
2016 Year-End Processing Guide

For Online Credit Unions

REVISED 11/07/2016

Page 4 has been updated to reflect the option used to update State ID and State Abbreviation from MNGELE #1 to the correct MNGELE #2.

REVISED 11/07/2016

Page 12 has been updated to add a note about Start-Up credit unions using substitute 1099-INTs during their first year.

INTRODUCTION

This guide is provided as a reference to the many tasks and procedures related to the end of the year and annual tax reporting. Start by carefully reviewing the 2016 Task Checklist shown on Page 6. As tasks are completed, check them off to ensure that all preparations and processes are completed on time and in the proper order.

This booklet supersedes any year-end instructions you may have received from previous years.

If you have any questions on any of the topics or procedures covered in this Guide, please contact a CU*Answers Client Service Representative at 616-285-5711 or 800-327-3478.

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For an updated copy of this booklet, check out the Reference Materials page of our website:
http://www.cuanswers.com/client_reference.php
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WHAT'S NEW FOR 2016?

- IRS has announced new HSA limits for 2017. The maximum **2017 HSA contribution will be \$3,400 for individuals** with self-only coverage, up from \$3,350 in 2016. The maximum 2017 HSA contribution will remain at \$6,750 for family coverage.
- New this year is the option to have Imaging Solutions place member tax documents online so that members can view them from within **It's Me 247** Online Banking, good for three years of storage. **This option is available for credit unions utilizing CU*Spy for sStatements, or to those who host their own statements but subscribe to the CU*Answers Imaging Solutions Release Management.** If you're interested in this option, please contact the Imaging Solutions team at imaging@cuanswers.com to review pricing and sign up before the December 31, 2016 deadline.
- Due to year-end dates, Beginning-of-Year/Tax File Verification reports should be reviewed on **January 3** to ensure all deadlines are met. See Page 39.
- Effective tax year 2016, the reporting due date for Form 1099-MISC with box 7 is January 31. We are using this new deadline for ALL 1099-MISC forms, regardless of whether there is data in Box 7 (non-employee compensation).
- Year-end tax reporting for Form 1098 Mortgage Interest Statement has been updated to include new mortgage loan information required by the IRS for the 2016 tax year. Changes in reporting for collateral on real estate property loans now requires collateral property address to be reported. If there is an address entered into the collateral record, we will use that, otherwise we will report that the address is the same as the member's primary address (from MASTER). We will also be reporting the collateral Tax ID, if one exists on the collateral record. If you need to adjust collateral data, be sure to do so prior to year-end! In addition, the 1098 form is re-sized to 2-on-a-page rather than 3-on-a-page. See page 24 for more details and a sample form.
- State ID # is now included on the 1099-INT, 1099-MISC, and 1099-R for those forms that are reporting Withholding information. Please verify that your State ID is configured in the Chart of Accounts Maintenance (MNGELE #2).

OTHER REMINDERS

- **If your statement print vendor is not Sage Direct and you would like to use substitute 1099-INT forms**, call your vendor to verify whether they can process substitute 1099-INTs.
- **Remember that 2016 was a leap-year!** This would affect accrual calculations, if you are doing any verifications or year-to-year comparisons.
- Private Mortgage Insurance (PMI) premiums are **required** to be reported to the IRS. See Page 27 for more information.

- If you have an **in-house eDOC server**, remember that we do have a mechanism for transmitting 5498 and 1099/1098 tax form data to your eDOC server for archival. Contact eDOC to ensure your server is ready to receive this data. eDOC will notify our Operations team to set up the appropriate programs and make arrangements for the data to be downloaded.
- Remember that our year-end verification teams do NOT **verify dividend rate changes** for your credit union. It is your credit union's responsibility to keep an eye on any rate changes you scheduled by verifying the new rates are in place the morning after the scheduled change date (rate changes are processed during end-of-day). This should be a normal part of your routine all year long to avoid problems if a scheduled rate change doesn't happen as you expected! Refer to the *Month-End Verifications* booklet for more information.

- The deadlines noted in this Guide are critical to proper processing of your member data. CU*Answers will be adhering very strictly to the deadline dates stated in this Guide, and if data is received late or needs to be redone, **your credit union may incur a \$100 fee**. Do not wait until the last minute to assign these important tasks to appropriate staff!

- Some of the deadlines in this book relate to when we need you to have various verification tasks completed before we can compile data to send to third parties like Ascensus, Sage Direct, or the IRS. In these cases the deadline date assumes a time of **8:00 p.m. ET on the deadline day**. Because our Operations department is staffed 24x7 and much of our work is done during the overnight hours, if the deadline is November 7, that means that your task must be completed *before* 8:00 p.m. ET on November 7.
- If your **IRA program is Ascensus-administered**, as always it is your responsibility to contact Ascensus and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it, and will charge you a fee if they have to make special correction arrangements after the fact!
- After the first of the year we will post routine **CU*BASE Alerts** to let you know when our Ops teams transmits various data to the IRS or other vendors on your behalf (if requested), so it is not necessary for you to call and ask.
- As always, don't forget that you should already be **verifying your IRA and HSA balance file data** on a monthly or at least a quarterly basis. Don't wait until after year-end! The deadlines are very tight and you will not have time to do all of the work then. Keep up with it regularly and you'll make things a lot easier on yourself in January and April. See Pages 48 and 51 for more details.

2016 TASK CHECKLIST

**Refer
to Page**

| | |
|--|---|
| | <ul style="list-style-type: none"> <input type="checkbox"/> Make a decision on whether or not you wish to print substitute 1099-INT forms on member statements 10 <input type="checkbox"/> Update the Tax Forms Handling Instructions screen in CU*BASE (MNUPDT #26) 17 <input type="checkbox"/> Verify with CU*Answers how your credit union’s IRA/HSA plans are administered (Self-administered, Ascensus- or other third party-administered) 9 <input type="checkbox"/> Verify State ID # in Chart of Accounts for reporting on 1099..... 4 <input type="checkbox"/> Modify statement messages/instructions 37 <input type="checkbox"/> Monthly (Nov.) IRA/HSA verification (verify/maintain IRA & HSA Balance File data, including IRA death distributions to beneficiaries).....48 & 51 <input type="checkbox"/> CUs offering e-statements and using substitute 1099-INTs: send “alert” email message (<i>can be done in Nov. or Dec.</i>) 14 <input type="checkbox"/> Update Federal Holidays/non-business days configuration (<i>can be done in Nov. or Dec.</i>)..... 20 <input type="checkbox"/> Statement inserts due at Sage Direct 37 <input type="checkbox"/> Clear statement messages for December statements (if using substitute 1099-INTs) 37 <input type="checkbox"/> Modify statement messages/instructions 37 <input type="checkbox"/> Verify Equity Loan categories to ensure proper 1098 reporting 21 <input type="checkbox"/> Verify Share and Certificate configurations to ensure proper 1099-INT reporting; check settings on the credit union account 30 <input type="checkbox"/> Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting..... 33 <input type="checkbox"/> Modify December e-statement notification message (if using substitute 1099-INTs) 14 <input type="checkbox"/> Order special envelopes for Auditor member account verification mailing (if necessary) 19 <input type="checkbox"/> Monthly (Dec.) IRA/HSA verification (verify/maintain IRA & HSA Balance File data, including IRA death distributions to beneficiaries).....48 & 51 <input type="checkbox"/> Enter mortgage points paid and other 1098 data into the Tax File 25 <input type="checkbox"/> Statement inserts due at Sage Direct 37 |
|--|---|

| | | |
|-----------------------|---|---|
| Dec. 31 | ← | <input type="checkbox"/> End-of-Year Processing <i>Handled by CU*Answers</i> |
| Jan. 3 | ← | <input type="checkbox"/> Review Beginning-of-Year/Tax File Verification Reports 39 |
| Jan. 6 | ← | <input type="checkbox"/> <i>Final</i> verification of IRA Balance File data (distributions only for all IRA plan types, including death distributions to beneficiaries) and HSA Balance File data 48 & 51 <input type="checkbox"/> Verify Tax File and make adjustments where necessary 53 <input type="checkbox"/> Verify 1099-MISC amounts for Accounts Payable Vendors 33 <input type="checkbox"/> Run Tax Information Reports 53 <input type="checkbox"/> Ascensus-Administered: CU*Answers will submit Fair Market Value and distribution (1099) data to Ascensus <i>Handled by CU*Answers</i> |
| Jan. 31 | ← | <input type="checkbox"/> Monthly (Jan.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 48 & 51 & 57 |
| Jan. 31 | ← | <input type="checkbox"/> Close the General Ledger for 2016 (must be completed prior to reporting January YTD figures)..... 43 |
| Mar. 10 | ← | <input type="checkbox"/> Deadline for filing 1099-MISC forms..... <i>Handled by CU*Answers</i> |
| Mar. 15 | ← | <input type="checkbox"/> Deadline for furnishing 1099 and 1098 forms to members..... <i>Handled by CU*Answers</i> |
| Mar. 15 | ← | <input type="checkbox"/> Deadline for final adjustments to the Tax File 53 |
| Apr. 18 | ← | <input type="checkbox"/> Monthly (Feb.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 48 & 51 & 57 |
| Apr. 18 | ← | <input type="checkbox"/> Monthly (Mar.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 48 & 51 & 57 |
| Apr. 18 | ← | <input type="checkbox"/> CU*Answers deadline for submitting 1099 and 1098 information to IRS (<i>exception: 1099-MISC, now submitted in January</i>) <i>Handled by CU*Answers</i> |
| Happy Tax Day! | | |
| Apr. 20 | ← | <input type="checkbox"/> <i>Final</i> verification of contribution (5498) data in IRA and HSA Balance Files; make modifications where necessary 48 & 51 & 57 |
| Apr. 20 | ← | <input type="checkbox"/> Ascensus-Administered: All 5498 (Coverdell and non-Coverdell) data to be submitted by CU*Answers to Ascensus <i>Handled by CU*Answers</i> |
| May 1 | ← | <input type="checkbox"/> Deadline for submitting 5498-ESA (Coverdell contribution) forms to members <i>Handled by CU*Answers</i> |
| May 23 | ← | <input type="checkbox"/> CU*Answers deadline for submitting 5498 (contribution) data to IRS <i>Handled by CU*Answers</i> |
| May 31 | ← | <input type="checkbox"/> Deadline for furnishing 5498 forms to members. <i>Handled by CU*Answers</i> |

SUMMARY OF 2016 TAX FORMS

This information is provided as a quick reference for your convenience. For complete instructions and current regulations governing the use of these forms, refer to appropriate 2016 IRS publications.

| <i>Form</i> | <i>Description</i> | <i>Due to Members</i> | <i>Due to IRS</i> |
|-------------|---|-----------------------|-------------------|
| 1098 | Mortgage Interest Statement ¹ | January 31 | March 31 |
| 1098-E | Student Loan Interest Statement ² | January 31 | March 31 |
| 1099-A | Acquisition or Abandonment of Secured Property | January 31 | March 31 |
| 1099-B | Proceeds from Broker & Barter Exchange Transactions | February 15 | March 31 |
| 1099-C | Cancellation of Debt | January 31 | March 31 |
| 1099-INT | Dividends & Interest ³ | January 31 | March 31 |
| 1099-MISC | Miscellaneous Income ⁴ | January 31 | January 31 |
| 1099-Q | Coverdell IRA Withdrawals | January 31 | March 31 |
| 1099-R | IRA Withdrawals | January 31 | March 31 |
| 1099-SA | HSA Withdrawals | January 31 | March 31 |
| 5498-ESA | Coverdell IRA Contributions ⁵ | May 1 | May 31 |
| 5498-SA | HSA Contributions ⁵ | May 31 | May 31 |
| 5498 | IRA Contributions ⁵ | May 31 | May 31 |

NOTE: If a member has an **alternate address** record that is in effect at the time tax forms are printed, the system will use the alternate *address* from that record, but will still use the member's name from his or her MASTER record, according to IRS guidelines. This is also true when reporting to the IRS. Also, **DBA names** are never used on tax forms or for IRS reporting, regardless of whether your CU normally prints DBA name on correspondence.

IRS Web Site: www.irs.gov

¹Will be sent to member only if over \$600. If you wish to send (and report to the IRS) even for amounts under \$600, please indicate on your Tax Forms Handling Instructions screen (see Page 17).

²See Page 9 for more information.

³Sent to member only if over \$10.

⁴If for non-employee compensation, sent to member only if over \$600. Other rules apply; refer to published IRS guidelines.

⁵Since year-end statements include information about IRA/HSA deposits and withdrawals made during the current tax year, if you wish, you can choose to print 5498 forms ONLY for members who make prior-year contributions for 2016 between January and April in 2017. (Applies only if your IRA/HSA programs are self-administered.) See Page 17.

2016 TAX FORMS PRICING

DEADLINE: November 7

Your tax forms will be laser-printed according to the pricing listed below. Ongoing CASS certification and efficient mail handling processes help to keep postage rates low. **Please use MNUPDT #26 to record your instructions no later than November 7, 2016** (see Page 17 for instructions).

*Blank tax forms (for corrected copies) are NOT available through CU*Answers. If you need a supply of blank tax forms, they must be ordered directly from the IRS website at www.irs.gov.*

Prices for Printed Forms

| Form Name | Laser Forms Printed by CU*Answers |
|--|---|
| 1098, 5498, and 1099-INT ¹ | \$ 35.00 per 100 plus actual postage ³ |
| 1098-E ² 5498-SA and 5498-ESA 1099-B, 1099-C, 1099-MISC, 1099-Q, 1099-R, and 1099-SA | \$ 60.00 per 100 plus actual postage ³ |

If Using Substitute 1099-INT

| Item | Price |
|--|---|
| Printing Substitute 1099-INT information on year-end statements | \$0.17 per form 1099-INT printed |
| Instruction inserts for substitute 1099-INT (see Page 16 for a sample) | Billed at actual cost (in the past has been \$0.01 ea.) |
| Statement envelopes printed with "Important Tax Information Enclosed" ⁴ | Billed at actual cost (in the past has been \$0.04 ea.) |

Archived Forms on CD-ROM

Pricing for archived tax forms on CD-ROM: single copy \$50.00 processing fee + \$10.00 per CD-ROM; additional copies \$10.00 per CD-ROM.

| CD | Item to be Included | Will Be Produced |
|-----|--|-----------------------------|
| # 1 | 1099 and 1098 Tax Forms | No later than March 6, 2017 |
| # 2 | 1099/1098 Tax Information Report 5498 Tax Forms 5498 Report(s) | No later than May 15, 2017 |

¹See Page 10 for important information about using year-end member statements as substitute 1099-INTs in place of standard 1099-INT forms.

²1098-E (Student Loan Interest Statement) forms will be produced for any loan categories with Process Type "P" (student loans in payout). Do not check the *Send 1098 tax form* flag in the Loan Category configuration (see Page 21).

³Postage is not included in this pricing. Postage will be billed separately based on the credit union's actual cost, without a CU*Answers markup.

⁴ If you are printing substitute 1099-INT forms, all statements will include this data and use this special envelope, even if all the amounts being reported are \$0.00.

USING MEMBER STATEMENTS AS SUBSTITUTE 1099-INTs

DEADLINE: Decide if you wish to print substitute 1099-INTs (indicate your preference in the Tax Forms Handling Instructions screen) by November 7
Modify statement messages/instructions by December 5

Your credit union can elect to use your year-end statements as substitute 1099-INTs, instead of mailing separate 1099-INT forms for all members. Here are some benefits:

- Because statements are produced immediately after year-end, tax information will be in members' hands much more quickly than with standard forms.
- Member statements are retained as part of the CU*Spy online retrieval system, making it much easier for credit union employees to view or reprint 1099-INT information for a member. If you offer e-statements through online banking, members themselves can view tax information included on their December statements for a full year.
- Postage savings and low printing costs make printing substitute 1099-INTs cost-effective for any size credit union.

PRINTING COSTS

The cost for printing substitute 1099-INT information on a member statement will be **\$0.17 per form 1099-INT printed**. This is compared to the \$0.35 per form price for separate 1099-INT forms.

Example: A 10,000-member credit union typically prints a 1099-INT form for approximately 40% of its membership.

Cost for printing separate 1099-INT forms:

10,000 members × 40% = 4,000 regular 1099-INT forms
4,000 forms × \$0.35 per form = \$1,400.00 cost for printing forms
4,000 forms × \$0.373 postage per form* = \$1,492.00 postage
\$1,400.00 printing + \$1,492.00 postage = **\$2,892.00** total cost for printing separate forms

*(*Represents the basic pre-sorted first-class rate. Actual rates will vary depending on quantity and other factors.)*

Cost for printing using statements as substitute 1099-INTs:

10,000 members = 10,000 substitute 1099-INT forms
10,000 forms × \$0.17 per form = \$1,700.00 cost for printing substitute forms
10,000 forms × \$0.01 each* = \$100.00 for 1099-INT instructions inserts
10,000 forms × \$0.04 each* = \$400.00 for special statement envelopes
\$1,700.00 printing + \$100.00 inserts + \$400.00 envelopes = **\$2,220.00** total cost for substitute 1099-INTs

*(*Prices for inserts and envelopes are based on rates from previous years and are subject to change. Postage is included as part of the year-end statement postage costs.)*

Net Savings:

\$2,892.00 (forms) - \$2,200.00 (statements) = **\$692.00 savings**

See Page 38 for a sample year-end statement which includes 1099-INT information.

POINTS TO REMEMBER

- **If your statement print vendor is not Sage Direct**, call your vendor to verify whether they can process substitute 1099-INT forms.
- According to IRS regulations for substitute 1099 forms, NO other marketing materials are allowed in these statement envelopes, including newsletters.
- NO marketing messages are allowed on the statements themselves. You will be required to clear out any marketing-related messages using the “Update Statement Message/Inserts” feature prior to the year-end statements being run.

■ *NOTE: See Page 13 for instructions.*

- All statement envelopes must be marked “Important Tax Information Enclosed.” In addition, special 1099-INT instructions must be included on a separate statement insert. The instruction insert and envelope notation will be handled by our statement processor, Sage Direct. (See Page 9 for estimated pricing.)

■ *Credit unions who use a different statement processor should contact Vanessa France (ext. 132) to coordinate the steps necessary to produce substitute 1099-INT forms.*

- Because statements are generated by account number, not SSN/TIN, a member who has two separate membership accounts under the same SSN will receive 1099-INT information separately for each membership. Because members will need to combine dividends earned on all credit union accounts in order to report taxable income properly, **1099-INT information will be printed for every member that receives a statement, regardless of the amount of dividends received (even \$0.00).**
- Substitute 1099-INTs will be printed only for memberships who have active accounts or who have closed accounts during your final statement period. In other words, only people who actually get year-end statements will get substitute 1099-INTs. Any membership that was closed prior to the final statement period (month, quarter, etc.), or non-members with reportable savings bond interest, will receive a standard 1099-INT form, subject to normal printing fees for laser tax forms.
- This option applies to substitute 1099-INTs only, not form 1098 or any other 1099 forms.
- The information must all print on the same page of the statement, so if the entire form cannot fit on the last page of the statement, another page will be generated for that membership.
- **For Credit Unions Offering E-Statements:** If your credit union also offers e-statements to your members, you will need to make sure that members understand they will not be receiving any forms in the mail and that they must view their year-end statement through online banking in order to see 1099-INT information. See Page 14 for details.

- **If your credit union converted to the CU*BASE platform during 2016, you may NOT use your year-end statements as substitute 1099-INTs.** Because statements are produced immediately after year-end processing, there will be no time to verify 1099-INT information before it is delivered to your members. If there are corrections needed due to the conversion of your member data, regular 1099-INT forms will give you some extra time to review and make modifications.
- **If your credit union began using CU*BASE in 2016 as a start-up credit union, please contact us for more information on using substitute 1099-INTs.**

For More Information: For more complete information on the rules and procedures governing the use of substitute 1099-INT forms, please refer to IRS Publication 1179 “General Rules and Specifications For Substitute Forms 1096, 1098, 1099, 5498, W-2G and 1042-S.” This document can be downloaded by visiting the IRS web site at www.irs.gov.

To specify that you wish to use your statements as substitute 1099-INTs, check the appropriate box on the Tax Forms Handling Instructions screen in CU*BASE. See Page 17 for instructions on completing this screen.

MODIFYING STATEMENT MESSAGES FOR USE WITH SUBSTITUTE 1099-INTs

Because IRS regulations prohibit the use of any marketing-related messages on statements used as substitute 1099-INT forms, you must adjust statement messages prior to year-end statements being run.

MNPRTC #11 "Update Statement Message/Inserts" - Screen 1

| Statement Formats | | | | | |
|-------------------|-------------------------------|-----|-------------|-----|-------------|
| Fmt | Description | Fmt | Description | Fmt | Description |
| CM | Credit Card Monthly Statement | | | | |
| MN | Monthly Statement | | | | |
| QT | Quarterly Statement | | | | |
| XX | Test Statement Format | | | | |

Choose code QT for your quarterly statement instructions.

Screen 2

Statement Message Maintenance Format ID: QT

General

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

New Member

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

Closed Member

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

Continue To save and continue, press Enter.

Either clear all messages or insert generic text ONLY about the substitute 1099-INT.

SPECIAL INSTRUCTIONS FOR CUS OFFERING E-STATEMENTS

DEADLINE: Preliminary "Alert" email message during November or December
 Modify e-statement notification message for December statements during December

If your credit union has begun signing members up for e-statements through online banking, and you also plan to use statements as substitute 1099-INT forms, there are a few special tasks which must be performed to comply with IRS guidelines and ensure that your members understand how their tax information is being reported to them.

The following sample messages are suggestions only, based on our interpretation of the guidelines published in the 2016 "General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G" publication, IRS Cat. No. 27976F. Please refer to this publication for details and to ensure that your credit union complies with all requirements.

Message 1: Preliminary "Alert" Message

This message is intended to confirm that the member consents to receiving his/her tax information electronically via e-statements. This message should be sent to all members who have signed up for e-statements, prior to statements being generated on January 1. (Remember that if members sign up for e-statements after this initial batch message is sent, you must follow-up with those members to provide this same information.) A message like this should also be added to your web site.

If a member does not consent to receiving tax information electronically, simply un-enroll that member from receiving e-statements (MNSERV #22), any time before December 31, 2016. The member will then receive a mailed copy of his or her December statement.

MNPRTC #26 "Member Connect--Email Mrktg Msgs"

Member Connect Message Maintenance

Jump To

Corp ID (Blank = all, 99 = generic)

Message type Message subject

| Msg Type | Corp ID | Message Subject | First Line of Text |
|----------|---------|-------------------------------------|--|
| 0H | 01 | Calling all Smart Phones | Did you know a branch of your Credit Union |
| SL | 01 | | |
| SP | 01 | We Look Forward to Hearing From You | Taking the opportunity to speak with |
| TX | 01 | Your Year-End Tax Information | This message is to alert you that |
| Z6 | 01 | It's Me 24/7 Online Banking | It's Me 24/7 Online Banking has a ne |
| ZH | 01 | Financial Security with Your CU | Financial institutions are being bo |
| ZQ | 01 | Go Mobile with Text Banking! | Do you want to enjoy the convenienc |
| ZS | 01 | Easy Pay New Features | We are pleased to provide three new |
| ZT | 01 | EasyPay eBill Notification | We're working hard to make online b |
| ZI | 01 | Visit our Member Investment Center! | The Credit Union offers |
| 01 | 01 | Don't Get Scanned | Recently an alert Credit |
| 02 | 01 | Bill Pay - A Great Service To Use! | Bill Pay is one of Cred |
| 03 | 01 | Improvements Coming To Our Bill Pay | To make it even easier for you to p |
| 04 | 01 | ATM at H-46 & Portsmouth Now Availa | The ATM inside JB Partystore (forme |

Change Send Copy Delete View

IMPORTANT: Be sure your email provider is aware of the volume of emails you may receive, and does not misinterpret your email traffic as "spam."

Did you know...? You can simply copy our standard message from the Master Library into your own list of messages, then adjust the text as you wish before sending it. Use **F9-Copy from Master** then choose message type **TX**.

Following is the text from this sample message:

This message is to alert you that the tax information that is being provided to the IRS will be reported on your December 2016 electronic account statement. No paper copy of the 1099-INT tax form will be mailed.

Because you have signed up for e-statements, your tax information can be viewed after January 1, 2017, by accessing your December statement in online banking as usual.

Please contact us if you wish to discuss deactivating e-statements prior to December 31, 2016. Thank you for choosing e-statements!

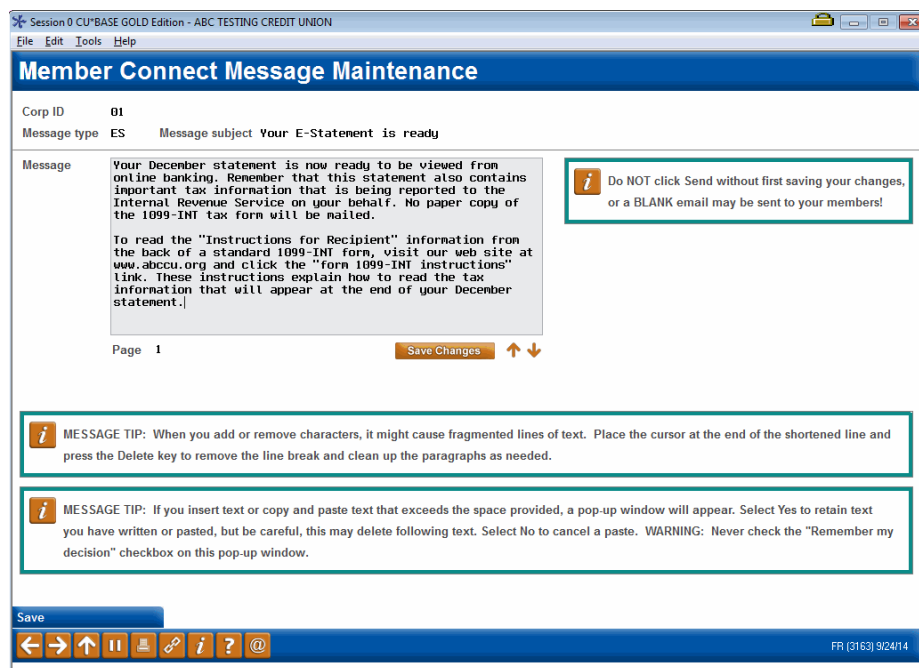
Instructions for creating the Query and sending the message are available in the booklet, “Marketing Campaigns with Member Connect” (available on our web site or through CU*BASE GOLD Online Help).

Message 2: With December Statement Notification Email

This message is intended to notify members that tax information is ready for them to view electronically. Since members will already receive an email from you stating that their December statement is ready, this message is the ideal vehicle for communicating that tax information is also ready.

In addition, IRS regulations state that when providing substitute 1099-INT forms, you must also provide the “Instructions for Recipient” information that appears on the back of a standard 1099-INT form. Formerly this was included as an insert in printed statements for credit unions using substitute 1099s. For e-statements, you must provide these instructions through another means. One method would be to add the instructions (see below) as a page on your web site, then direct members to the site via your notification email. (You could also add the contents of the instructions into your notification email, if desired.)

MNCNFE #10 “Config Monthly eStatement Emails” Screen 2



Following is the sample text shown on this screen:

Your December statement is now ready to be viewed from online banking. Remember that this statement also contains important tax information that is being reported to the Internal Revenue Service on your behalf. No paper copy of the 1099-INT tax form will be mailed.

To read the "Instructions for Recipient" information from the back of a standard 1099-INT form, visit our web site at www.abccu.org and click the "Form 1099-INT Instructions" link. These instructions explain how to read the tax information that will appear at the end of your December statement.

From the back of a standard 1099-INT form:

Instructions for Recipient

The information provided may be different for covered and noncovered securities. For a description of covered securities, see the Instructions for Form 8949. For a taxable covered security acquired at a premium, unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize the premium under section 171, or for a tax-exempt covered security acquired at a premium, your payer may report either (1) a net amount of interest that reflects the offset of the amount of interest paid to you by the amount of premium amortization allocable to the payment(s), or (2) a gross amount for both the interest paid to you and the premium amortization allocable to the payment(s). If you did notify your payer that you did not want to amortize the premium on a taxable covered security, then your payer will only report the gross amount of interest paid to you. For a noncovered security acquired at a premium, your payer is only required to report the gross amount of interest paid to you.

Recipient's identification number. For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the issuer has reported your complete identification number to the IRS.

FATCA filing requirement. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its chapter 4 account reporting requirement. You also may have a filing requirement. See the Instructions for Form 8938.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows taxable interest paid to you during the calendar year by the payer. This does not include interest shown in box 3. May also show the total amount of the credits from clean renewable energy bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, and build America bonds that must be included in your interest income. These amounts were treated as paid to you during 2016 on the credit allowance dates (March 15, June 15, September 15, and December 15). For more information, see Form 8912. See the instructions above for a taxable covered security acquired at a premium.

Box 2. Shows interest or principal forfeited because of early withdrawal of time savings. You may deduct this amount to figure your adjusted gross income on your income tax return. See the Instructions for Form 1040 to see where to take the deduction.

Box 3. Shows interest on U.S. Savings Bonds, Treasury bills, Treasury bonds, and Treasury notes. This may or may not all be taxable. See Pub. 550. This interest is exempt from state and local income taxes. This interest is not included in box 1. See the instructions above for a taxable covered security acquired at a premium.

Box 4. Shows backup withholding. Generally, a payer must backup withhold if you did not furnish your taxpayer identification number (TIN) or you did not furnish the correct TIN to the payer. See Form W-9. Include this amount on your income tax return as tax withheld.

Box 5. Any amount shown is your share of investment expenses of a single-class REMIC. If you file Form 1040, you may deduct these expenses on the "Other expenses" line of Schedule A (Form 1040) subject to the 2% limit. This amount is included in box 1.

Box 6. Shows foreign tax paid. You may be able to claim this tax as a deduction or a credit on your Form 1040. See your Form 1040 instructions.

Box 7. Shows the country or U.S. possession to which the foreign tax was paid.

Box 8. Shows tax-exempt interest paid to you during the calendar year by the payer. Report this amount on line 8b of Form 1040 or Form 1040A. This amount may be subject to backup withholding. See box 4. See the instructions above for a tax-exempt covered security acquired at a premium.

Box 9. Shows tax-exempt interest subject to the alternative minimum tax. This amount is included in box 8. See the Instructions for Form 6251. See the instructions above for a tax-exempt covered security acquired at a premium.

Box 10. For a taxable or tax-exempt covered security, if you made an election under section 1278(b) to include market discount in income as it accrues and you notified your payer of the election in writing in accordance with Regulations section 1.6045-1(n)(5), shows the market discount that accrued on the debt instrument during the year while held by you, unless it was reported on Form 1099-OID. For a taxable or tax-exempt covered security, accrued market discount will be calculated on a constant yield basis unless you notified your payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to make a constant yield election for market discount under section 1278(b). Report the accrued market discount on your income tax return as directed in the instructions for Form 1040 or 1040A. Market discount on a tax-exempt security is includible in taxable income as interest income.

(Continued on the back of Copy 2.)

Instructions for Recipient (Continued)

Box 11. For a taxable covered security (other than a U.S. Treasury obligation), shows the amount of premium amortization allocable to the interest payment(s), unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize bond premium under section 171. If an amount is reported in this box, see the Instructions for Form 1040 (Schedule B). If an amount is not reported in this box for a taxable covered security acquired at a premium and the payer is reporting premium amortization, the payer has reported a net amount of interest in box 1. If the amount in this box is greater than the amount of interest paid on the covered security, see Regulations section 1.171-2(a)(4).

Box 12. For a U.S. Treasury obligation that is a covered security, shows the amount of premium amortization allocable to the interest payment(s), unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize bond premium under section 171. If an amount is reported in this box, see the Instructions for Form 1040 (Schedule B). If an amount is not reported in this box for a U.S. Treasury obligation that is a covered security acquired at a premium and the payer is reporting premium amortization, the payer has reported a net amount of interest in box 3. If the amount in this box is greater than the amount of interest paid on the U.S. Treasury obligation, see Regulations section 1.171-2(a)(4).

Box 13. For a tax-exempt covered security, shows the amount of premium amortization allocable to the interest payment(s). If an amount is not reported in this box for a tax-exempt covered security acquired at a premium, the payer has reported a net amount of interest in box 8 or 9, whichever is applicable. If the amount in this box is greater than the amount of interest paid on the tax-exempt covered security, the excess is a nondeductible loss. See Regulations section 1.171-2(a)(4)(ii).

Box 14. Shows CUSIP number(s) for tax-exempt bond(s) on which tax-exempt interest was paid, or tax credit bond(s) on which taxable interest was paid or tax credit was allowed, to you during the calendar year. If blank, no CUSIP number was issued for the bond(s).

Boxes 15–17. State tax withheld reporting boxes.

Nominees. If this form includes amounts belonging to another person(s), you are considered a nominee recipient. Complete a Form 1099-INT for each of the other owners showing the income allocable to each. File Copy A of the form with the IRS. Furnish Copy B to each owner. List yourself as the "payer" and the other owner(s) as the "recipient." File Form(s) 1099-INT with Form 1096 with the Internal Revenue Service Center for your area. On Form 1096 list yourself as the "filer." A spouse is not required to file a nominee return to show amounts owned by the other spouse.

Future developments. For the latest information about developments related to Form 1099-INT and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form1099int.

This text was taken from the following PDF file available on the IRS web site: <http://www.irs.gov/pub/irs-pdf/f1099int.pdf>. (Sage Direct uses this same text for the instructions that will be inserted with your statements.)

TAX FORMS HANDLING INSTRUCTIONS

Deadline: November 7

All of the instructions CU*Answers needs to process your tax forms and other year-end related tasks is recorded via a CU*BASE menu option. The feature retains your instructions from the previous year so all you need to do is verify that the instructions are correct and make any needed adjustments for the coming year-end.

No later than November 7, access the following screen in CU*BASE and confirm your instructions for this year-end:

MNUPDT #26 "Update Tax Form Handling Instruc"

Session 0 CU*BASE GOLD Edition - RELEASE CONTROL CREDIT UNION

File Edit Tools Help

Annual Tax Forms Handling Instructions

Credit union [REDACTED]
Corp ID 01
Last maintained Sep 06, 2016 By MARYV

IRA administration Self-administered Third-party administered No IRAs
Third-party administrator (CMG, Bankers, etc.) CMG
Data to be reported to third-party administrator Contributions (5498, 5498SA) Distributions (1099R, 1099Q) FMV (Jan.)

HSA administration Self-administered Third-party administered No HSAs
Third-party administrator (CMG, Bankers, etc.) CMG
Data to be reported to third-party administrator Contributions (5498-SA) Distributions (1099-S)

Use year-end statements as substitute 1099-INT
On 1098 forms Report mortgage interest under \$600.00
 Report mortgage fines and late fees

Tax forms - number of CD-ROM copies 2
Tax info reports - number of CD-ROM copies 2
 Send forms to my eDOC server

Confirm/Update

Refer to new pricing structure for CD-ROM archive copies; see Page 9.

IMPORTANT: Make sure to use Confirm/Update (F5) even if you do not make any changes! This updates the record so we know that your CU has confirmed this year's instructions.

Refer to online help and other pages of this Guide for specific instructions on completing this screen. Even if you will not be making any changes, access this page and use F5 to Confirm the record to prevent a call from CU*Answers.

NOTE: Prior to November 7 you may return to this screen as needed to make changes. However, after that deadline the screen will be locked and you will see a notation that the record can no longer be maintained. You will then need to contact Operations (ext. 132) for assistance.

IF YOU HAVE AN EDOC IN-HOUSE SERVER

If you have an **in-house eDOC server**, we do now have a mechanism for transmitting 5498 and 1099/1098 tax form data to your eDOC server for archival. Simply contact eDOC to ensure your server is ready to receive this data, then eDOC will contact our operations team to set up the appropriate programs and make arrangements for the data to be downloaded.

BONUS DIVIDENDS / LOAN INTEREST REBATES

As before, credit unions can choose to process a special bonus share dividend or loan interest rebate for their members at the end of the year.

Using MNMISC #29-Standard Bonus Div/Ln Int Rebate, credit unions can set up a bonus dividend/interest rebate program themselves.

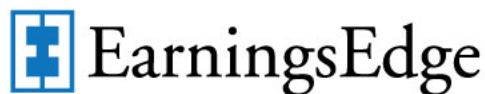
As a menu option has been added to CU*BASE allowing credit unions to configure and test their own bonus dividend and loan interest rebate programs, CU*Answers will no longer take requests to complete this task for the credit union. See below for information on services available for purchase.

The bonus programs can now be set up easily, and include the ability to **run a simulation on your live files**, without actually posting. This allows you to expense prior to year-end.

The simulation will use live data as of the time it is run, so the closer to year-end you run it, the more accurate a prediction it will give as to your actual expense at year-end. Refer to Online Help for assistance in configuring your program:

<http://www.cuanswers.com/doc/cubase/cubase.htm#UBDIRCFG-01.htm>.

An alternative you might also want to consider is the Patronage/Ownership Dividend program (available on menu MNMISC) that you can use yourself to post a special reward dividend to the 000 base share account at any time, not just at year-end.



If you need assistance with these options, the Earnings Edge team is ready to assist. Visit <http://www.cuanswers.com/catalog/patronage-bonus-dividend-configuration-tune-up/?cat=114> for more information.

ORDERING AUDITOR ENVELOPES FOR STATEMENTS

DEADLINE: Order envelopes by December 9
All statement inserts to Sage Direct by December 28

These instructions apply only if your credit union uses Sage Direct to print member statements. If you use a statement processor other than Sage Direct, contact your vendor for instructions.

If your credit union's auditor is planning to conduct a member account verification mailing for your December 2016 statements, special audit envelopes must be ordered for use by Sage Direct. Normal #10 window envelopes will NOT work for member statements printed by Sage Direct. Special auditor envelopes must be made to Sage's specifications.

Contact **Jennifer Zimelis** at Sage Direct (800-729-8310 or 616-940-8311) **no later than December 9** to order auditor envelopes, if needed. We must also receive a letter signed by either your auditor or your credit union with exact information about any special handling that is expected from Sage or CU*Answers, such as if you wish to use a special audit insert.

Inserts for year-end statements are due to Sage Direct no later than December 28, 2016. (This deadline also applies to any special inserts your auditor requests, if required.)

SPECIAL NOTE: You MUST order special envelopes for an audit return; it is not possible for us to change your return address in CU*BASE for a special statement run. Remember, that address is also used by many other CU*BASE features!

SETTING 2017 HOLIDAYS

During November or December, or any time prior to year-end

CU*BASE has a configuration where you can specify your credit union's business days and either use the standard list of Federal holidays (which CU*Answers updates each year) or enter your own holidays (or both). **This configuration is used to calculate hold days for uncollected funds, such as teller check holds.** (We may also contact you separately to ask for other details about your holiday hours for things like scheduling our Client Service and Ops activities, etc.)

Although you can enter dates as far into the future as you wish, it is a good idea to check this configuration each year and make sure any special holidays your credit union may observe have been entered for the following calendar year.

MNCNFD #23 Configure CU Non-Business Days

Session 0 CU*BASE GOLD Edition - Credit Union Non-Business Days

Options

Processing days Sunday Monday Tuesday Wednesday Thursday Friday Saturday

Observe all standard Federal holidays from global configuration

Additional holidays for year 20

| Date | Description | Day of Week |
|------------|--------------------------------|-------------|
| Oct 17, 20 | INTERNATIONAL CREDIT UNION DAY | Sat |
| | | |
| | | |
| | | |
| | | |

Change Delete ↑ ↓

Add

Show Federal Holidays

← → ↑ ↓ FR (3628)

For instructions refer to online help while working on this screen.

IMPORTANT: Remember that there is a difference between a holiday, when the credit union may be closed to members but still run daily processing as usual, and a non-business day, when daily BOD/EOD processing is not done on your files. **The Processing days fields at the top of the screen do NOT control when BOD/EOD is run, but they should generally be kept in synch with your business processing schedule. Contact a CSR for assistance if changes are needed.**

VERIFYING LOAN CATEGORIES FOR 1098 REPORTING

DEADLINE: Before December 9

The system uses a flag on the loan category to determine whether or not a 1098 Form should be generated for a particular loan. The *Send 1098 tax form* flag must be checked in order for them to be included in Form 1098 totals. In addition to your mortgage loan categories, this flag is also typically checked on your Home Equity LOC loan categories and other “mortgage-type” loans.

IMPORTANT: This flag is actually recorded both on the loan category as well as on the individual loan account records (MEMBER5/6). To ensure that everything is kept in synch and forms are produced as expected, **please contact a CSR if you need to change the setting of this flag for any reason.**

See Page 22 for details about how 1098 information is reported for loans that have been rewritten to a new account suffix. A 1098 form is not printed or reported to the IRS for a loan if total interest is less than \$600.00.

As a courtesy to your members, you can choose to produce 1098 forms even for amounts under \$600. This may be helpful for members who have multiple mortgages or whose primary mortgage is with another institution, to make it easier for them to combine interest amounts for tax reporting. Be sure to indicate this option in your Tax Forms Handling Instructions (deadline is November 7; see Page 17).

MNCNFB #1 “Loan Category Configuration” Screen 2

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Loan Category Definition

UPDATE

Category code 08 FIXED RATE MORTGAGE

| General Ledger Interface | | Payment Matrix Priorities | |
|------------------------------|--------|---------------------------|-----|
| Loan category | 701.10 | Fine amount | 4 |
| Interest earned | 111.22 | Principal | 3 |
| Accrued interest | 751.10 | Misc. G/L | 0 |
| Insurance rebate | | Over payment indicator | PRN |
| | | Miscellaneous | |
| | | Miscellaneous | |
| | | Miscellaneous | |
| Loan category for write-offs | 99 | | |

Additional Information

Send 1098 tax form

Maximum loan disbursement 600,000

Mortgage Loans

Allow tax-escrow accounts

Skip
End Update
Payment Controls

← → ↑ ↓ ⏏ ⏏ ? @

For mortgage/equity loans, in order to be included in the 1098 interest total, this flag must be checked.

IMPORTANT: If this setting is incorrect, and CU*Answers must run your forms again, there will be a fee charged for time and materials.

NOTE: Process Type M (Mortgage) categories will automatically be included in the 1098 interest total, but the flag should still be checked to avoid confusion.

Remember this relates to form 1098, NOT form 1098-E for student loans. Do not check this flag on your Student loan categories; 1098-E forms will be produced automatically for any loan categories with Process Type “P” (in payout).

LOAN CATEGORY CONFIGURATION REPORT

To make it easy to verify all of your loan categories for the 1098 form flag, try printing the Loan Category Configuration Report, using menu **MNCNFX #18 "Print Loan Category Config Rpt."** This report prints a full page for each loan category, showing current configuration parameters:

| | | | |
|---------------------|---|--------|------------------|
| 10/15/16 9:21:14 | CU*BASE TEST CREDIT UNION (FR) Loan Category Configuration As of 10/15/16 | LLNCAT | Page 26 DAWNM |
|---------------------|---|--------|------------------|

```

-----
40 HELOC - TC
-----
Corporate ID: 1
Process type: L
Account type range: 688 to 689
Interest rate range: 3.000 to 15.000
Interest calculation type: 0
Payment calculation type:
Next payment date/delinquency control:
Use review date for disbursements: Y
Allow teller disbursements: N
Warn teller if different pmt amt: Y
Include delq fine in partial pay: Y
AFT pmt date / delq control defaults: N / N
Allow loan insurance Y

Use note number control: N
Allow stock to secure loan: N
Use lease residual in payoff: N
Student loan after-payout category:
GENERAL LEDGER INTERFACE
Loan category GL acct: 70141
Interest earned GL acct: 11149
Accrued interest GL acct: 75143
Insurance rebate GL acct: 0
Student loan gov't interest GL acct: 0
Student loan gov't payable GL acct: 0
PAYMENT MATRIX
Fine Amount: 1
Principal: 3
Interest Due: 2
Escrow: 0
Miscellaneous GL: 0
Overpayment indicator: PRN
Miscellaneous GL account: 00000
Misc. GL transaction description:
Misc. GL amount: .00
Misc. GL percent: .000 %
Send 1098 tax form: Y
Maximum loan disbursement: 9,999,999.99
INTEREST PAYMENT ONLY - SCHEDULED PAYMENT CALCULATION
Update scheduled payment on day: 00
Minimum payment amount: .00
MORTGAGE LOANS:
Allow tax-escrow accounts: N
Tax-escrow account type range: 0 to 0
STUDENT LOANS:
Type of loan (gov't or USA funds):
Guarantee agency column/code:

OPEN END/LOC PAYMENT CHANGE CONTROL CONFIGURATION
Automated payment changes: Y
Print notices: Y
Change activated on Disburs/Any tran: D
Process payment changes I/D/M: I
If M, calc pmt from Curr/Last-On Day: /
If M, next pmt calc month/year: 0000
Grace period (# of days): 15
Allow rate adj via Update VR Codes: N
Round new payment up to whole dollar: Y
Use Tiered Rates in payment recalc: N
New payment based on R/P/F/M/T: R
Range method - use division factor of: 100.00
and pay per factor: 1.30
Percent method - pay % of balance: .000 %
Fixed method - # of payments: 0
Minimum pmt amt (all methods/except tiers): 25.00

TIERED RATES
FROM TO RATE MIN PMT
A .00 .00 .000 .00
B .00 .00 .000 .00
C .00 .00 .000 .00
D .00 .00 .000 .00
E .00 .00 .000 .00
F .00 .00 .000 .00
Update increased payments only: N
Use Current or Last Disbursed balance: C
    
```

Remember that if this setting is wrong and you have to change it for any reason, please contact a CSR for assistance ensuring your loan accounts are in synch.

SPECIAL NOTE: 1098 REPORTING FOR REWRITTEN LOANS

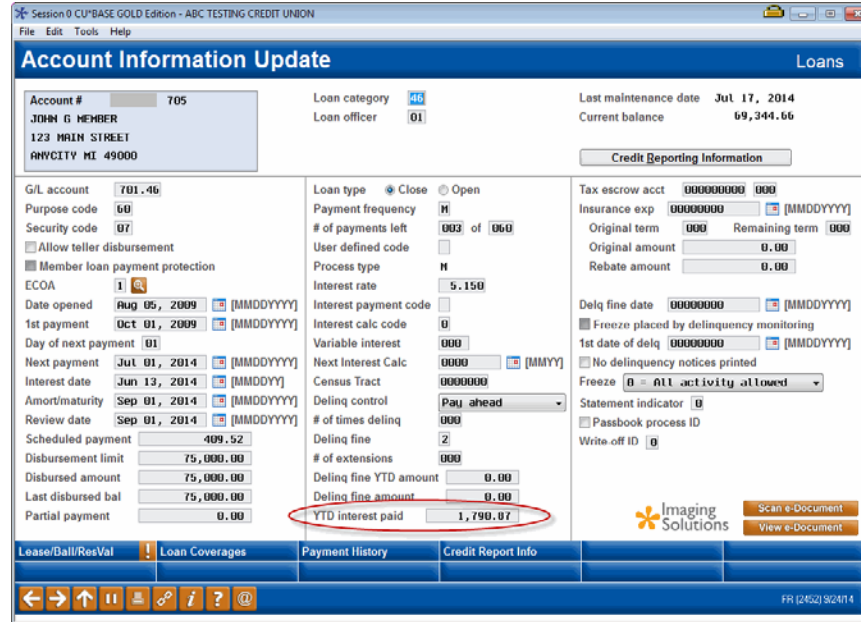
IRS reporting requirements specify that you must report interest and points paid on a mortgage *where the total exceeds \$600.** However, the reporting requirement is for *each mortgage*, even though the property may be secured for more than one mortgage. In other words, the rules are based on the mortgage, not the collateral.

Many CU*BASE clients currently include balloon notes in their mortgage portfolio. At the end of the balloon period the loans are rewritten rather than simply re-amortized using the same account suffix. There are 1098 ramifications for the tax year in which a mortgage balloons and is rewritten. The CU*BASE end-of-year 1098 processing system looks at the individual loans, not the collateral securing those loans. In the case where there are two mortgages secured by the same piece of real estate, and each shows interest paid under \$600, no 1098 will be generated, in accordance with IRS regulations.

If you would like a 1098 to be reported combining the interest on the old loan with interest on the new loan, you must manually update the *YTD Interest Paid* amount on the new loan using the CU*BASE Update Account Information feature (MNUPDT #2 or MNLOAN #4), shown below.

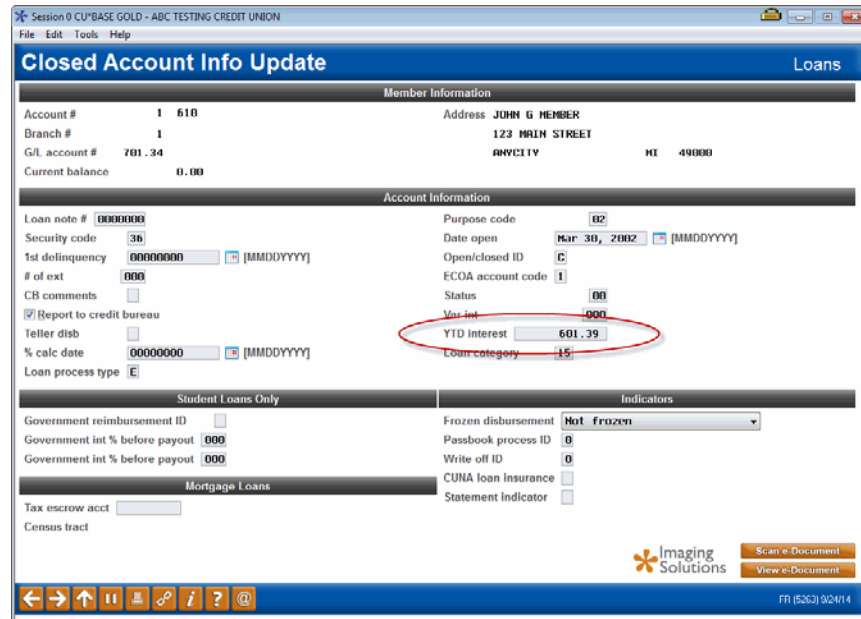
***If your credit union has elected to produce 1098 forms even for amounts under \$600, this procedure is not necessary.** Make sure to check the appropriate box in the Tax Forms Handling Instructions screen (see Page 17).

MNUPDT #2 "Update Account Information"



Add in the amount of YTD interest paid from the old loan account into the figure for the new loan account when it is rewritten. Next, access the old loan account in your closed account files.

MNUPDA #2 "Update Closed Member Acct Infor."



Remove any amount shown in the *YTD Interest* field. This will prevent the interest from being reported twice.

Now a 1098 will be printed for the combined total (assuming it is greater than \$600). Remember that this process could apply for any rewritten loan, but only where the new loan uses a *different* account suffix than the original loan. As always, be sure to carefully review IRS regulations as they apply to your situation.

*These same procedures would be used when consolidating **student loans** by rewriting multiple student loans into a single account.*

SPECIAL NOTE: MORTGAGE LOAN FORM UPDATES

The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 contained new reporting requirements for recipients of mortgage interest. For forms 1098 issued to payers after December 31, 2016, you must report the address or description of property securing the mortgage, the outstanding mortgage principal as of January 1, 2016, and the mortgage origination date. (If there is an address on the collateral record, we will report that in Box 8; otherwise we'll mark the "same as" YES checkbox in Box 7. Also, if there is a Tax ID on the collateral record we will report that in box 9.)

Due to the modification of reporting requirements, the official IRS Form 1098 has increased in size from a 3-to-a-page to a 2-to-a-page format.

Property tax paid, if any, will now be reported in box 10 "Other".

| 8181 | | <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED | | OMB No. 1545-0001 | |
|--|--|--|-------------------------------|---|--|
| RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | | | | 2016 Form 1098 | |
| | | 1 Mortgage interest received from payer(s)/borrower(s) | | Copy A | |
| | | \$ | | For Internal Revenue Service Center | |
| RECIPIENT'S/LENDER'S federal identification number | PAYER'S/BORROWER'S taxpayer identification no. | 2 Outstanding mortgage principal as of 1/1/2016 | 3 Mortgage origination date | File with Form 1096. | |
| | | \$ | | | |
| PAYER'S/BORROWER'S name | | 4 Refund of overpaid interest | 5 Mortgage insurance premiums | For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns. | |
| | | \$ | \$ | | |
| Street address (including apt. no.) | | 6 Points paid on purchase of principal residence | | | |
| | | \$ | | | |
| City or town, state or province, country, and ZIP or foreign postal code | | 7 Is address of property securing mortgage same as PAYER'S/BORROWER'S address? If Yes, check box <input type="checkbox"/> | | | |
| | | If No, enter address of property securing mortgage below | | | |
| 10 Other | | 8 Address of property securing mortgage (see instructions) | | | |
| Account number (see instructions) | | 9 If property securing mortgage has no address, provide description of the property (see instructions) | | | |
| | | | | | |

Form 1098 Cat. No. 14402K www.irs.gov/form1098 Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

UPDATING TAX FILE DATA

Deadline: By December 31 (if printing substitute 1099-INTs; otherwise all changes must be made no later than January 6)

Tax File data that is used for tax forms can be updated at various points throughout CU*BASE, as shown on the following pages (where appropriate, file names are provided for Query purposes). Remember that you can enter data for the current tax year at any time, even prior to **December 31**, but any final adjustments must be done before **January 6** in order to ensure that forms are correct for your members.

*EXCEPTION: If you printed 1099-INT information on year-end statements, any changes made to 1099-INT information in the Tax File after January 1 must be reported manually to the member using a corrected paper form. **Remember to take into account ALL of the accounts under the member's SSN/TIN!***

It is recommended that once all maintenance is completed on the Tax File, a final copy of the 1099/1098 Tax Information Report be created for historical purposes. If you would like CU*Answers to produce a CD-ROM copy of the final version of this report, be sure to indicate this in your Tax Forms Handling Instructions screen (see Page 17).

UPDATING 1099-INT AND 1098 DATA IN THE TAX FILE

CU*BASE has a tool that lets you manually update data in the Tax File, which contains the totals used for 1099-INT and 1098 reporting—dividends, mortgage and equity loan interest, backup withholding, mortgage points paid, etc.

Refer to Page 53 for a more detailed discussion of what the Tax File is and how to verify the data in this file.

You can update information for the 2016 tax year even before December 31, 2016. During year-end processing the system will simply *add* any additional amounts to whatever you have entered manually. You can also adjust the 2016 tax file after January 1, 2017 (even for non-members who have previous year savings bond activity). **Just be sure to enter 2016 as the tax year on the initial screen** so that the data is recorded for the proper tax period.

*CU*TIP: Although it is rare, you might have an occasion to create a tax file record for a savings account that was closed during the year, in order to correct the amount of paid dividends that will be reported to the IRS. But it is important to remember that **during year-end processing the system will add the dividends paid on the closed account record to any amount you have entered manually.** So if you want to reduce the amount of dividends being reported, you will need to wait until after January 1 and make the final adjustment, prior to forms being produced.*

MNUPDT #18, "Update IRS Tax Information" - File Name TAX Shares & IRA Shares

Member Tax File

Account # [redacted]-000 JOHN G MEMBER

SSN/TIN [redacted] Foreign citizen

Type SH SHARE ACCOUNT Reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Year-to-date dividends 0.00

Annual backup withholding 0.00

Certificates

Member Tax File

Account # [redacted]-300 WILLIAM

SSN/TIN [redacted] Foreign citizen

Type CD CERTIFICATE ACCOUNT Reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Year-to-date dividends 0.00

Annual backup withholding 0.00

CD penalties 0.00

Regular Loans/LOCs/Online Credit Cards

Member Tax File

Account # [redacted]-610 JOHN G MEMBER

SSN/TIN [redacted] Foreign citizen

Type LN LOAN ACCOUNT Non-reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Non-reportable loan interest 0.00

Delinquent fines 0.00

Verification of Current Tax Reporting Status

| | |
|--------------------------------------|---------------------------------|
| Status of this tax record | Non-reportable |
| Tax record classification | N Non-reportable |
| Status of loan account | (MEMBERS) record Non-reportable |
| Status of 1098 flag on loan category | Non-reportable |

Use F11=Unlock Fields if you need to change the Tax record classification setting on a specific account. "Non-reportable" means no form 1098 will be produced.

Mortgage Loans

Member Tax File

Account # [redacted]-705 JOHN G MEMBER

SSN/TIN [redacted] Foreign citizen

Type LN LOAN ACCOUNT Mortgage/HELOC

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Mortgage/ Heloc interest 0.00

Delinquent fines 0.00

Mortgage points paid 0.00

Mortgage insurance premium paid 0.00

Property tax paid 0.00

Reimbursement of overpaid loan interest 0.00

Verification of Current Tax Reporting Status

| | |
|--------------------------------------|-----------------------------|
| Status of this tax record | Reportable |
| Tax record classification | M Mortgage/HELOC |
| Status of loan account | (MEMBERS) record Reportable |
| Status of 1098 flag on loan category | Reportable |

Use this screen to enter Mortgage points paid. This will be reported to the IRS and printed in box 2 on the 1098 form (assuming one is produced for this member).

Remember that changes will affect this Tax File record ONLY. The status of the loan account and Loan Category configuration will be unchanged.

Any amount in the Mortgage insurance premium paid will go to box 5 and Property tax paid goes to box 10 on the 1098 form (assuming one is produced for this member), and will be reported to the IRS. See page 24 for a sample form.

The tax file has one record for each individual sub-account (account base and type). The specific “buckets” you fill in on this screen will vary depending on what type of account you are working with (savings vs. mortgage vs. regular loan, etc.). Some fields are used only for mortgage accounts while others are for savings or certificate accounts only. Refer to IRS regulations for guidelines on data you must report.

SPECIAL NOTE IF YOU OFFER MORTGAGES

Private Mortgage Insurance (PMI) premiums as required to be reported on the 1098 tax form. As such, the 1098 vendor print file is updated so that forms vendors can print whatever is in the “Mortgage insurance premium paid” and/or “Property Tax paid” fields in the Tax File for the account in CU*BASE, along with an appropriate label. Forms printed by Sage Direct* will include both of these amounts. If no data is filled in, that box on the form will remain empty.

You will still be responsible for filling in *Mortgage Points paid* as usual, and remember that this can be done any time during the year to avoid the last minute rush at year-end. Use the steps starting on page 25.

**NOTE: If you use a print vendor other than Sage Direct for your tax forms, the file they receive will contain the data, but they will need to change their programs in order for it to be printed. We'll be sending all print vendors the new file specifications, but you will need to contact your vendor for details on their plans.*

UPDATING OTHER 1099 FORM DATA

MNUPDT #21, “Update 1099-A, C and MISC”

This tool lets you update the files used for other 1099 information such as savings bond information, payments to vendors, acquisition of secured property, cancelled, debts, etc., reportable on forms 1099-A, 1099-C, or 1099-MISC.

Form Type "A" - File Name TAXADD1

Session 0 CU*BASE GOLD Edition - 1099 File Maintenance

1099-A - Acquisition or Abandonment of Secured Property

IRS year **2014**

Account # MEMBER JOHN SSN/TIN

Corp ID **01 ABC CREDIT UNION**

Date of lender's acquisition or knowledge of abandonment [MMDDYY]

Balance of principal outstanding

Fair market value

Borrower is personally liable for repayment of debt

Description of property

Delete

← → ↑ ↓ ⌂ 🔗 ⓘ ? @ FR (3020)

CU*Answers *will* print 1099-A forms for your credit union if any data has been entered via this screen.

Form Type "C" - File Name TAXADD3

Session 0 CU*BASE GOLD Edition - 1099 File Maintenance

1099-C - Cancellation of Debt

IRS year **2014**

Account # MEMBER JOHN SSN/TIN

Corp ID **01 ABC CREDIT UNION**

Date of identifiable event [MMDDYY]

Amount of debt discharged

Interest included in the canceled debt

Description of origin of debt Description of property

Borrower was personally liable for repayment of the debt

Identifiable event code (refer to IRS instructions for valid codes)

Fair market value

Delete

← → ↑ ↓ ⌂ 🔗 ⓘ ? @ FR (3022)

Form Type "MISC" - File Name TAXADD2

Session 0 CU*BASE GOLD Edition - 1099 File Maintenance

1099-MISC - Miscellaneous Income

IRS year **2014**

Account # MEMBER JOHN SSN/TIN

Corp ID **01 ABC CREDIT UNION**

| | | | |
|----------------------------------|--|---|-----------------------------------|
| Rents | <input type="text" value="10,000.00"/> | Sub payments in lieu of dividends or interest | <input type="text" value="0.00"/> |
| Royalties | <input type="text" value="0.00"/> | | |
| Other income | <input type="text" value="0.00"/> | Crop insurance proceeds | <input type="text" value="0.00"/> |
| Federal income tax withheld | <input type="text" value="0.00"/> | | |
| Fishing boat proceeds | <input type="text" value="0.00"/> | | |
| Medical and health care payments | <input type="text" value="0.00"/> | Excess golden parachute payments | <input type="text" value="0.00"/> |
| Nonemployee compensation | <input type="text" value="0.00"/> | Gross proceeds paid to an attorney | <input type="text" value="0.00"/> |

Payer made direct sales of \$5,000 or more of consumer product to a buyer (recipient) for sales

Delete

← → ↑ ↓ ⌂ 🔗 ⓘ ? @ FR (3021)

UPDATING SAVINGS BOND INFORMATION

MNUPDT #22 "Update Savings Bond Information

Use this to record or adjust the total amount of interest paid to members who redeemed savings bonds at the credit union. File names **SAVBND** (current year) and **SAVBNP** (previous year).

The screenshot shows a web application window titled "Session 0 CU*BASE GOLD - ABC TESTING CREDIT UNION". The main heading is "Savings Bond Redemption". The form contains the following fields and data:

| | | | |
|----------------|--------------|---------------|--------|
| Account | | Sequence # | 02 |
| Tax ID # | | | |
| Date | Sep 25, 2014 | | |
| Principal paid | 0.00 | YTD Principal | 100.00 |
| Interest paid | 0.00 | YTD Interest | 25.00 |
| Total payout | 0.00 | YTD Payout | 125.00 |

Member Information:

First name: JOHN
Initial: G
Last name: MEMBER
Address: 123 MAIN STREET
City: ANYCITY
State: MI
ZIP code: 49000

Buttons: Post, YTD Inquiry, Delete

Navigation icons: back, forward, home, search, help, refresh

Footer: FN (5129) 92514

IMPORTANT: If you modify savings bond transaction information after January 1, 2017, for transactions that occurred in 2016, **you must also update the 2016 tax file** using the instructions shown on Page 25.

VERIFYING SHARES AND CERTIFICATES FOR 1099-INT REPORTING

DEADLINE: Before December 9

Before the tax file is created during year-end processing, it is important to verify that all products are flagged correctly to ensure the correct accounts are included in 1099-INT reporting. Verification and any necessary adjustments to IRS reporting flags must be done before December 9, 2016.

VERIFYING SHARE DIVIDEND APPLICATIONS

To ensure that 1099-INT information is generated for all reportable share accounts, print the Dividend Configuration Report and check the status of the IRS reporting flag.

MNCNFX #17 "Print Share Div Config Report"

| BETA TESTING CREDIT UNION | | | | | | | | | | | | | | | LSYSDV | Page 1 | | | | |
|-------------------------------|---------|---------|----------------|-------------------|----------|----------|----------|-------------|---------|-----|-----|-----|-----|----------|-----------------|------------|----------|-----------------|----------|----------|
| DIVIDEND CONFIGURATION REPORT | | | | | | | | | | | | | | | DAWNM | | | | | |
| Share Type | Div Apl | Div Clc | Start Div Date | Next Pay Div Date | Rpt Liab | Expns GL | Accr1 GL | Min Bal Min | Div | Cod | Div | Plt | Pay | Rate | Split Amount(>) | Split Rate | Eff Date | -P E N D I N G- | New Rate | Eff Date |
| HOMETOWN C SD | HC | S | 8/09/15 | 9/01/15 | Y | 90207 | 34047 | 83107 | 2000.00 | X | N | M | .05 | | | 6/01/15 | | | | |
| HSH CHECKI SD | HS | S | 8/09/15 | 9/01/15 | Y | 90205 | 34105 | 83105 | | | N | M | | | | | | | | |
| INT PLUS C SD | IP | S | 8/09/15 | 9/01/15 | Y | 90201 | 34045 | 83103 | | X | N | M | .05 | | | 7/01/14 | | | | |
| TRAD IRA S IR | IR | S | 8/09/15 | 9/01/15 | N | 90300 | 34170 | 83052 | | | N | M | .10 | | | 6/01/14 | | | | |
| | | | | | | | | | | | | | | 9999.99 | .20 | 6/01/14 | | | | |
| | | | | | | | | | | | | | | 24999.99 | .30 | 6/01/14 | | | | |
| | | | | | | | | | | | | | | 99999.99 | .40 | 6/01/14 | | | | |

Verify that all share Dividend Applications that should be reported on form 1099-INT show a "Y" in this column.

Exception:
CU*BASE will ignore this flag for IRA and HSA accounts, but for clarity it should be set to N in any case.

If any of the Dividend Applications listed have the wrong flag for IRS reporting, change the configuration as follows:

MNCNFA #1 "Share Products"

Adjust this flag as needed to control whether or not share accounts with this DivApl are reported on form 1099-INT.

NOTE: If you check the box to "Report dividends to IRS" on an IRA/HSA product, we will ignore that flag when generating 1099 forms since those dividends are not reportable.

VERIFYING CERTIFICATE TYPE CONFIGURATION

To ensure that 1099-INT information is generated for all reportable certificate accounts, print the Certificate Product Configuration Report and check the status of the IRS reporting flag.

MNCNFX #16 "Print CD Configuration Report"

| 9/22/15 10:37:37 RUN ON 9/22/15 | | SUCCESS CREDIT UNION CERTIFICATE PRODUCT CONFIGURATION REPORT AS OF 9/22/15 | | | | LDCCFG | | Page User DAWNM | | | | | | | | |
|------------------------------------|------------------------------|---|---------------|----------------------|-------------|---------------|----------|--------------------|-------|---------------------------|-------|-------|-------|---------|---------|------|
| Corporate ID - ALL CORPORATIONS | | | | | | | | | | | | | | | | |
| CD APPLICATIONS | | | | | | | | | | | | | | | | |
| APPL TYP | DESCRIPTION | DIV PMT FREQ | DIV CALC TYPE | FIRST DIV PMT | ACCOUNT LOW | ACCOUNT HIGH | | | | | | | | | | |
| CD | SETH TEST | M | C | I | 350 | 350 | | | | | | | | | | |
| CQ | CERTIFICATES - TC | Q | C | F | 300 | 325 | | | | | | | | | | |
| CR | IRA MARKET INDEX CERTIFICATE | R | C | I | 400 | 450 | | | | | | | | | | |
| IR | IRA CERTIFICATE | M | C | I | 400 | 450 | | | | | | | | | | |
| SS | 2009 SAVE TO WIN | Q | C | I | 45 | 45 | | | | | | | | | | |
| ST | 2014 SAVE TO WIN | Q | C | I | 46 | 46 | | | | | | | | | | |
| CD TYPES | | | | | | | | | | | | | | | | |
| CD TY | CD CO | CD APL | ALLOW IRA PR | DIST DESCRIPTION | BUMP TIMES | -LENGTH- DAYS | MON CODE | ---PENALTY--- DAYS | GRACE | ---GENERAL LEDGER--- CERT | PNLTY | ACCR | EXP | ADD IRS | LAST \$ | FORM |
| 01 | 01 | CD | N | 7 MONTH CERTIFICATE | 00 | 7 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | Y | CD07 |
| 02 | 01 | CD | N | 3 MONTH CERTIFICATE | 00 | 3 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 03 | 01 | CD | N | 6 MONTH CERTIFICATE | 00 | 6 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 04 | 01 | CD | N | 9 MONTH CERTIFICATE | 00 | 9 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 05 | 01 | CD | N | 12 MONTH CERTIFICATE | 00 | 12 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 06 | 01 | CD | N | 18 MONTH CERTIFICATE | 00 | 18 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 07 | 01 | CD | N | 24 MONTH CERTIFICATE | 00 | 24 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 08 | 01 | CD | N | 36 MONTH CERTIFICATE | 00 | 36 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |
| 09 | 01 | CD | N | 48 MONTH CERTIFICATE | 00 | 48 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | Y | CD02 |
| 10 | 01 | CD | N | 60 MONTH CERTIFICATE | 00 | 60 | | 10 | | 90802 | 13100 | 83020 | 34050 | Y | N | CD02 |

Verify that all Certificate Types that should be reported on form 1099-INT show a "Y" in this column.

If any of the CD types listed have the wrong flag for IRS reporting, use menu **MNCNFA #2 "Certificate Products"** then choose "C" for Certificate Type:

The screenshot shows the 'Certificate of Deposit Maintenance' screen. Key fields include:

- Certificate type: 00
- Corp ID: 01 ABC CREDIT UNION
- Application: CD
- Description: 36 MONTH CERTIFICATE
- Options: Report dividends to IRS
- Renewal: Auto Renew
- Dividend Rate(s) table with columns for Minimum, Maximum, and Rate.

Adjust this flag as needed to control whether or not certificates of this type are reported on form 1099-INT.

NOTE: If you check the box to “Report dividends to IRS” on an IRA/HSA product, we will ignore that flag when generating 1099 forms since those dividends are not reportable.

IMPORTANT: If the settings for your share or certificate products are incorrect, and CU*Answers must run your forms again, there will be a fee charged for time and materials.

VERIFY YOUR CREDIT UNION’S ACCOUNT

If your credit union has opened a membership (such as acct#999999) as the credit union’s own account, to avoid reporting dividends on this account to the IRS, perform these verification prior to year-end:

MNUPDT #1 Update Membership Information

Make sure the *Foreign citizen* flag has been checked on the membership record.

Foreign citizen

MNUPDT #2 Update Member Account Infor

Set the *Dividend post code* on all sub-accounts under this membership to **X** so that the accounts will not earn dividends in the first place.

Dividend post code

VERIFYING A/P VENDORS FOR 1099-MISC REPORTING

DEADLINE: Verify settings before December 9
Verify amounts between January 1 and January 6

If you wish to produce 1099-MISC Miscellaneous Income forms for your Accounts Payable vendors, verification is needed to ensure that the system calculates the amount paid to the vendor for the year and places it into the *Previous year 1099-MISC amount* field on the vendor record during year-end processing.

- **Before December 9, 2016:** Verify the setting of the *Create a form 1099-MISC year end* flag. Print a copy of the Vendor Listing (MNACCK #20) and make sure that all of the vendors where this flag is set to Y have been configured with a Tax ID#.
- **Between January 1 and January 6, 2017:** Verify the amount shown in the *Previous year 1099-MISC amount* field.

CU*TIP: *If you pay certain vendors only one or two times during the year and don't want to take the trouble to build a vendor record, you can use the feature described on Page 27 to manually enter data for a single 1099-MISC form at any time.*

MNACCK #3, "Work with AP Vendors"

Use this feature to make any necessary modifications to 1099-MISC settings and amounts for your Accounts Payable Vendors. (File name **APVEND**.)

The screenshot shows the 'A/P Vendor Maintenance' window for Vendor # 1014. The 'Accounting Misc.' tab is active, displaying fields for Company name (CU ANSWERS), Contact (CSR TEAM), Phone # (800 3273470), Fax # (616 2055735), and Address (6000 20TH STREET SE, SUITE 100, GRAND RAPIDS, MI 49546). A 'Print Envelope' button is visible next to the address fields. Three callout boxes provide additional instructions:

- Top right callout:** "If you have a contact name, use this field and not the first line of the address. You can then use the next tab to print contact name on checks." (Points to the Contact field)
- Bottom right callout:** "Use lines 1 and 2 for address information only. If these two lines exceed 40 characters, be sure to abbreviate as much as possible (i.e. St, Ave, etc.)." (Points to Address lines 1 and 2)
- Bottom left callout:** "Line 3 of the Address fields will not be used for printing of 1099-MISC forms. Do not place any important information in this field." (Points to Address line 3)

NOTE: Due to limitations in the number of characters allowed in the IRS file, no more than 40 characters from the address lines of the vendor company information can be included in the file. Address lines 1 and 2 should only be used for address information and not contact name or the end of a long Company name—abbreviate address information as necessary to stay below the 40 character cap. If a contact name exists, use the associated field. In the Company Information tab, you can then select to print the contact name on checks. You can also use the “Use contact for IRS” flag to print the contact on 1099-MISC forms, although the contact name will replace the company name.

A Tax ID # is required if you will be printing a 1099-MISC form for this vendor.

Although this has no effect on processing, if you have any vendors that are actually individuals (SSN), you can adjust that flag so the IRS reporting file is more precise.

Check this flag if you've designated a Contact in the first tab and want their name to print on checks.

After January 1, if needed, click this button to update the amount that should be reported on form 1099-MISC. See below for a sample of this screen.

This flag must be checked prior to December 31 if you want to print 1099-MISC forms for this vendor.

| | |
|---|---|
| <p>Create a form 1099-MISC year end</p> | <p>This flag controls whether or not the <i>Amount Paid Year to Date</i> will be moved into the <i>Previous Year 1099-MISC Amount</i> field during end-of-year processing. This must be checked if you want to print 1099-MISC forms for this vendor.</p> <p>If checked, a <i>Tax ID#</i> will be required for this vendor so that the forms can be printed properly.</p> <p>If left unchecked, at year end the system will not update the <i>Previous year 1099-MISC amount</i> field, and a form will not be generated.</p> |
| <p>Previous year 1099-MISC amount</p> | <p>This field shows the total amount reported on 1099-MISC forms for this vendor for the previous tax year. This amount is automatically calculated and recorded by the system during year-end processing, if the <i>Create A Form 1099-MISC Year End</i> field was checked. Otherwise, the field will be zero.</p> <p>After forms are printed, it is no longer used but does show the figure that was used for 1099-MISC printing, assuming it was not changed manually later.</p> <p>Remember that after January 1 and before the tax forms are printed, if necessary you may update the contents of the <i>Previous year 1099-MISC amount</i> field calculated by CU*BASE during EOY processing.</p> |

MONTH-END VERIFICATIONS

DEADLINE: After November EOM Processing, before November 7
After EOY Processing for December 31
After EOM Processing every month!

To ensure that all monthly processing is completed properly, your credit union is responsible for completing verifications of member data, including share and certificate dividends, loan interest, fee postings, and other miscellaneous file verifications on a monthly basis.

Refer to the separate *Month-End Processing Verifications* booklet for complete instructions and a checklist of tasks.

IF YOUR RATES WILL CHANGE AT YEAR-END

If you will be scheduling a rate change for any of your savings/checking products to occur as of December 31 (or January 1), it is your credit union's responsibility to verify that the change did occur as expected, by looking at your rates on the morning after the scheduled change. Our year-end verification teams will not be looking at your rate changes as part of our other verification processes.

Rate changes occur during end-of-day processing. So if you schedule a rate change to occur as of December 31, someone needs to verify as soon as possible on or after January 1 that the new rate took effect as expected.

Also refer to the *Month-End Processing Verifications* booklet for more instructions on making this a routine part of your rate change monitoring responsibilities.

REMEMBER THAT 2016 WAS A LEAP YEAR!

This will affect accrual calculations, so you should have had that in mind when monitoring and verifying monitoring daily accruals throughout the year. This also is important to remember if doing any cross-year comparisons.

ANNUAL STATEMENT PREPARATION

Nov: Statement messages/instructions modified by November 7
 Inserts delivered to Sage Direct by November 28

Dec: Statement messages/instructions modified by December 5
 Inserts delivered to Sage Direct by December 28

Year-end statement processing handled by CU*Answers after December 31

In order for annual statements to include appropriate year-end tax information, CU*Answers will be temporarily modifying your normal quarterly statement code instructions. **An annual statement will be generated for all members, regardless of activity.**

As in other months, following is a checklist of routine tasks to be completed during December:

- **Update statement messages** for December statements using MNPRTC #11 “Update Statement Messages/Inserts”

Remember that if you are using statements as substitute 1099-INTs, marketing messages must be removed. See Page 13 for instructions.

- **Complete statement insert/ mailing instructions** for any inserts to be included in December statements (also via MNPRTC #11).

IMPORTANT: If using statements as substitute 1099-INT forms, your statement insert instructions should be blank as shown here. Sage will provide the 1099-INT instruction inserts for you. No additional marketing inserts (including newsletters) are allowed per the IRS.

- Order statement inserts for December statements (remember that inserts are not allowed if printing substitute 1099-INTs)

IMPORTANT: Because of the additional work involved with year-end statements and the tight deadlines involved, please alert the appropriate staff to make sure that statement inserts for year-end statements are **delivered to Sage Direct no later than December 28, 2016.**

Sample Final Statement Page Showing 1099-INT Information

The 1099-INT information must all print on the same page of the statement, so if the entire form cannot fit on the last page of the statement, another page will be generated for that membership.

| | | |
|------------------------|------------------------------|-------------|
| YOUR CREDIT UNION NAME | Member # 99990 JOHN D SAMPLE | PAGE 5 OF 5 |
|------------------------|------------------------------|-------------|

ANNUAL ACCOUNT INFORMATION FOR 2013

This section is intended to provide a general summary of your dividend and interest activity for the year, and is not intended to replace any standard IRS forms you receive for tax reporting purposes.

Individual Retirement Account (IRA) Summary

All Fair Market Values are as of 12/31/2013 and will be reported to the Internal Revenue Service.

| | |
|-----------------------------------|----------|
| IRA Plan Type: TRADITIONAL | |
| Fair Market Value: | 8,738.64 |
| Total Deposits: | 34.34 |
| Total Withdrawals: | 9,341.46 |

Health Savings Account (HSA) Summary

All Fair Market Values are as of 12/31/2013 and will be reported to the Internal Revenue Service.

| | |
|----------------------------|----------|
| HSA Account: FAMILY | |
| Fair Market Value: | 7,826.79 |
| Total Deposits: | 2,932.52 |
| Total Withdrawals: | 1,694.27 |

Loan Interest Paid

| Account | Description | Amount |
|--------------|----------------------|-----------------|
| 99990-610 | USED VEHICLE LOANS | 85.68 |
| 99990-693 | OVERDRAFT PROTECTION | 19.69 |
| 99990-790 | FANNIE MAE LOANS | 3,943.53 |
| 99990-811 | VISA CLASSIC | 801.23 |
| Total | | 4,850.13 |

Dividends Earned

| Account | Description | Amount |
|--------------|-----------------|---------------|
| 99990-000 | REGULAR SAVINGS | 0.72 |
| 99990-020 | TRAD IRA SHARES | 34.34 |
| 99990-111 | CHECKING | 72.52 |
| 99990-360 | CERTIFICATE | 0.36 |
| Total | | 107.94 |

THIS IS YOUR FORM 1099-INT. YOU WILL NOT RECEIVE A SEPARATE FORM 1099-INT IN THE MAIL.
ALL IRA ACTIVITY AND LOAN INTEREST WILL BE REPORTED ON STANDARD IRS FORMS AND WILL BE SENT IN A SEPARATE MAILING.

| | |
|--|--|
| PAYER'S name, street address, city or town, province or state, country, ZIP or foreign postal code, and telephone number YOUR CREDIT UNION NAME 123 YOUR CU'S ADDRESS YOURTOWN, USA (123) 456-7890 | <div style="text-align: center;"> 2013 Interest Income Copy B Form 1099-INT OMB No. 1545-0112 For Recipient </div> <p style="font-size: x-small;">This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported. Please retain this form for your records.</p> <p style="font-size: x-small;">See 1099-INT Instructions For Recipient on an enclosed form.</p> |
| PAYER'S federal identification number 38-1234567 | RECIPIENT'S identification number XXX-XX-1234 |
| 1 Interest Income not included in Box 3 \$322.61 | 2 Early withdrawal penalty \$0.00 |
| 3 Interest on U.S. Savings Bonds and Treas. obligations \$0.00 | 4 Federal income tax withheld \$0.00 |

Ownership of share, deposit and certificate accounts shown on this statement is not transferable except on the books of the credit union.

T1003030004831V0.432 P S 3 S 0009999 00 0000011 AAAAA *D* 01 T1

The sample above is from a statement produced for a previous year, but the layout will be similar with adjustments for the 2016 IRS form. Changes, if any, will be outlined in separate correspondence as needed.

BEGINNING-OF-YEAR/TAX FILE VERIFICATION REPORTS

DEADLINE: Review these reports on January 3

When Beginning-of-Year is run on January 1, a series of reports are produced automatically. These are used by our year-end verification team to ensure that the tax records for 2016 were created correctly. These reports will also be archived in CU*Spy (under the “End of Month” category) for future reference.

REVIEW THESE REPORTS ON JANUARY 3, 2017 TO ENSURE YOU MEET ALL DEADLINES.

| <i>Report Name</i> | <i>Verification to Perform</i> | <i>Comments</i> | <i>Reports to use for Offages</i> |
|--|---|--|--|
| PVEOYTAXF Tax File Totals | <input type="checkbox"/> Verify MEMBERx file amounts to the tax file amounts. | The amounts shown in the member file should match the amounts in the tax file. Investigation of any *Mismatch** items required. | Use in conjunction with the PCRTAX1 report. |
| PCRTAX1 Errors When Creating the Tax File | <input type="checkbox"/> Use this report to determine accounts which caused offages when creating the tax file. | Negative amounts will show as zero in the Tax file. Will also show accounts/suffixes closed in prior years. | This report will list offages shown on the PVEOYTAXF report. |
| PCRTAX2 Tax Creation Account Summary | | This report gives a summary of active and closed accounts that are in the tax file. | |
| PVEOYTAXF2 Before and After Year End Changes to the Tax File | | This report will list accounts that have had amounts manually entered into the tax file prior to running year-end. | This report will list offages shown on the PVEOYTAXF report. |
| PVBOYFILE Beginning of Year YTD Field Reset | <input type="checkbox"/> Verify report says “No errors found.” | This report is used to make sure that all YTD dividends, interest, fines, backup withholding, and benefit fields have been reset to zero for the new year. | |
| PVEOYTAXF1 IRA & HSA Balance Totals | <input type="checkbox"/> Verify report for differences between the end-of-year balance and the beginning-of-year balance. | | Use in conjunction with the PCRIBL and PHSABL reports. |
| PCRIBL Errors When Creating IRA Reporting File | | This report will list any accounts with differences in the end-of-year balance when compared to the beginning-of-year balance. | Use in conjunction with the PVEOYTAXF1 report. |

| <i>Report Name</i> | <i>Verification to Perform</i> | <i>Comments</i> | <i>Reports to use for Offages</i> |
|--|--------------------------------|--|---|
| PHSABL Errors When Creating HSA Reporting File | | This report will list any accounts with differences in the end-of-year balance when compared to the beginning-of-year balance. | Use in conjunction with the PVEOYTXF1 report. |

REPORTING FAIR MARKET VALUE FOR IRAS TO MEMBERS AND THE IRS

DEADLINE: FMV is reported to members on year-end statements
Will be reported to Ascensus in January (per their deadline)

ASCENSUS-ADMINISTERED

Fair Market Value for IRA and HSA accounts will be reported to your members on year-end statements. If your credit union is Ascensus-Administered and has also made arrangements for Ascensus to provide duplicate Fair Market Value information to your members, CU*Answers will send the information to Ascensus after **January 6**.

If you would like CU*Answers to provide this information to Ascensus in January, please indicate this on the 2016 Tax Forms Handling Instructions form (see Page 17), which must be returned to CU*Answers no later than **November 7**.

Remember that if your **IRA program is Ascensus-administered**, it is your responsibility to contact Ascensus and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it, and will charge you a fee if they have to make special correction arrangements after the fact!

Your year-end statements will include the following verbiage at the top of the IRA section where FMV is reported to members. Contact your Ascensus representative about the option of printing 5498 forms only for members that made contributions during tax year 2016.

***** I. R. A. ACTIVITY IN 2016 *****

All Fair Market Value amounts are as of 12/31/16 and will be reported to the Internal Revenue Service.

SELF-ADMINISTERED

Fair Market Value for IRA and HSA accounts will be reported to your members on year-end statements. It will also be reported to the IRS and will appear on 5498 forms produced in May.

Your year-end statements will also include the verbiage shown above when reporting FMV to members. If you do not want to print 5498 forms in May for all members, but rather produce them only if 2016 contributions are made between January and April of 2016, be sure to indicate that on your Tax Forms Handling Instructions screen (see Page 17).

ANNUAL UPDATES OF IRA AND HSA BALANCE FILE LIMITS

DEADLINE: Done automatically during Beginning-of-Year Processing
Updates to individual balance file records can be done any time in January

As part of beginning-of-day processing for January 1, the system creates new 2016 balance file records for members who already have IRA and/or HSA accounts. Included with these records will be the annual contribution limit (maximum deposit) amount.

IRA BALANCE FILE LIMITS

For IRAs, the default contribution limits must be adjusted every year to the new limits as published by the IRS, according to IRA Plan Type. The new limits are then used when creating the 2017 balance file records.

New Limits for 2017: As of publication time, we do not yet know whether the IRS will be changing deposit limits for 2016. We will send an update if/when new amounts are published, or visit www.irs.gov.

Although it is not common, if you had manually adjusted the deposit limit for any individual members, you will need to manually change the new 2017 balance file record for those same members. This can be done at any time during January.

HSA BALANCE FILE LIMITS

HSA contribution limits are similar to IRAs, except that it is a little more common for members to have limits that are different from the default. However, the process works the same: new default limits are set during BOY and are then used when creating 2016 balance file records for all existing HSA accounts.

New Limits for 2017: The maximum 2017 HSA contribution will be \$3,400 for individuals with self-only coverage, up from \$3,350 in 2016. The maximum 2017 HSA contribution will remain at \$6,750 for family coverage.

IMPORTANT: If you had manually adjusted the deposit limit for any individual accounts, you will need to manually change the new 2016 balance file record for those same accounts. This can be done at any time during January.

GENERAL LEDGER YEAR-END CLOSING INSTRUCTIONS

DEADLINE: This General Ledger closing procedure should be done only after all financials have been reconciled for December 2016. This entire process must be completed before 2017 YTD figures for January can be reported.

The CU*BASE General Ledger software has a year-end processing feature which creates the debit and credit entries to close the 2016 income statement. This provides a complete history of the closing entries, and satisfies auditor requirements that no 2016 income be carried into 2017 year-to-date figures.

The following example shows the result of year-end system entries on both an income and an expense G/L account:

Sample Income Entry (G/L accounts 100.00 - 199.99)

| | |
|------------------------------------|---------------------------------|
| G/L Account: | 111.00 Interest Income on Loans |
| YTD Balance as of Month-End 12/16: | \$139,990.60 (credit) |
| System Entry: | \$139,990.60 (debit) |
| YTD Post Closing Balance for 2016: | \$0.00 |

Sample Expense Entry (G/L accounts 200.00 - 499.99)

| | |
|------------------------------------|---------------------|
| G/L Account: | 262.00 Postage |
| YTD Balance as of Month-End 12/16: | \$4,389.60 (debit) |
| System Entry: | \$4,389.60 (credit) |
| YTD Post Closing Balance for 2016: | \$0.00 |

Credit unions transfer equity from net income throughout the year either on a regular basis (quarterly, annually, etc.). On CU*BASE, this is accomplished by debiting the End Of Year Reversal account established in the Chart of Accounts (for this example, account number **960.00**), and crediting the desired equity account (for this example, account number **932.00**).

For credit unions which close periodically (transfer equity prior to year-end), most use a liability account that represents the transfer, typically 960.00. For example:

| <i>Description</i> | <i>G/L Accounts</i> | <i>Balance</i> |
|------------------------------|--|-----------------------|
| YTD Income | Summary of accounts 100.00 through 499.99 | 1,440,599.97 (credit) |
| Transfers Against YTD Income | Balance in account 960.00 | 1,000,000.00 (debit) |
| Net Income | Summary of accounts 100.00 through 499.99, plus the balance of account 960.00. | 440,599.97 |

Therefore, it is always possible to evaluate the YTD income of the credit union: a total of YTD transfers of equity and the current net income yet to be transferred.

YEAR END CLOSING: STEP BY STEP

Assuming that the above example was as of 12/31/16, year-end entries would be processed using the following steps:

Step 1

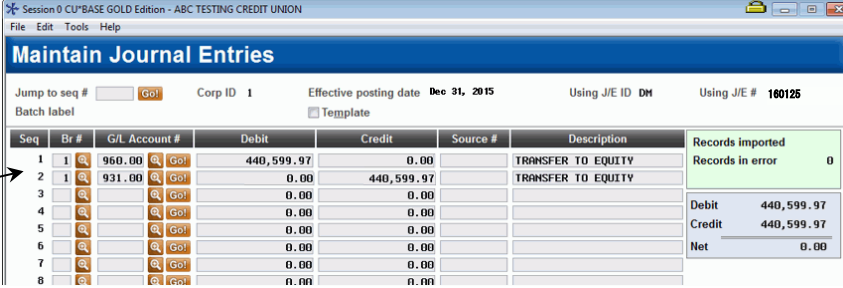
Confirm that all income and expense G/L accounts are set to reverse at year end to the contra equity account (in our example, account **960.00**) and that no asset or liability accounts are accidentally set up to reverse at year end.

1. Print or view your chart of accounts (MNGELE #19 or #2) and check the “END YEAR REV ACCT” column for the proper G/L account number.
2. Perform any necessary maintenance using the “Chart of Accounts Maintenance” command located on menu MNGELE.

Step 2

When your income statement is finalized for December 2016, transfer the appropriate Net Income to the desired equity account(s) through a manual journal entry.

HINT: For easier tracking, use the date you actually post as the JE ID number on the journal entry.



| Seq | Br # | G/L Account # | Debit | Credit | Source # | Description |
|-----|------|---------------|------------|------------|----------|--------------------|
| 1 | 1 | 960.00 | 440,599.97 | 0.00 | | TRANSFER TO EQUITY |
| 2 | 1 | 931.00 | 0.00 | 440,599.97 | | TRANSFER TO EQUITY |
| 3 | | | 0.00 | 0.00 | | |
| 4 | | | 0.00 | 0.00 | | |
| 5 | | | 0.00 | 0.00 | | |
| 6 | | | 0.00 | 0.00 | | |
| 7 | | | 0.00 | 0.00 | | |
| 8 | | | 0.00 | 0.00 | | |

Records imported: 0
Records in error: 0
Debit: 440,599.97
Credit: 440,599.97
Net: 0.00

SAMPLE ONLY: Be sure to adjust the debit/credit amount based on whether you are posting net income or net loss.

After posting this sample entry, the net amount between Net Income (100.00-499.99) and “Transfers Against YTD Income”(960.00) would be zero.



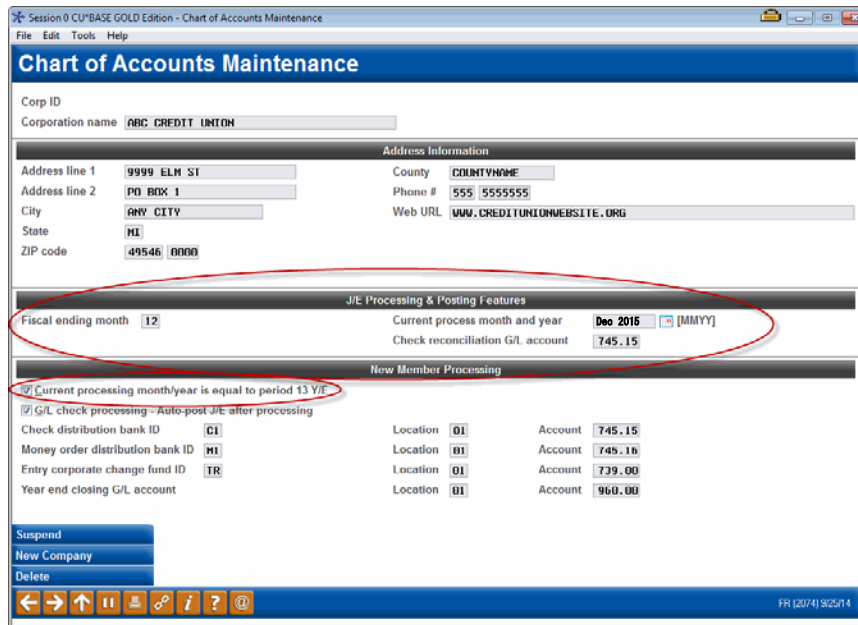
Steps 3, 4, 5 and 6 describe the process for closing your General Ledger. If you would like us to close your General Ledger for you, please contact Xtend SRS Bookkeeping at ext. 277. **This is recommended for clients that converted to CU*BASE during 2016.** We will determine a time for processing your G/L closing. No credit union personnel can be in any General Ledger menu options during this time. SRS will notify you when the process is complete. Proceed to Step 7 when notified.

If you wish to close the G/L yourself, proceed to Step 3 below.

Step 3

Now you are ready to close your books for 2016. First, prepare the system to process year-end in the Chart of Accounts.

1. Select the “Chart of Accounts Maintenance” command (MNGELE #2).
2. Enter the *Corporate ID* and press Enter. The following screen will appear:



3. Ensure that the following fields are set with the correct parameters:

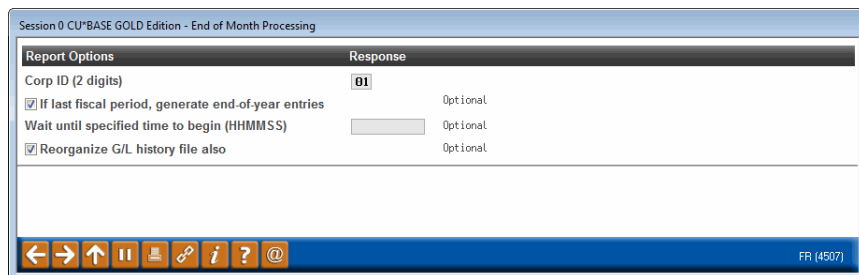
| Field Name | Correct Parameter |
|---|---|
| Current process year/month | Dec 2016 |
| Fiscal ending month | 12 |
| Current processing period is equal to the 13th Y/E closing period | <input checked="" type="checkbox"/> (checked) This ensures that the system creates the thirteenth period journal entries during the month/year-end closing procedures. |

Step 4

Now you are ready to run year-end processing using the same end of month processing feature you use to close the books each month. However, because of the settings used in Chart of Accounts maintenance, the system will also be performing year-end entries.

IMPORTANT: Before proceeding, be sure that no one is using the General Ledger system. If someone else is using the system while you are processing month-end, the program will encounter an error message. Contact CU*Answers if this occurs.

1. Select the “End of Month Processing” command (MNGELE #7). The following screen will appear:



2. Ensure that the following fields are set with the correct parameters, then use Enter to proceed.

| Field Name | Correct Parameter |
|---|--|
| Corp ID | 01 (or the appropriate corporation ID#) |
| If last fiscal period, generate end-of-year entries | <input checked="" type="checkbox"/> (checked) |
| Wait until specified time to begin | (Leave blank) |
| Reorganize G/L history file | <input checked="" type="checkbox"/> (checked) |

Step 5

During the previous step, the system will have created a year-end journal entry. Now you are ready to review and post that entry. As part of month-end processing, the system set the processing date for the General Ledger forward to Jan 2017. Normally, the system would not allow you to post an entry for Dec 2016. However, the system is sophisticated enough to recognize the year-end journal entry and will allow you to post it without adjusting the current process year/month.

1. Using the “Create/Post Journal Entries” command (MNGELE #1), review the system-generated journal entry. The entry will be unposted with a JEID of “ZZ” and dated 12/31/16. Using a 12/31/16 Income Statement for comparison, verify that the information is correct on the system entry.
2. Post the system journal entry.

Step 6

Confirm all totals against your financials.

1. First, print or view an income statement listing 12/31/16 pre-closing compared to post-closing. When setting up the financial report configuration, use the following as a guide:

Current period begin [MMYY]
 Current period end [MMYY]

| Col | Type | - Or - | Begin [MMYY] | End [MMYY] | Year-End | % | Begin +/- | End +/- | Math +/- | % Value |
|-----|------|--------|--------------|------------|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | N/A | | Jan 2016 | Dec 2016 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | N/A | | Jan 2016 | Dec 2016 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | N/A | | 0000 | 0000 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | N/A | | 0000 | 0000 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Sample Display Report

| Description | PERIOD 1/16-12/16 | PERIOD 1/16-12/16 |
|---------------------------------------|----------------------|----------------------|
| 111-35 INT INCOME - RECREATIONAL VEHI | 904,817.14- | .00 |
| 111-36 INT INCOME - CLASSIC LOC | 9,898.43- | .00 |
| 111-37 INT INCOME - BUS REAL ESTATE F | 18,426.03 | .00 |
| 111-38 INT INCOME - SBA LOAN | 8,763.90- | .00 |
| 111-39 INT INCOME - GOODMONEY PAYDAY | 1,923.49- | .00 |
| 111-40 INT INCOME - OVERDRAFT PROTECT | 96,477.94- | .00 |
| 111-41 INTEREST ON GOLD LOC PARTICIPA | 406.00 | .00 |
| 111-42 INT INCOME - HOME EQUITY TC | 20,188.02- | .00 |
| 111-43 RD MORTGAGE INTEREST INCOME | 29,166.58- | .00 |
| 111-44 INT INCOME - FIXED RATE MORT 1 | 194,299.96- | .00 |
| 111-45 INT INCOME - FIXED RATE MORT 5 | 267,214.38- | .00 |
| 111-46 INT INCOME - FIXED RATE MORT 5 | 664,619.36- | .00 |
| 111-47 INT INCOME - FIXED RATE MORT 1 | 45,507.90- | .00 |
| 111-48 INT INCOME - FIXED RATE MORT 1 | 99,874.06- | .00 |

2. Verify each column’s totals. Using the above configuration, Column 1 should represent 2016 YTD figures. Column 2 should be all zeros because it includes the year-end closing batch.

Step 7

If you use the CU*BASE Investments subsidiary system to track investments, the following steps are used to zero out year-to-date income figures from the investments subsidiary ledger. This prevents YTD income from accumulating over multiple years, making it difficult to separate investment income for the year from income over the life of the investment. This feature lets you close the previous year's investment income from the subsidiary ledger much the same as the system automatically does in your General Ledger during the year-end closing process.

After posting any final adjustments to your investment income for 2016, use the following steps to purge year-to-date income from the subsidiary ledger:

1. From the CU*BASE Investments menu (MNINVS), choose #9, "Reset YTD Income Tracking."
2. Enter the year for which YTD income should be purged (i.e., 2016) and press Enter.

The system will clear YTD figures from all investments for the year specified and automatically generate the following report showing that each investment was reset:

| 1/08/17 10:59.48 | | **** CU*BASE TEST CREDIT UNION **** Cleared YTD Investment Income for 2016 | | | PCYTDI | Page 1 |
|---------------------|----------------------|---|---------------|--------------|--------|--------|
| Invs ID | Description | Orig. YTD Inc. | 2016 YTD Inc. | New YTD Inc. | | |
| BKOFNY | BANK OF NEW YORK | 5,129.78- | 4,729.22- | 400.56- | | |
| BKRTRS | BANKERS TRUST CO | 10,738.53- | 9,900.01- | 838.52- | | |
| FHLBHC | FHLB FLOATING RATE | 985.70- | 935.02- | 50.68- | | |
| FLEET | FLEET NATIONAL BANK | 6,996.00- | 5,989.50- | 1,006.50- | | |
| CUANSW | CU*ANSWERS STOCK | 8,635.56- | 7,676.06- | 959.50- | | |
| CUANS2 | CU*ANSWERS DEBENTURE | 6,117.29- | 5,622.09- | 495.20- | | |
| TOTAL INVESTMENTS | | 6 | | | | |

If your credit union has never cleared investment income YTD totals before, you may need to repeat this process for all previous years for which investment activity exists. To make the report the most meaningful, we recommend starting at your first year of activity and working forward to 2017.

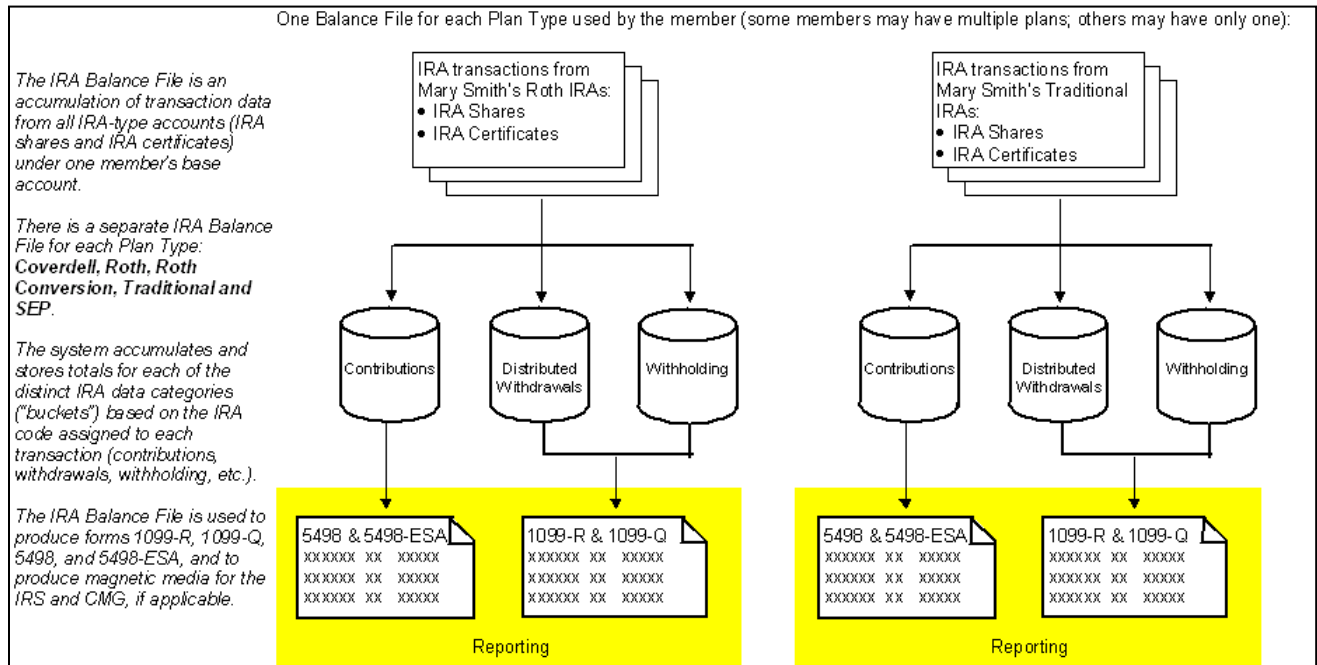
HINT: To view investment income YTD amounts, print an investment Trial Balance (MNINVS #23). The YTD Income amount is listed as the figure farthest to the right. Next, look at the income history (MNINVS #1, then F12-View Status) and add the amounts posted in 2016. The amounts should match. If the amount on the Trial Balance is higher, add the figures for 2015. If these figures are included you need to close both 2015 and 2016.

IMPORTANT: This step should be done only after you have posted your final income adjustments for the year, and before posting any 2016 income activity or reporting a January month-end analysis. Investment activity records are not affected by this process, only the YTD figures used in reporting and inquiry. Remember, also, that this affects your investments subsidiary ledger only, not the G/L.

VERIFYING THE IRA BALANCE FILE

DEADLINE: Periodically throughout the year, esp. prior to December statements
FINAL VERIFICATION DEADLINES: (Ascensus- and Self Administered):
 Verify distribution (1099) data by January 6;
 verify contribution (5498) data between April 18 and April 20

The IRA Balance File contains IRA totals by base account. This is an ongoing file which is updated as transactions are posted to IRA accounts. Unlike the tax file, which is generated from member account files, the IRA balance file is an active file that is affected by each IRA transaction.



This data should be verified on a regular basis (at least monthly) throughout the year, to compare your paperwork against what is recorded in your CU*BASE files, and to make sure the IRA balance file is in synch with your member records. **Remember that since Fair Market Value and other details for IRAs are printed on the year-end statement** (see Pages 41 & 38), **you should verify data during December before statements are produced.** In January, then, you will just need to do one final verification to make sure everything is in place before forms are processed.

To review and verify the data in the IRA Balance File, run the report found on menu **MNRPTF #9, "Verify IRA Balances Report."** This option produces two reports. See the following page for a sample of both reports:

MNRPTF #9 "Verify IRA Balances Report" - Report 1

The first report compares the totals of the members' IRA transactions by IRA Plan Type and Code to the IRA reporting "buckets" in the IRA Balance File, and shows those situations where these two totals do not match, broken down by Plan Type.

| 9/05/16 8:14.03 | | CU*BASE TEST CREDIT UNION IRA VERIFICATION REPORT FOR 2016 TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON | | | LIRAVR | PAGE 1 |
|------------------------|----------------------|---|-------------|---------------|-----------|--------|
| PLAN TYPE: EDUCATIONAL | | | | | | |
| ACCOUNT NO. | MEMBER NAME | IRA BUCKET | TRANS TOTAL | IRA BAL TOTAL | NET DIF | |
| 5801564 | ZACHARY J ANYBODY | OTHER W/D | 10.00 | 65.00 | 55.00- | |
| 5801564 | ZACHARY J ANYBODY | PREV YEAR DEP | 1,422.84 | .00 | 1,422.84 | |
| 5801564 | ZACHARY J ANYBODY | DIVIDENDS PAID | 97.09 | 855.84 | 758.75- | |
| PLAN TYPE: ROTH | | | | | | |
| ACCOUNT NO. | MEMBER NAME | IRA BUCKET | TRANS TOTAL | IRA BAL TOTAL | NET DIF | |
| 5357163 | FRANCIS P AMEMBERSMA | CURR YEAR DEP | 350.00 | .00 | 350.00 | |
| 5357163 | FRANCIS P AMEMBERSMA | OTHER W/D | 10.00 | 65.00 | 55.00- | |
| 5357163 | FRANCIS P AMEMBERSMA | DIVIDENDS PAID | 110.18 | 971.27 | 861.09- | |
| PLAN TYPE: SEP | | | | | | |
| ACCOUNT NO. | MEMBER NAME | IRA BUCKET | TRANS TOTAL | IRA BAL TOTAL | NET DIF | |
| 527472 | DONALD C TESTPERSON | DIVIDENDS PAID | 26.94 | 210.35 | 183.41- | |
| 527472 | DONALD C TESTPERSON | DISTRIBUTED W/D | 165.00 | 1,405.00 | 1,240.00- | |
| PLAN TYPE: TRADITION | | | | | | |
| ACCOUNT NO. | MEMBER NAME | IRA BUCKET | TRANS TOTAL | IRA BAL TOTAL | NET DIF | |
| 318453 | KENNETH W MEMBER | NO IRABL RECORD | | | .00 | |
| 325678 | CLIFTON E SAMPLE | CURR YEAR DEP | 5,000.00 | 1,000.00 | 4,000.00 | |
| 426352 | ARLENE D SAMPLE | CURR YEAR DEP | 5,000.00 | 1,000.00 | 4,000.00 | |
| 429113 | PATRICIA J SOMEBODY | NO IRABL RECORD | | | .00 | |

MNRPTF #9 "Verify IRA Balances Report" - Report 2

The second report lists members that show withdrawals flagged as death distributions, compared to the beneficiary distribution records that record which beneficiary received the funds.

| 11/08/16 13:33.46 RUN ON 11/08/16 | | TEST CREDIT UNION IRA VERIFICATION REPORT FOR 2016 BENEFICIARY DISTRIBUTIONS COMPARISON | | | LIRAVR3 | PAGE |
|--------------------------------------|-------------------|---|-------------|--------------------------|-------------|------------|
| PLAN TYPE: TRADITIONAL | | | | | | |
| ***** IRA BALANCE FILE DATA ***** | | ***** DISTRIBUTIONS TO BENEFICIARIES ***** | | | | |
| ACCT NO. | MEMBER NAME | DEATH DIST TTL | SSN/TIN | BEFECIARY NAME | DIST AMOUNT | |
| 9 | TEST A MEMBER | 1.00 | | **** No Beneficiary **** | .00 | * MISMATCH |
| 35 | EDWARD G PERSON | 4,201.70 | | **** No Beneficiary **** | .00 | * MISMATCH |
| 82 | DARRELL H TESTING | 125.00 | 384-80-9999 | CHERYL A SOMEBODY | 130.00 | |
| | | | | | 130.00 | * MISMATCH |
| 15361 | KATHY L ANYBODY | 5,028.74 | 112-12-9999 | JOHN A ANYBODY | 4,028.74 | |
| | | | 386-83-9999 | SUSAN I ANYBODY | 1,000.00 | |
| | | | | | 5,028.74 | |
| ***END OF REPORT*** | | | | | | |

Review each record on both reports and determine what, if any, maintenance needs to be performed.

- MNUPDT #16 "Update IRA/HSA Trans Post Codes"**
 This option lets you modify the code that was assigned to a transaction, thus correcting both the member's transaction history as well as updating the respective IRA Balance File buckets.
- MNUPDT #17 "Update IRA Balance Information"**
 This method simply changes the totals in the IRA Balance File buckets,

without altering transaction data. This method is especially helpful for handling closed accounts, where transaction data can no longer be altered.

- **MNUPDT #19 “Update IRA Beneficiary Info” > F15-Distributions**
If you see any records marked * MISMATCH on the second report, you will need to maintain the records showing death distributions that were made to beneficiaries. Refer to the “IRA Processing with CU*BASE” booklet for instructions.

*IMPORTANT NOTE: If you do **Federal/State withholding** for any members, remember that you can record this on the beneficiary distribution records as well.*

Once all maintenance has been performed, the report can be run again to provide another comparison to ensure your changes are accurate.

Special Note to Credit Unions Converted During 2016 - If your credit union converted to the CU*BASE platform during 2016, it may not have been possible to determine amounts to populate the IRA “buckets” from your old data processing system. Therefore, the IRA verification reports may not take into account a full year’s worth of activity.

Remember that whatever is shown in the IRA Balance File is what will be reported for the member, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance File. Contact a CU*BASE Client Service Representative for assistance verifying your IRA Balance File figures.

VERIFYING THE HSA BALANCE FILE

DEADLINE: Periodically throughout the year, esp. prior to December statements
FINAL VERIFICATION DEADLINES: (Ascensus- and Self Administered):
Verify distribution (1099) data by January 6;
verify contribution (5498) data between April 18 and April 20

The HSA Balance File contains HSA totals by base account. This is an ongoing file which is updated as transactions are posted to HSA share and checking accounts. Unlike the tax file, which is generated from member account files, the HSA balance file is an active file that is affected by each HSA transaction.



Deposits and withdrawals on both savings and checking accounts are summarized in a single HSA balance file record under each account base. Balance file totals are updated immediately whenever a transaction is posted to a member account.

This data should be verified on a regular basis (at least monthly) throughout the year, to compare your paperwork against what is recorded in your CU*BASE files, and to make sure the HSA balance file is in synch with your member records. **Remember that since Fair Market Value for HSAs is printed on the year-end statement** (see the sample on Page 38), **you should verify data during December before statements are produced.** In January, then, you will just need to do one final verification to make sure everything is in place before forms are processed. Just like IRAs, whatever is shown in the HSA Balance File is what will be reported for the member, even if it does not match transaction history.

To review and verify the data in the HSA Balance File, run the report found on menu **MNRPTF #13 “Verify HSA Balances Report.”** This report is used to compare the totals of the members’ HSA transactions to the reporting “buckets” in the HSA Balance File. The report shows those situations where these two totals do not match and corrections are needed.

MNRPTF #13 "Verify HSA Balances Report"

| 9/18/16 17:30.52 | | CU*BASE TEST CREDIT UNION | | LHSAVR | PAGE |
|------------------|-----------------|--|-------------|---------------|------------|
| | | HSA VERIFICATION REPORT FOR 2016 | | | 1 |
| | | TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON | | | USER MARYV |
| ACCOUNT NO. | MEMBER NAME | HSA BUCKET | TRANS TOTAL | HSA BAL TOTAL | NET DIF |
| 444 | SUSAN TESTER | DIVIDENDS PAID | 342.68 | 341.00 | 1.68 |
| 2638 | WILLIAM L TELL | Invalid Post Code: | 367.00 | .00 | 367.00 |
| 2638 | WILLIAM L TELL | Invalid Post Code: | 367.00 | .00 | 367.00 |
| 2638 | WILLIAM L TELL | Invalid Post Code: | 1,539.00 | .00 | 1,539.00 |
| 2638 | WILLIAM L TELL | Invalid Post Code: | 1,539.00 | .00 | 1,539.00 |
| 15020 | MERRY CHRISTMAS | Invalid Post Code: | 3,068.20 | .00 | 3,068.20 |
| 15020 | MERRY CHRISTMAS | Invalid Post Code: | 34,247.23 | .00 | 34,247.23 |
| 15020 | MERRY CHRISTMAS | Invalid Post Code: | 10,000.00 | .00 | 10,000.00 |
| 15020 | MERRY CHRISTMAS | Invalid Post Code: | 3,068.20 | .00 | 3,068.20 |
| 15020 | MERRY CHRISTMAS | Invalid Post Code: | 34,247.23 | .00 | 34,247.23 |
| 15020 | MERRY CHRISTMAS | Invalid Post Code: | 10,000.00 | .00 | 10,000.00 |
| 20974 | HARLEY PERSON | Invalid Post Code: | 348.02 | .00 | 348.02 |
| 20974 | HARLEY PERSON | Invalid Post Code: | 348.02 | .00 | 348.02 |
| 20974 | HARLEY PERSON | Invalid Post Code: | 750.88 | .00 | 750.88 |

Review each record on the report and determine what, if any, maintenance needs to be performed. Once all maintenance has been performed, the report can be run again to provide another comparison to ensure your changes are accurate. The data can be changed through two methods:

- **MNUPDT #16 "Update IRA/HSA Trans Post Codes"**

This option lets you modify the code that was assigned to a transaction, thus correcting both the member's transaction history as well as updating the respective HSA Balance File buckets.

OR

- **MNUPDT #25, "Update HSA Balance Information"**

This method simply changes the totals in the HSA Balance File buckets, without altering transaction data. This method is especially helpful for handling closed accounts, where transaction data can no longer be altered.

Keep in mind that the following data must be entered manually into the HSA Balance File as applicable, via MNUPDT #25 "Update HSA Balance Information":

- Fair Market at Death
- Dividends on Excess Contributions

Special Note to Credit Unions Converted During 2016 - If your credit union converted to the CU*BASE platform during 2016, it may not have been possible to determine amounts to populate the HSA "buckets" from your old data processing system. Therefore, the HSA verification reports may not take into account a full year's worth of activity. **Remember that whatever is shown in the HSA Balance File is what will be reported for the member**, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance File. Contact a CU*BASE Client Service Representative for assistance verifying your HSA Balance File figures.

VERIFYING THE TAX FILE & PRINTING THE 1099/1098 TAX INFO REPORT

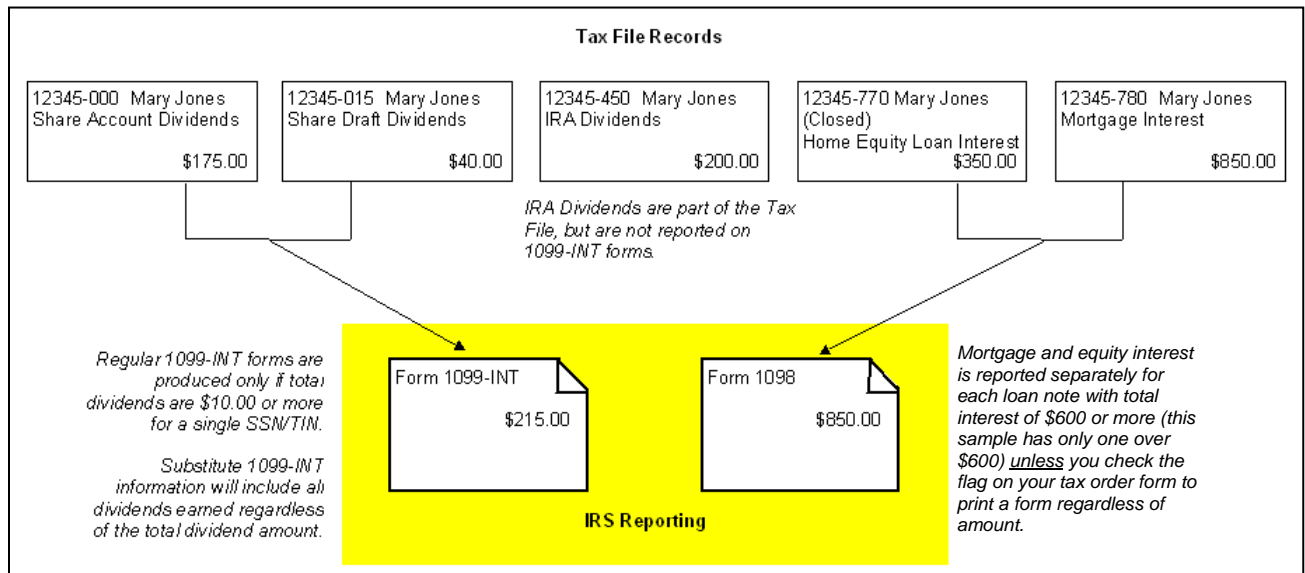
DEADLINE: Verification/adjustments prior to printing - Before January 6
Verification/adjustments prior to reporting - Before March 10

During Beginning-of-Year processing, the system automatically creates the yearly Tax File for each member. This Tax File contains an accumulation of dividends earned, interest paid, and miscellaneous items such as savings bonds and mortgage points paid.

There is one Tax File record for each account held by a member. For example, let's say a credit union has an average of 2.1 accounts per member. This 10,000-member credit union will create a tax file of about 21,000 records, including open (MEMBERx) and closed (ACHISTx) accounts.

The Tax File contains summary IRS information for each year the account has been on the system. This summary information includes:

- Year-to-date totals for dividends
- Backup withholding
- CD penalties
- Savings bonds interest
- Loan interest
- Mortgage points



Your credit union is responsible for reviewing the accuracy of the data that will be used to produce forms and report to the IRS. This can best be done by generating two tax information reports after January 1, 2017:

MNRPTF #1 "1099/1098 Tax Information Report"

With this option, four separate reports can be generated: one for 1099-INT information, one for 1098 information (will also include 1098-E student loans), and one each for 1099-R (IRA Distribution and 1099-Q (HSA Distributions) information. (NOTE: Both the 1099-R and 1099-Q reports are controlled by the same flag on the screen.) *Be patient; the Detail version of these reports can take a few moments to generate.*

| 10/06/16 17:05.44 | | BETA TESTING CREDIT UNION | | | | | LTAX1 | PAGE 1 |
|--------------------|------------------------|-----------------------------|----------------|--------------------|------------|---------------|---------------------|--------|
| RUN ON 10/06/16 | | 1099-INT INFORMATION BY TIN | | | | | USER DAWNM | |
| | | FOR IRS TAX YEAR 2016 | | | | | | |
| ACCOUNT NUMBER | CL MT NAME | TAX ID NUMBER | Y-T-D DIVIDEND | BACKUP WITHHOLDING | CD PENALTY | SAVINGS BONDS | MESSAGE | |
| 557947 | 000 00 JOHN Q MEMBER | 999-70-3124 | 10.79 | .00 | .00 | .00 | | |
| 001 | 00 | | .00 | .00 | .00 | .00 | | |
| TOTAL FOR TIN **** | | | 10.79 | .00 | .00 | .00 | REPORTABLE 1099-INT | |
| 553793 | 000 00 SARA A DEMEMBER | 999-75-7182 | 9.07 | .00 | .00 | .00 | | |
| 001 | 00 | | .00 | .00 | .00 | .00 | | |
| 015 | 00 | | 22.64 * | .00 * | .00 * | .00 | IRA - NOT IN TOTAL | |
| TOTAL FOR TIN **** | | | 9.07 | .00 | .00 | .00 | | |

| 10/06/16 17:02.01 | | BETA TESTING CREDIT UNION | | | | | LTAX2 | PAGE 1 |
|-------------------|----------------------|-----------------------------|----------------|-------------|--------------------|-------------------|---------------------|--------|
| RUN ON 10/06/16 | | 1098 INFORMATION BY ACCOUNT | | | | | USER DAWNM | |
| | | FOR IRS TAX YEAR 2016 | | | | | | |
| ACCOUNT NUMBER | CL MT NAME | TAX ID NUMBER | Y-T-D INTEREST | POINTS PAID | REIMBURSE OVERPAID | MORTGAGE INS PREM | MESSAGE | |
| 85 846 | 00 ALBERT PERSON | 999-37-5540 | 8.53 | .00 | .00 | .00 | Interest UNDER \$60 | |
| 192 846 | 00 DAWN VANMEMBER | 999-33-4419 | 2569.49 | .00 | .00 | .00 | REPORTABLE 1098 I | |
| 299 705 | 00 WALLACE A TESTING | 999-34-2039 | 5755.63 | .00 | .00 | .00 | REPORTABLE 1098 I | |

| 10/06/16 17:07.39 | | BETA TESTING CREDIT UNION | | | | | LTAXR | PAGE 1 |
|-------------------------------|--------------------|---------------------------|------------------------|--------------------|-----------------------------|-----------------------------|----------------|--------|
| RUN ON 10/06/16 | | 1099-R INFORMATION BY TIN | | | | | USER DAWNM | |
| | | FOR YEAR 2016 | | | | | | |
| ACCOUNT NUMBER | PLAN TYPE NAME | TAX ID NUMBER | (1) GROSS DISTRIBUTION | (2) TAXABLE AMOUNT | (4) FED INCOME TAX WITHHELD | (10) ST INCOME TAX WITHHELD | (7) DIST. CODE | |
| 35 | T EDWARD I TESTING | 999-24-9479 | 4201.70 | 4201.70 | | | 4 | |
| 18925 | T ANNE A SOMEBODY | 999-44-2239 | 1130.78 | 1130.78 | 113.08 | | 7 | |
| 403259 | R CHRISTY A PERSON | 999-42-5488 | 125.00 | .00 | | | J | |
| | R | | 258.00 | .00 | | | T | |
| ** IRA INFORMATION | | COUNT | | | | | | |
| 01 - PREMATURE WITHDRAWAL | | 20 | 85824.00 | 85824.00 | 8740.41 | .00 | | |
| 02 - PREMATURE WITH EXCEPTION | | 2 | 10414.28 | 10414.28 | .00 | .00 | | |

| 10/06/16 17:07.40 | | BETA TESTING CREDIT UNION | | | | | LTAXR1 | PAGE 1 |
|--------------------------|-------------------|---------------------------|------------------------|--|--|--|------------|--------|
| RUN ON 10/06/16 | | 1099-Q INFORMATION BY TIN | | | | | USER DAWNM | |
| | | FOR YEAR 2016 | | | | | | |
| ACCOUNT NUMBER | PLAN TYPE NAME | TAX ID NUMBER | (1) GROSS DISTRIBUTION | | | | | |
| 30646 | E EMILY E MEMBER | 999-04-7289 | 597.65 | | | | | |
| 9650 | E AARON R SOMEONE | 999-04-5269 | 700.00 | | | | | |
| 24454 | E JANE L TESTING | 999-23-9229 | 570.66 | | | | | |
| ** ESA INFORMATION | | COUNT | | | | | | |
| PREMATURE WITHDRAWAL | | 3 | 2216.76 | | | | | |
| PREMATURE WITH EXCEPTION | | 0 | .00 | | | | | |

MNRPTF #2 "1099 A,C, Misc Information"

You can choose whether to print all reports or just individual reports for 1099-A, 1099-C, or 1099-MISC data. On the 1099-MISC report, an asterisk * will appear next to any vendors that do not have a Tax ID # and therefore will not be reported to the IRS.

| 10/06/16 13:53.00 RUN ON 10/06/16 | BETA TESTING CREDIT UNION 1099-A TAX INFORMATION RECORDS 2016 | | | | | LTAX1099 | Page 1 USER DAWNM |
|--------------------------------------|---|------------------------------|----------------------|-----------------------------|--------------------|-------------------------|----------------------|
| ACCOUNT BASE | ACQUISITION DATE | BAL OUTSTANDING PRINCIPAL | GROSS FORECLOSURE | APPRAISAL VALUE FOR DEBT | LIABLE FOR DEBT | PROPERTY DESCRIPTION | |
| 111111111 | 5/16/15 | 3,542.41 | .00 | 2,000.00 | N | TESTING | |
| ***END OF REPORT*** | | | | | | | |

| 10/06/16 13:53.00 RUN ON 10/06/16 | BETA TESTING CREDIT UNION 1099-C TAX INFORMATION RECORDS 2016 | | | | | LTAX1099 | Page 1 USER DAWNM | |
|--------------------------------------|---|----------------|------------------|-------------------|------------------------|------------------------|----------------------|----------------------|
| ACCOUNT BASE | DEBT DATE | DEBT AMOUNT | DEBT INTEREST | DEBT PENALTIES | DEBT DESCRIPTION #1 | DEBT DESCRIPTION #2 | DEBT Y/N | FAIR MARKET VALUE |
| 111111111 | 4/16/15 | 5,000.00 | 675.00 | .00 | TEST DESCRIPTION | | N | 4,000.00 |
| ***END OF REPORT*** | | | | | | | | |

| 10/06/16 13:53.00 RUN ON 10/06/16 | BETA TESTING CREDIT UNION 1099-M TAX INFORMATION RECORDS 2016 | | | | | LTAX1099 | Page 1 USER DAWNM | | |
|---|---|-----------|-----------------|---------|---------------------|--------------------|----------------------|------------------------|-------------------------|
| ACCOUNT/ VEND NO | RENTS | ROYALTIES | OTHER INCOME | FED W/H | FISHING PROCEEDS | MEDICAL /HEALTH | NONEMP COMP | SUB PYMT IN LIEU OF | DIR. SALES >= \$5000 |
| 123456789 | 10000.00 | .00 | .00 | .00 | .00 | .00 | .00 | .00 | N |
| * = Vendor has no tax id number. Vendors without tax id numbers do not get reported to IRS. | | | | | | | | | |
| ***END OF REPORT*** | | | | | | | | | |

In addition to scanning data for obvious errors (unusually large dividend or interest amounts, for example), look for situations where there are two loan accounts for the same member, where both represent equity loans tied to the same property (may indicate a rewritten loan; see Page 22 for more information on combining YTD interest amounts from both loans).

MAKING CORRECTIONS

You can review and update your credit union's tax file (refer to the instructions on Page 25) at any time up until printed forms are produced. Once forms have been created, tax file updates can still be performed until the CU*Answers deadline of **March 15** for submitting data to the IRS.

If an update is done after the form has been sent to the member, but prior to creating the IRS file, a corrected paper form should be sent to the member. If an update is done after the form has been sent to the member and the data sent to the IRS, a corrected paper return should be prepared by your credit union and sent to both the member and the IRS. **Don't forget to take into account ALL of the accounts under the member's SSN/TIN!**

IMPORTANT: If you printed **substitute 1099-INTs** on your year-end member statements, if you need to make any adjustments to the tax file for 1099-INT information after December 31, you must also manually create a corrected paper form (include all accounts under that member's SSN/TIN) to be sent to the member.

FORM 1099-R/1099-SA

INSTRUCTIONS: ASCENSUS- ADMINISTERED

DEADLINE: Will be reported to Ascensus after January 6

If your credit union's IRA and/or HSA programs are administered by Ascensus, you can choose to have us report 1099-R distribution data (for HSAs and for non-education IRAs) to Ascensus during January.

NOTE: 1099-Q information (Coverdell Education IRAs) cannot be submitted to Ascensus via a file.

Before CU*Answers reports to Ascensus, your credit union must perform a final verification of IRA distribution data. Use menu **MNRPTF #1 "1099/1098 Tax Information Report"** and select the *Print 1099-R information* option. If the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction (MNUPDT #16) or update the IRA Balance File (MNUPDT #17). See Pages 48 and 51 for additional instructions.

Remember that **it is your responsibility to contact Ascensus** and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it, and will charge you a fee if they have to make special correction arrangements after the fact!

FORM 5498/5498-SA/5498-ESA

INSTRUCTIONS: ASCENSUS-

ADMINISTERED

DEADLINE: Final Changes to IRA/HSA Balance File between April 18 and April 20
5498-ESA Forms to Members by May 1; All Other 5498 Forms to Members by May 31
All 5498 reporting to IRS by May 31

Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2016. Form 5498-SA is used to report HSA plan contributions.

Before CU*Answers reports to Ascensus, your credit union must perform a final verification of IRA contribution data. Use menu **MNRPTF #7 “IRA Govt. Report/5498.”** If the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction (MNUPDT #16) or update the IRA Balance File (MNUPDT #17). See Pages 48 and 51 for additional instructions.

Remember that **it is your responsibility to contact Ascensus** and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it, and will charge you a fee if they have to make special correction arrangements after the fact!

Members have until April 15, 2017 to make contributions for 2016. **Final adjustments to the IRA and HSA Balance Files must be done before April 18, 2017**, in time for CU*Answers to submit the data to Ascensus by their deadlines. (IRA 5498-ESA forms must be to members by **May 2**; all other 5498 forms must be to members by **May 31**.)

*NOTE: If your credit union reports to Ascensus via paper, CU*Answers will not be reporting to Ascensus for you. You will still need to verify IRA and HSA balance information.*

FORM 5498/5498-SA/5498-ESA

INSTRUCTIONS: SELF-ADMINISTERED

DEADLINE: Final Changes to IRA/HSA Balance File between April 18 and April 20
CU*Answers Will Submit 5498-ESA Forms to Members by May 1
CU*Answers Will Submit All Other 5498 Forms to Members and all data to IRS by May 31

Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2016. Form 5498-SA is used to report HSA plan contributions.

Before CU*Answers generates the 5498 forms, your credit union must perform a final verification of IRA contribution data. Use menu **MNRPTF #7 “IRA Govt. Report/5498.”** If the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction (MNUPDT #16) or update the IRA Balance File (MNUPDT #17). See Pages 48 and 51 for additional instructions.

Members have until **April 18, 2017** to make contributions for 2016. **Final adjustments to the IRA and HSA Balance Files must be done before April 18, 2017.** CU*Answers will print and mail the forms directly to your members and report to the IRS. (IRA 5498-ESA forms must be to members by **May 1**; all other 5498 forms must be to members and to the IRS by **May 31**.)

HOW MANY TAX FILES WERE SENT TO THE IRS?

Each year, CU*Answers receives this question from credit unions who are researching for both their own benefit, as well as at the behest of auditors.

The reports that list total tax form numbers are P1099x, P1098x, and P5498x. These reports are sent to CU*Spy when the tax files are submitted to the IRS, bundled with the reports for that day (verify the date the files are submitted via the CU*Answers Alerts website, where a notification is posted). Please note that these reports are also sent to the in-house eDOC server, if that applies to your credit union.

If the P1099x and P1098x reports are no longer in CU*Spy, you may need to review your archive CD of March reports. The P5498x reports will be on the May reports CD.

Additionally, the Tax CD (see page 9 for pricing details) contains the LTAXx reports, as well as the LGVIRA and LGVHSA reports to assist in determining the number of tax forms submitted to the IRS.