plan	
Data required for all accounts			
1. Method of Reporting Loan Data	C		
2. Maximum Loan Amount Eligible-Vendor	\$29,750		
3. Filler1-no longer used	NULL		
4. Number of Loans Outstanding	2		
5. Filler2-no longer used	NULL		
6. Loan Default Indicator	Y		
7. Number of sets of Loan Component data	02		
Loan Component Data fields when the account has had any loan (Active, Defaulted or Paid Off) during the prior 12 months			
C-1. Vendor loan number	Loan 001	Component data for two loans has been reported	
C-2. Loan Initiation Date	02/01/2006		
C-3. Loan Status	A		
C-4. Loan Type Indicator	G		
C-5. Original Loan Amount	\$15,000		
C-6. Remaining Loan Balance	\$10,000		
C-7. Remaining Balance Date	09/30/2008		
C-8. Highest Outstanding Loan Balance-12 months	\$12,000		
C-1. Vendor loan number	Loan 002		
C-2. Loan Initiation Date	03/01/2008		
C-3. Loan Status	D		
C-4. Loan Type Indicator	G		
C-5. Original Loan Amount	\$5,000		
C-6. Remaining Loan Balance	\$4,500		
C-7. Remaining Balance Date	09/30/2008		
C-8. Highest Outstanding Loan Balance-12 months	\$5,000		
Total Remaining Loan Balances = \$14,500			
Total Highest Outstanding Loan Balance-12 months = \$17,000			