
2016 Year-End Processing Guide

For Self-Processing Credit Unions

REVISED 10/28/2016

Page 10, as well as the task checklist, has been updated to reflect the change in the Tax Handling Form as it pertains to IRA/HSA administration.

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.

Page 13 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.

At the back of this Guide, you will find a copy of the form that you must complete and submit to CU*Answers as part of your year-end processing. Instructions and deadlines for completing the form are included on the following pages.

This booklet is to be used by credit unions who have their End-of-Year processing completed via ROBOT. If your EOY tasks are done manually, please contact a Client Service Representative to obtain a manual guide.

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.

Revision date: November 7, 2016

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?

- End of Year processing has gone Robot! Beginning this year, the process of running year end has been automated for your credit union. There are still tax deadlines, verifications, and steps to complete, however, many tasks have now been included into one job that runs on the last business day for your credit union prior to year-end. See Page 45 for complete details.
- 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.
- As a reminder, credit unions using Sage Direct for printing of 1099/1098 and 5498 forms will be required to **send the file directly to Sage**. See Pages 65 and 67.
- Effective tax year 2016, the reporting due date for Form 1099-MISC with box 7 is January 31, 2017. We are using this new deadline for ALL 1099-MISC forms, regardless of whether there is data in Box 7 (non-employee compensation). See Page 76
- 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 26 for more details and a sample form.
- State ID # and State Abbreviation are now included on the 1099-INT, 1099-MISC, and 1099-R for those forms that are reporting Withholding information. Regardless of whether you are reporting Withholding, please verify that your State ID and State Abbreviation are configured in the Chart of Accounts Maintenance (MNGELE #2). See Page 48

OTHER REMINDERS

- 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!

- **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 29 for more information.
- When generating 1099-INT/substitute 1099-INT forms, we will now ignore the “Report dividends to IRS” flag on IRA and HSA products since those dividends are not reportable.
- **If your statement print vendor is not Sage Direct**, call your vendor to verify whether they can process substitute 1099-INT forms.
- 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 or HSA 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. Ascensus will ignore data in the file you 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!
- 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 57 and 60 for more details.

2016 TASK CHECKLIST

**Refer
to Page**

	<ul style="list-style-type: none"> <input type="checkbox"/> Complete and return the “Tax Forms Order Form” to indicate how your tax forms should be handled 10 <input type="checkbox"/> Notify CU*Answers if you plan to print substitute 1099-INT forms on statements 11 <input type="checkbox"/> Verify how your credit union’s IRA/HSA plans are administered (Self-administered, Ascensus- or other third party-administered) and make printing plans..... 10 <input type="checkbox"/> Monthly (Nov.) IRA/HSA verification (verify/maintain IRA & HSA Balance File data, including IRA death distributions to beneficiaries).....57 & 60 <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>) 15 <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 (Sage Direct only).....40 <input type="checkbox"/> Perform verification checklist during November EOM processing 38 <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 32 <input type="checkbox"/> Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting..... 35 <input type="checkbox"/> Complete statement verification after generating November statements on December 139 <input type="checkbox"/> Modify statement messages/instructions (Sage Direct only) 40 <input type="checkbox"/> Monthly (Dec.) IRA/HSA verification (verify/maintain IRA & HSA Balance File data, including IRA death distributions to beneficiaries).....57 & 60 <input type="checkbox"/> Clear statement messages for December statements (if using substitute 1099-INTs) 14 <input type="checkbox"/> Modify December e-statement notification message (if using substitute 1099-INTs) 16 <input type="checkbox"/> Enter mortgage points paid and other 1098 data into the Tax File..... 27
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↓	Dec. 9	←	<input type="checkbox"/> Order special envelopes for Auditor member account verification mailing (if necessary; Sage Direct only) 19
↓	Dec. 28	←	<input type="checkbox"/> Prepare Annual Statement configuration 41
↓	Last Business Day Before Year-End	←	<input type="checkbox"/> Statement inserts due (Sage Direct only)..... 40
↓	Jan. 1	←	<input type="checkbox"/> Run End-of-Year Processing..... 45
↓	Jan. 3	←	<input type="checkbox"/> Perform verification checklist before/after EOY processing; 38 & 83
↓	Jan. 6	←	<input type="checkbox"/> Complete statement verification after generating December statements on January 1..... 39
↓	Jan. 20	←	<input type="checkbox"/> Review Beginning-of-Year/Tax File Verification Reports 47
↓	Jan. 31	←	<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 57 & 60
↓	Feb. 1	←	<input type="checkbox"/> Verify Tax File and make adjustments where necessary 62
↓		←	<input type="checkbox"/> Verify 1099-MISC amounts for Accounts Payable Vendors 35
↓		←	<input type="checkbox"/> Run Tax Information Reports and move to DAILYxx or MONTHxx if you want these reports archived 62
↓		←	<input type="checkbox"/> Deadline for submitting file to Sage for printing 1099/1098 forms (if Sage is printing your tax forms) 65
↓		←	<input type="checkbox"/> Ascensus-Administered: Submit Fair Market Value and distribution (1099) information to Ascensus 49 & 72
↓		←	<input type="checkbox"/> Monthly (Jan.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 57 & 60 & 77
↓		←	<input type="checkbox"/> Close the General Ledger for 2016 (must be completed prior to reporting January YTD figures)..... 51
↓		←	<input type="checkbox"/> Deadline for downloading tax forms for CU*Archives..... 71
↓		←	<input type="checkbox"/> Deadline for furnishing 1099 and 1098 forms to members, and 1099-MISC forms to the IRS 73 & 76
↓		←	<input type="checkbox"/> Final adjustments to the Tax File 62
↓		←	<input type="checkbox"/> Monthly (Feb.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 57 & 60 & 77
↓		←	<input type="checkbox"/> Complete statement verification after generating January statements on February 1..... 37

(continued)

<div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">Mar 1</div> <div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">Mar 31</div> <div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">Apr 1</div> <div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">Apr 18</div> <div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">Apr 20</div> <div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">May 1</div> <div style="border-left: 2px solid black; border-bottom: 1px solid black; padding: 2px 5px; margin-bottom: 5px;">May 31</div>	<ul style="list-style-type: none"> ← <input type="checkbox"/> Monthly (Mar.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 57 & 60 & 77 <input type="checkbox"/> Remove Annual statement instructions from the Quarterly statement configuration (before running March statements on April 1) 43 <input type="checkbox"/> Complete statement verification after generating February statements on March 1 39 <input type="checkbox"/> Monthly (Mar.) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 57 & 60 & 77 ← <input type="checkbox"/> Deadline for submitting 1099 and 1098 information to IRS (<i>exception: 1099-MISC, now submitted in January</i>)..... 74 ← <input type="checkbox"/> Complete statement verification after generating March statements on April 1 39 <p style="text-align: center;">Happy Tax Day!</p> <ul style="list-style-type: none"> ← <input type="checkbox"/> <i>Final</i> verification of contribution (5498) data in IRA/HSA Balance Files; make modifications where necessary 57 & 60 & 77 <input type="checkbox"/> Deadline for submitting file to Sage Direct for printing 5498 forms (if Sage Direct is printing your forms) 80 <input type="checkbox"/> Ascensus-Administered: Submit all 5498 (contribution) data to Ascensus (per their deadlines) 77 ← <input type="checkbox"/> Complete statement verification after generating April statements on May 1 39 ← <input type="checkbox"/> Deadline for submitting 5498-ESA (Coverdell contribution) forms to members 77 & 80 <input type="checkbox"/> Monthly (May) IRA/HSA verification (verify/maintain IRA & HSA Balance File 5498 contribution data)..... 57 & 60 & 77 <input type="checkbox"/> Deadline for furnishing 5498 forms to members and submitting 5498 (contribution) data to IRS 77 & 80
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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 1098 forms (and report to the IRS) even for amounts under \$600, please check the appropriate box on the Tax Forms order form (see Page 83). There will be a flag to check when creating the file for printing forms (see Page 65) or when printing your own forms (see Page 73) as well as when reporting to the IRS (see Page 74).

²See Page 10 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 83.

2016 TAX FORMS PRICING

DEADLINE: November 7

If you choose, Sage Direct can laser print your tax forms according to the pricing listed below. Ongoing CASS certification and efficient mail handling processes help to keep postage rates low. **Please contact Sage Direct for more information.**

*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 Sage Direct
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 17 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

New 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.

¹See Page 11 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).

³ Postage 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: Notify CU*Answers if you wish to print substitute 1099-INTs by November 7
Modification of Statement Messages - Before December statements are run

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 on-line 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 44 for a sample year-end statement which includes 1099-INT information. Note that the boldface type and type of data included is according to the IRS rules governing these substitute forms.

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 14 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 10 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 15 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 your Tax Forms Order Form. See Page 83.

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

Session 0 CU*BASE GOLD Edition - Statement Messages/Inserting Maint

Statement format ID

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

■ Select ■ Select ■ Select ↑ ↓

Selective Insert Files

← → ↑ || ⌂ 🔗 ⓘ ? @ FR (3837)

Choose code QT for your quarterly statement instructions (or choose whatever code you've designated as your format for annual statements).

Screen 2

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

File Edit Tools Help

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.

← → ↑ || ⌂ 🔗 ⓘ ? @ FR (2796) 9/24/14

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"

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 t
ZG	01	It's Me 247 Online Banking	It's Me 247 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
ZU	01	Visit our Member Investment Center!	The Credit Union offers
01	01	Don't Get Scammed	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 M-46 & Portsmouth Now Availa	The ATM inside JB Partystore (forme

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

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

File Edit Tools Help

Member Connect Message Maintenance

Corp ID 01
Message type ES Message subject Your E-Statement is ready

Message

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.

Page 1 Save Changes

Do NOT click Send without first saving your changes, or a BLANK email may be sent to your members!

MESSAGE TIP: When you add or remove characters, it might cause fragmented lines of text. Place the cursor at the end of the shortened line and press the Delete key to remove the line break and clean up the paragraphs as needed.

MESSAGE TIP: If you insert text or copy and paste text that exceeds the space provided, a pop-up window will appear. Select Yes to retain text you have written or pasted, but be careful, this may delete following text. Select No to cancel a paste. WARNING: Never check the "Remember my decision" checkbox on this pop-up window.

Save

FR (3163) 9/24/14

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 includable 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.)

BONUS DIVIDENDS / LOAN INTEREST REBATES

DEADLINE: Notify CU*Answers by November 7

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.

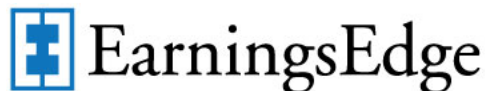
As a menu option has been added to CU*BASE allowing credit unions to configure and test their own bonus dividend and loan interest rebate programs, CU*Answers will no longer take requests to complete this task for the credit union. See below for information on services available for purchase.

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; we do not recommend you 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 (see *NOTE below) 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 on updating this screen, 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.**

*NOTE: The standard Federal holidays are stored in the FEDHOL file. CU*Answers updates this file for our online credit unions once each year in October. To assist self-processors, we pass on a copy of this file every time we do a CU*BASE release for self-processors, so that you do not have to worry about updating the list yourself.

VERIFYING LOAN CATEGORIES FOR 1098 REPORTING

DEADLINE: Before December 31

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 23 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 elect 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. See the footnote on Page 9.

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	<input type="text" value="701.10"/>	Fine amount	<input type="text" value="4"/>
Interest earned	<input type="text" value="111.22"/>	Principal	<input type="text" value="3"/>
Accrued interest	<input type="text" value="751.10"/>	Misc. G/L	<input type="text" value="0"/>
Insurance rebate	<input type="text"/>	Over payment indicator	<input type="text" value="PRH"/>
		Miscellaneous G/L account	<input type="text"/>
		Miscellaneous G/L transaction description	<input type="text"/>
Loan category for write-offs	<input type="text" value="99"/>	Miscellaneous G/L amount	<input type="text" value="0.00"/> or <input type="text" value="0.000"/> %

Additional Information

Send 1098 tax form ←

Maximum loan disbursement

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	OPEN END/LOC PAYMENT CHANGE CONTROL CONFIGURATION	
Account type range:	688 to 689	Automated payment changes:	Y
Interest rate range:	3.000 to 15.000	Print notices:	Y
Interest calculation type:	0	Change activated on Disburs/Any tran:	D
Payment calculation type:		Process payment changes I/D/M:	I
Next payment date/delinquency control:		If M, calc pmt from Curr/Last-On Day:	/
Use review date for disbursements:	Y	If M, next pmt calc month/year:	0000
Allow teller disbursements:	N	Grace period (# of days):	15
Warn teller if different pmt amt:	Y	Allow rate adj via Update VR Codes:	N
Include delq fine in partial pay:	Y	Round new payment up to whole dollar:	Y
AFT pmt date / delq control defaults:	N / N	Use Tiered Rates in payment recal:	N
Allow loan insurance	Y	New payment based on R/P/F/M/T:	R
		Range method - use division factor of:	100.00
Use note number control:	N	and pay per factor:	1.30
Allow stock to secure loan:	N	Percent method - pay % of balance:	.000 %
Use lease residual in payoff:	N	Fixed method - # of payments:	0
Student loan after-payout category:		Minimum pmt amt (all methods/except tiers):	25.00
GENERAL LEDGER INTERFACE			
Loan category GL acct:	70141	TIERED RATES	
Interest earned GL acct:	11149	FROM	TO
Accrued interest GL acct:	75143	A	.00
Insurance rebate GL acct:	0	B	.00
Student loan gov't interest GL acct:	0	C	.00
Student loan gov't payable GL acct:	0	D	.00
PAYMENT MATRIX		E	.00
Fine Amount:	1	F	.00
Principal:	3	Update increased payments only: N	
Interest Due:	2	Use Current or Last Disbursed balance: C	
Escrow:	0		
Miscellaneous GL:	0		
Overpayment indicator:	PRN		
Miscellaneous GL account:	00000		
Misc. GL transaction description:			
Misc. GL amount:			
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:			

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 sync.

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.

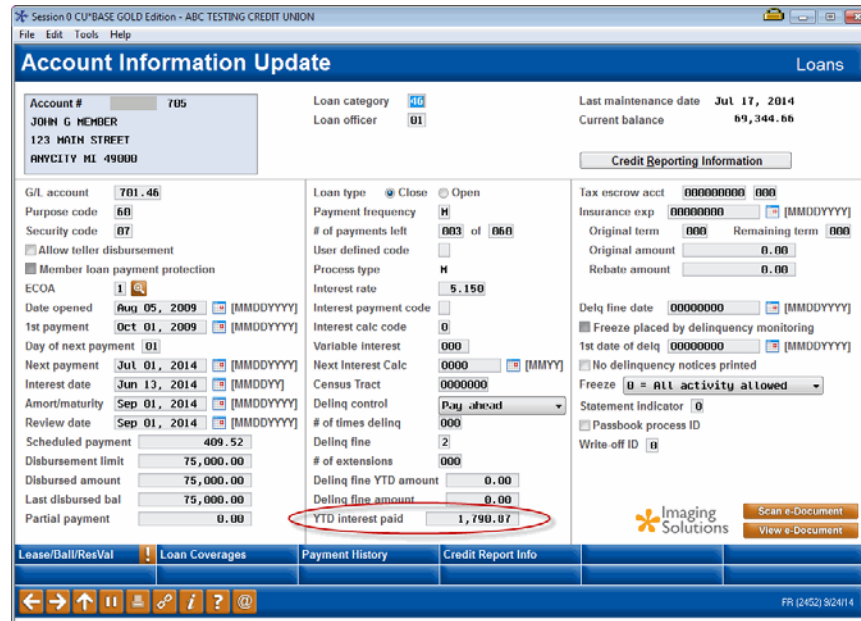
Many CU*BASE clients currently include balloon notes in their mortgage portfolio. At the end of the balloon period the loans are rewritten rather than simply re-amortized using the same account suffix. There are 1098 ramifications for the tax year in which a mortgage balloons and is rewritten. The CU*BASE 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.** See the footnote on Page 9.

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."

The screenshot shows a software window titled "Session 0 CU*BASE GOLD - ABC TESTING CREDIT UNION" with a menu bar (File, Edit, Tools, Help) and a main title "Closed Account Info Update" with a "Loans" button. The interface is divided into several sections:

- Member Information:** Account # 1 610, Branch # 1, G/L account # 701.34, Current balance 0.00. Address: JOHN G MEMBER, 123 MAIN STREET, ANYCITY, HI 49000.
- Account Information:** Loan note # 0000000, Security code 36, 1st delinquency 00000000, # of ext 000, CB comments, Report to credit bureau (checked), Teller disb, % calc date 00000000, Loan process type E. Purpose code 02, Date open Mar 30, 2002, Open/closed ID C, ECOA account code 1, Status 00, YTD Interest 601.39 (circled in red), Loan category 15.
- Student Loans Only:** Government reimbursement ID, Government int % before payout 000, Government int % before payout 000.
- Indicators:** Frozen disbursement Not frozen, Passbook process ID 0, Write off ID 0, CUNA loan insurance, Statement indicator.
- Mortgage Loans:** Tax escrow acct, Census tract.

At the bottom right, there are "Imaging Solutions" buttons for "Scan Document" and "View Document", and a status bar with "FN (532) 02414".

Remove any amount shown in the *Y-T-D 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 FOR MORTGAGE LOANS

Also refer to Page 29 for instructions on how to record data such as *Mortgage points paid* to print on form 1098 for your mortgage loans.

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 2016 Form 1098		Mortgage Interest Statement	
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Mortgage interest received from payer(s)/borrower(s) \$			Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
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		
PAYER'S/BORROWER'S name		4 Refund of overpaid interest \$	5 Mortgage insurance premiums \$		
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 form (see Page 83).

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 62 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 [REDACTED]

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 LH 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.

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

Mortgage Loans

Use this screen to enter *Mortgage points paid*. This will be reported to the IRS and printed in box 6 on the 1098 form (assuming one is produced for this member).

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 26 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 updates 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 27.

**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 tools 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: 000000 [MMDDYY]
 Balance of principal outstanding: 0.00
 Fair market value: 0.00
 Borrower is personally liable for repayment of debt
 Description of property:

Delete

FR (3020)

If we are printing your forms, 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: Apr 15, 2014 [MMDDYY]
 Amount of debt discharged: 5,000.00
 Interest included in the canceled debt: 675.00
 Description of origin of debt: DESCRIPTION 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: 4,000.00

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	10,000.00	Sub payments in lieu of dividends or interest	0.00
Royalties	0.00	Crop insurance proceeds	0.00
Other income	0.00	Excess golden parachute payments	0.00
Federal income tax withheld	0.00	Gross proceeds paid to an attorney	0.00
Fishing boat proceeds	0.00		
Medical and health care payments	0.00		
Nonemployee compensation	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 software window titled "Session 0 CU*BASE GOLD - ABC TESTING CREDIT UNION". The main heading is "Savings Bond Redemption". The interface includes 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: MEYER
Address: 123 MAIN STREET
City: ANYCITY
State: MI
ZIP code: 49000

Buttons: Post, YTD Inquiry, Delete

Navigation icons: back, forward, up, down, search, help, refresh

Footer: FN (8130) 9/25/14

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 27.

VERIFYING SHARES AND CERTIFICATES FOR 1099-INT REPORTING

DEADLINE: Before December 31

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 31, 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"

10/05/16 17:07.55		BETA TESTING CREDIT UNION DIVIDEND CONFIGURATION REPORT											LSYSDV		Page 1						
Share Type	Div Apl	Clc Apl	Div Typ	Start Div Date	Next Div Date	Pay to	Rpt IRS	Liab Acct#	Expns GL	Accr GL	Min to Earn	Bal Div	Min Cod	Pen Div	Plt Frq	Pay Rate	---C U R R E N T R A T E---		-P E N D I N G-		
																	Split Amount(>)	Split Rate	Eff Date	New Rate	Eff Date
HOMETOWN C SD	HC	S	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	S	8/09/15	9/01/15	Y	90205	34105	83105						N	M					
INT PLUS C SD	IP	S	S	8/09/15	9/01/15	Y	90201	34045	83103		X	N	M			.05			7/01/12		
TRAD IRA S IR	IR	S	S	8/09/15	9/01/15	N	90300	34170	83052						N	M	.10		6/01/12		
																	9999.99	.20	6/01/12		
																	24999.99	.30	6/01/12		
																	99999.99	.40	6/01/12		

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"

9/22/16 10:37:37
RUN ON 9/22/16

SUCCESS CREDIT UNION
CERTIFICATE PRODUCT CONFIGURATION REPORT
AS OF 9/22/16

LcDCFG Page
User DAWNM

Corporate ID - ALL CORPORATIONS

CD APPLICATIONS

APPL TY	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---				ADD LAST	
								CERT	PNLTY	ACCR	EXP	IRS	\$ 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:

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 **X**

VERIFYING A/P VENDORS FOR 1099-MISC REPORTING

DEADLINE: Verify settings before December 31
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 31, 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 29 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. The 'Contact' field contains 'CSR TEAM'. The 'Address' field is divided into three lines: Line 1: '6000 20TH STREET SE', Line 2: 'SUITE 100', and Line 3: 'GRAND RAPIDS, MI 49546'. A 'Print Envelope' button is located to the right of the address lines. A 'Update 1099 Misc for Prev Year' button is at the bottom of the form.

Callout 1 (top right): 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.

Callout 2 (middle right): 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.).

Callout 3 (bottom left): 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.

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.

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

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.

<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>

	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.
1099-MISC box #	If this field is left blank, the amount will be reported in the non-compensation box on the 1099-MISC form. If you want the amount reported in a different box (to report the amount as rent, special attorney fees, etc.), enter the box number here. Refer to the IRS website for instructions.

Update 1099-MISC Info for Prev Year

Session 0 CU*BASE GOLD - ABC TESTING CREDIT UNION
File Edit Tools Help

Detail by Corporation / 1099 Reporting CHANGE

Corp ID	Corporation Name	Amount Paid YTD	Amount Paid Previous Year	Previous Year 1099 Amount
01	ABC CREDIT UNION	0.00	0.00	4,978.58
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
Totals		0.00	0.00	4,978.58

FR (4779) 9/2014

Any amount shown here was calculated during beginning-of-year processing, but can be manually changed here before forms are printed.

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.

*Remember that you **MUST** perform beginning-of-day and end-of-day processing on the first and last day of every month, regardless of whether your credit union is open on those days or not.*

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

SPECIAL NOTES FOR DECEMBER MONTH-END

Additional tasks that pertain specifically to year-end processing are included in the verification checklist starting on Page 45.

Following Year-End processing, on the last business day before year end for your credit union, there are special verifications to complete. CU*Answers will have verification and support teams on call throughout the end of the year to accommodate for differing credit union year end dates, and encourages you to complete the checklist beginning on Page 48.

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), as always 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.

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 on 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.

MONTHLY STATEMENT VERIFICATIONS

DEADLINE: After November statements are generated on December 1
After December/year-end statements are generated on January 1
(And every month after statements are generated)

Statement Processing is one of the most important tasks your Operations team handles for your credit union's membership. Beyond just generating the statement files themselves and sending them off to your print vendor, you are also responsible for verifying that statement data is correct and that there were no issues when the data was compiled for inclusion on the statements.

Our Client Services statement verification team has years of experience verifying statements for 100+ credit unions every month. In this book you'll find a treasure trove of tips and techniques from this team, explaining what you should be doing every month to make sure that your most important member communication – your statements – are being produced correctly.

And this is NOT just for year-end! It is extremely important that you do not wait until your largest, most complex statement run (December 31) to try the verification routines for the first time.

Therefore, we'll soon be sending you some Query reports and related files so that you can run the same reports and inquiries that our team uses, as described in the guidebook. Once you're comfortable running through the verification routines on a couple of monthly statement runs, you'll be ready to tackle the big year-end run.

This is a critical step and one that should **never** be skipped! The idea here is to spot-check the data to ensure that everything looks right before anything is actually printed or delivered to your members.

Refer to the separate Statement Verification Tasks booklet for complete instructions and a checklist of your responsibilities. (*Watch your mail for this to arrive early in November, in plenty of time for you to use it on December 1st with your November statements.*)

SPECIAL NOTES FOR DECEMBER (YEAR-END) STATEMENTS

Do NOT wait until year-end statements to do this verification process for the first time! Year-end statements have additional complexities and it is tremendously risky to attempt verification of those when you are not already familiar with the process on a more typical monthly run.

IMPORTANT: *Unless you have made special arrangements for us to verify your statements every month as a routine service, **CU*Answers Statement Verification teams are not able to verify your year-end statements for you.***

ANNUAL STATEMENT PREPARATION

STATEMENT MESSAGES/INSTRUCTIONS (SAGE DIRECT ONLY)

- Nov: Modify statement messages/instructions, print Control Report by November 10
Deliver statement inserts to Sage Direct by November 28
- Dec: Modify statement messages/instructions, print Control Report by December 5
Deliver statement inserts to Sage Direct by December 28

If your statements are printed by Sage Direct, 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 14 for instructions.

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

Description of Insert	Leftover Pieces	All or Selective	Selective Files	
			Count	Name
Paper Inserts				
1 COURTESY REPLY ENVELOPE	Hold at printer	Selective		STMT01
2	N/A	ALL		STMT02
3	N/A	ALL		STMT03
4	N/A	N/A		STMT04
5	N/A	N/A		STMT05
Selective Insert				
6	N/A	Selective		STMT06

Primary destination of statements: Pre-sort and mail

Remember that artwork (including a default insert, if any) must be specified and authorized via the third-party website.

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.

- Print the Control Report (OPER #6 Statement Processing > #7 Print Statement Control Report) and fax it to Sage Direct (fax # 616-940-3383) **no later than December 5, 2016.**
- 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.**

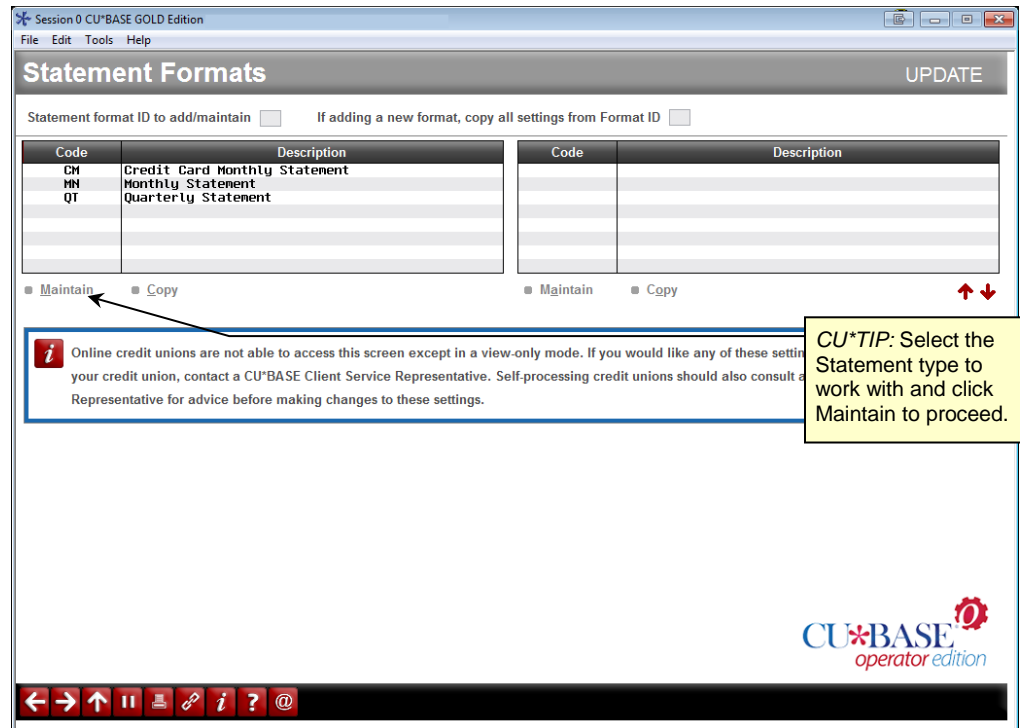
PREPARING THE ANNUAL STATEMENT CONFIGURATION

DEADLINE: Before running December Statements

In order for annual statements to include appropriate year-end tax information, you must modify your normal quarterly statement code instructions.

OPER > #10 > #5 "Member Statement Config."

Screen 1



(This screen is accessed via OPER #10 Credit Union Configurations > #5 Member Statement Config.) Choose your normal quarterly statement code (such as "QT" or whatever format you've designated for your annual statements) and use Enter to proceed to the second screen.

IMPORTANT REMINDER:

Don't forget that beginning-of-year processing **MUST** be run before generating your December statements!! See Page 45 for instructions.

Screen 2

Place a checkmark in both of the *Proceed...* options at the bottom of the screen, then use Enter to proceed.

Screen 3: Selection Criteria

These settings should be blank to ensure all members receive an annual statement.

For the statement period ending December 31, the "...with activity only" flags will be ignored so that members will be included regardless of activity.

Make sure that the selection criteria is set so that statements are generated for all accounts, regardless of activity. When done, use Enter to proceed to the final screen.

Screen 4: Reporting Criteria

General Information	Share Information	Master Account Information
<input type="checkbox"/> Bar code on page 1	<input checked="" type="checkbox"/> Joint owners	<input type="checkbox"/> Branch #
<input type="checkbox"/> Statement description	<input checked="" type="checkbox"/> YTD dividend paid	<input type="checkbox"/> SSN
<input checked="" type="checkbox"/> CU name/address	<input checked="" type="checkbox"/> Dividend rate	<input type="checkbox"/> Department #
<input checked="" type="checkbox"/> CU phone #	<input checked="" type="checkbox"/> Total deposit/withdrawn	<input type="checkbox"/> Employee ID
<input checked="" type="checkbox"/> Account separator line	Draft recon type: Vertical	<input type="checkbox"/> Primary joint owner
	NSF fee summary <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Shares	<input checked="" type="checkbox"/> Tiered scoring information
		<input type="checkbox"/> YTD club benefits
		<input type="checkbox"/> Start name/address line 15
		<input checked="" type="checkbox"/> Print substitute 1099-INT

Share CD Information	Tiered Services Information	Loan Information
<input checked="" type="checkbox"/> Joint owners	<input type="checkbox"/> Reward Points activity summary	<input checked="" type="checkbox"/> YTD interest paid
<input checked="" type="checkbox"/> YTD dividend paid	<input type="checkbox"/> Include introduction/marketing message	<input checked="" type="checkbox"/> Interest rate
<input checked="" type="checkbox"/> Dividend rate		<input checked="" type="checkbox"/> Next payment due date
<input checked="" type="checkbox"/> Issue/maturity dates		<input checked="" type="checkbox"/> Payment amount
<input checked="" type="checkbox"/> Total deposit/withdrawn		<input checked="" type="checkbox"/> Delinquency status
		<input type="checkbox"/> Total disbursements/payments
		<input checked="" type="checkbox"/> Fees paid (period and YTD)
		<input checked="" type="checkbox"/> MFOEL contract/plan # & fee/interest summary
		Activate mortgage statement feature: Flagged mortgage categories

If your credit union has chosen to print 1099-INT information on member statements, place a checkmark in the *Print Substitute 1099-INT* field. You will also need to clear all statement messages using Update Statement Message/Inserts. See Pages 11-14 for more information.

IMPORTANT: *Whether or not you choose to use your statements for substitute 1099-INTs, your year-end statement will include the new annual summary of dividends earned/interest paid.*

REMOVING ANNUAL INSTRUCTIONS FOR THE NEXT QUARTERLY STATEMENT RUN

If you are modifying your normal QT quarterly statement configuration for this mailing, be sure to return the settings back to their original configuration after year-end statements are completed and before the next quarterly run (March 31, 2017). If you printed substitute 1099-INT information on your year-end statements, you'll also need to set up any statement messages you wish to use for your March statements. (See Page 14 for instructions.)

HINT: *As a reminder, change the statement description to "Year-End Quarterly Statement" or something similar, then change it back to the original description when resetting all configuration options.*

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	55.68
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		2013 Interest Income Copy B	
YOUR CREDIT UNION NAME 123 YOUR CU'S ADDRESS YOURTOWN, USA		Form 1099-INT	OMB No. 1545-0112
(123) 456-7890		For Recipient	
PAYER'S federal identification number	RECIPIENT'S identification number	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.	
36-1234567	XXX-XX-1234	See 1099-INT Instructions For Recipient on an enclosed form.	
1 Interest Income not included in Box 3	2 Early withdrawal penalty	3 Interest on U.S. Savings Bonds and Treas. obligations	4 Federal income tax withheld
\$322.61	\$0.00	\$0.00	\$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 0009990 00 000011 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.

AUTOMATED END-OF-YEAR PROCESSING

DEADLINE: Last Business Day of the Year
Complete Verification Checklist: When All EOY Processing Steps are Done
DEADLINE: Review Tax File Verification reports by January 3

Beginning in 2016, End-of-Year processing has been automated, much like the automated EOM process for self-processing credit unions. This means that for those Self-Processors that have ROBOT, End-of-Year processing will be ran via ROBOT. ROBOT will complete End of Month, Beginning of Year, and Beginning of Day, as well as End of Day and Beginning of Day, depending on your last business day for the year. There is no need to return any checklist or documentation to any verification teams, as there are no stopping points during this automated process.

Your End-of-Year processing date has been selected for you, based on your business days and holiday configuration.

For credit unions open 5 days a week or credit unions that are open 6 days a week and Saturday, December 31 is a holiday:

On Friday, December 30, the following processes will run automatically:

- End of Day for December 30
- Beginning of Day for December 31
- End of Day for December 31
- End of Month for December 31
- Beginning of Year for 2017
- Beginning of Day for January 1
- End of Day for January 1
- Beginning of Day for January 2

For credit unions that are open 6 days a week and are also open on Saturday, December 31:

On Saturday, December 31, the following processes will run automatically:

- End of Day for December 31
- End of Month for December 31
- Beginning of Year for 2017
- Beginning of Day for January 1
- End of Day for January 1
- Beginning of Day for January 2

PRIOR TO YOUR SCHEDULED YEAR END PROCESSING DATE

- Perform any preparations needed to do your normal month-end verifications (i.e., run reports to verify accruals, dividend payments, fees and service charges, etc.). Refer to the separate “Month-End Processing Verifications” booklet for details.

- Update your HSA and IRA Limits for 2017 – this task is NOT a part of the ROBOT job, and must be completed manually for your credit union before ROBOT is completed. See above for your last business day in order to determine your deadline to update your limits. See page 50 for more details.

IMPORTANT REMINDER: Even with automation, don't forget that beginning-of-year processing MUST be run before generating your December statements!! See below for additional instructions.

RUN YEAR-END (DECEMBER) STATEMENTS

- Year-end statements can be generated at any time after beginning-of day processing for **Monday, January 2**, has been completed, which will occur during the end of the automated process.
- As with every month, you should perform due diligence verifications on statements, paying special attention to things that are unique to year-end statements such as additional IRA information, dividend/interest summaries, and substitute 1099-INT information, if appropriate. See Page 39 for more details. Pay special attention to the **What's New** section on Page 4 of this guide to determine if any special verifications need to be made.

BEGINNING-OF-YEAR/TAX FILE VERIFICATION REPORTS

- When Beginning-of-Year has been completed, a series of reports will be produced automatically. Use them as you perform the following year-end verifications:

<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.
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 PVEOYTAXF1 report.

REVIEW THESE REPORTS NO LATER THAN **JANUARY 3, 2017, TO ENSURE YOU MEET ALL DEADLINES.**

END-OF-YEAR VERIFICATION CHECKLIST

Use this checklist before and after End-of-Year processing is run for your credit union.

Verifications Completed Prior to Year-End

- Verify Loan Categories for the Equity Flag
- Verify Share and Certificate configurations for proper 1099-INT reporting
- Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting
- Verify State ID # and State Abbreviation (MNGELE #2)
- Verify Share Rate Changes (if any were scheduled)
- Verify Certificate Variable Rate Changes (scheduled)
- Verify Loan Variable Rate Changes (scheduled)

Verifications Completed After to Year-End

See the Month-End Verifications Booklet for instructions on these:

- Share Dividend Posting
- Share Rate Changes (if any were scheduled)
- Custom Bonus Dividends
- Marketing Club Share Benefit Payments
- Certificate Dividends
- Certificate Variable Rate Changes (scheduled)
- Marketing Club Certificate Benefit Payments
- Loan Variable Rate Changes (scheduled)
- Custom Loan Interest Refunds
- Marketing Club Loan Benefits
- Monthly and Annual Service Charges and Bonus Refunds
- Dormancy Fees
- Deposit Item Fees
- Marketing Club Fees
- Bill Payment Fees
- Self Service Fees
- E-Statement Fees
- Safe Deposit Box Rental Fees
- No accounts show:
 - Negative YTD dividends (shares/CDs)
 - Negative YTD interest (loans)
 - Negative YTD penalties (CDs)
 - Negative YTD fines (loans)

See further instructions within this guide for completing these tasks:

- IRA Balance File Creation
- HSA Balance File Creation (*if applicable*)
- Tax File Creation (check the What's New section for additional items to verify)
- YTD Fields Cleared
- Accounts Payable Vendor 1099-MISC Information

REPORTING FAIR MARKET VALUE FOR IRAS TO MEMBERS AND THE IRS

DEADLINE: FMV is reported to members on year-end statements
Report FMV 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, you will need to send a file with the information to Ascensus in January after final verification is complete.

Follow the steps on Page 77 to create the file. Ascensus will pull the needed information from the file (which will also include other IRA-related data) in order to report Fair Market Value for you. Remember that you will need to repeat this process again in April to report final 5498 information to Ascensus.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections!

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 12/31/15 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 2017, be sure to indicate that on your Tax Forms Handling Instructions (see Page 83).

ANNUAL UPDATES OF IRA AND HSA BALANCE FILE LIMITS

DEADLINE: Before your last business day of the year (before ROBOT runs)
Updates to individual balance file records can be done any time in January

As part of EOY processing (see Page 45), the system creates new 2017 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.

As a self-processing credit union, even with ROBOT EOY, you must manually update the default limits before ROBOT begins, so that the correct limits are used when populating new 2017 balance file records. See below and also Page 45 for instructions.

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 need to be set prior to ROBOT and are then used when creating 2017 balance file records for all existing HSA accounts.

New Limits for 2017: 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.

IMPORTANT: If you had manually adjusted the deposit limit for any individual accounts, you will need to manually change the new 2017 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.

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

Seq	Br #	G/L Account #	Debit	Credit	Source #	Description	Records imported
1	1	960.00	440,599.97	0.00		TRANSFER TO EQUITY	0
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			

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.

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:

Session 0 CU*BASE GOLD Edition - Chart of Accounts Maintenance

File Edit Tools Help

Chart of Accounts Maintenance

Corp ID
Corporation name **ABC CREDIT UNION**

Address Information

Address line 1 **9999 ELM ST** County **COUNTYNAME**
 Address line 2 **PO BOX 1** Phone # **555 5555555**
 City **ANY CITY** Web URL **WWW.CREDITUNIONWEBSITE.ORG**
 State **MI**
 ZIP code **49546 0000**

J/E Processing & Posting Features

Fiscal ending month **12** Current process month and year **Dec 2016** [MMYY]
 Check reconciliation G/L account **745.15**

New Member Processing

Current processing month/year is equal to period 13 Y/E
 G/L check processing - Auto-post J/E after processing

Check distribution bank ID **CI** Location **01** Account **745.15**
 Money order distribution bank ID **MI** Location **01** Account **745.16**
 Entry corporate change fund ID **TR** Location **01** Account **739.00**
 Year end closing G/L account Location **01** Account **960.00**

Suspend
New Company
Delete

FR (2074) 9/25/14

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

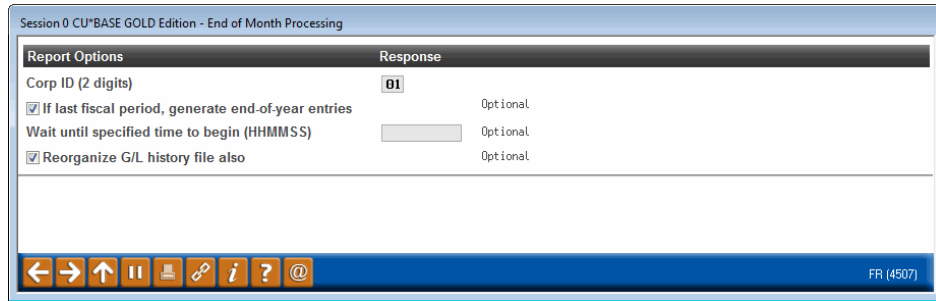
Field Name	Correct Parameter
Current process year/month	Dec 2016
Fiscal ending month	12
Current processing period is equal to the 13th Y/E closing period	<input checked="" type="checkbox"/> (checked) This ensures that the system creates the thirteenth period journal entries during the month/year-end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

- 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:

- From the CU*BASE Investments menu (MNINVS), choose #9, "Reset YTD Income Tracking."
- 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:

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-
PHLBHC	PHLB 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 2016.

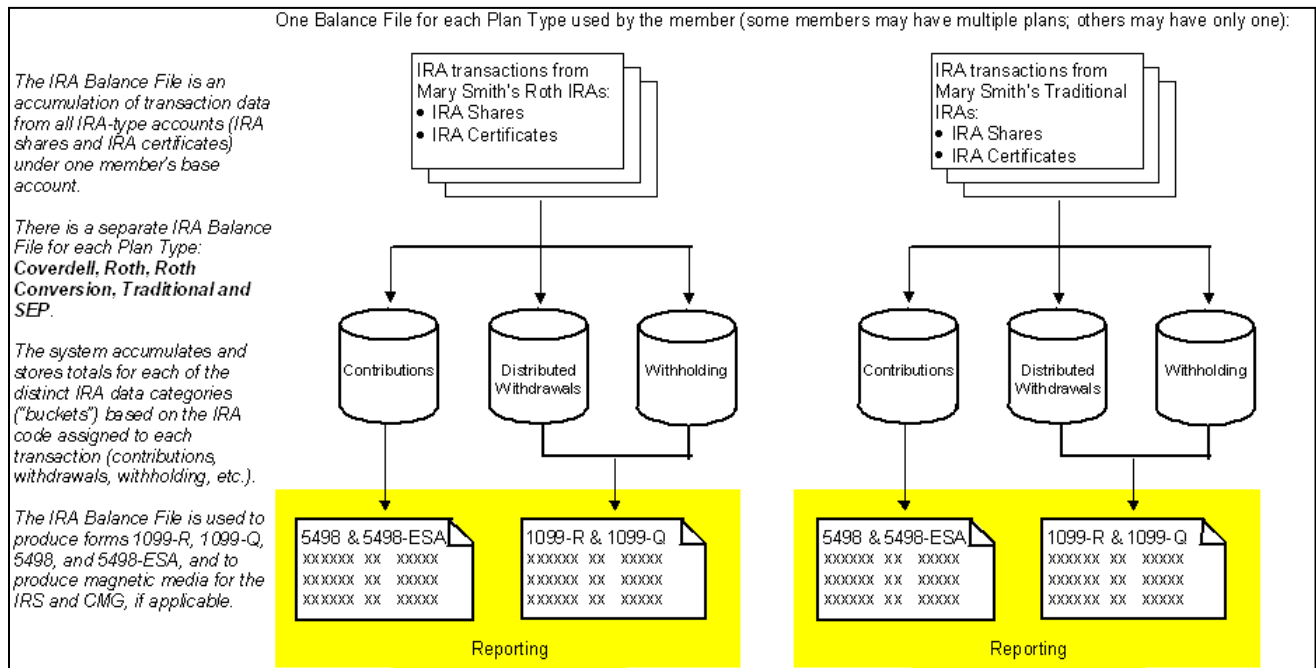
HINT: To view investment income YTD amounts, print an investment Trial Balance (MNINVS #23). The YTD Income amount is listed as the figure farthest to the right. Next, look at the income history (MNINVS #1, then F12-View Status) and add the amounts posted in 2016. The amounts should match. If the amount 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 2017 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 49 & 44), **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			L1RAVR	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			L1RAVR3	PAGE
USER DAWNM						
PLAN TYPE: TRADITIONAL						
***** IRA BALANCE FILE DATA ***** DISTRIBUTIONS TO BENEFICIARIES *****						
ACCT NO.	MEMBER NAME	DEATH DIST TTL	SSN/TIN	BENEFICIARY 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.

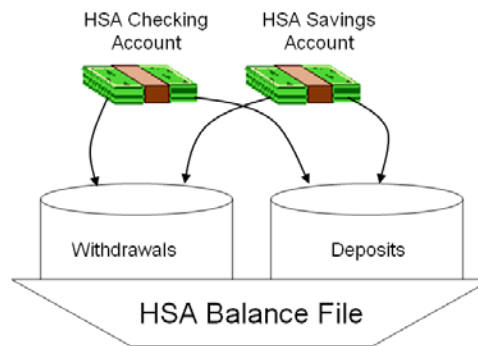
Special Note to Credit Unions Converted During 2016 - If your credit union converted to the CU*BASE platform during 2016, it may not have been possible to determine amounts to populate the IRA “buckets” from your old data processing system. Therefore, the IRA verification reports may not take into account 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 44), **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"

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

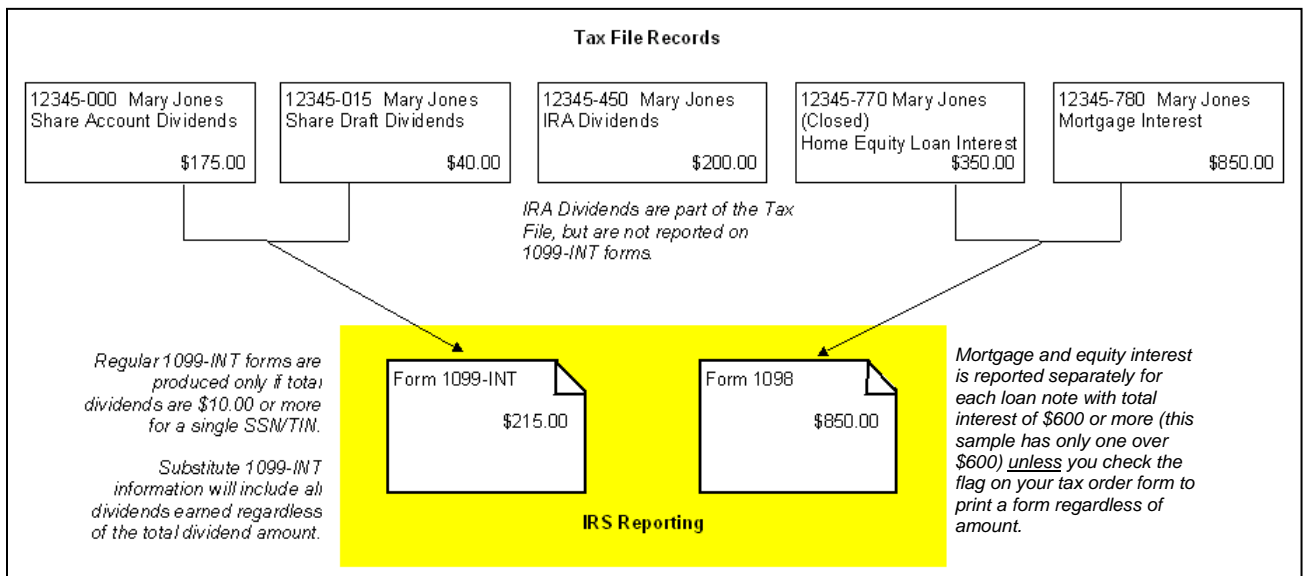
DEADLINE: Verification/Adjustments - By January 6 if CU*Answers is printing your forms
Final Print/Fiche of Tax Report - After all adjustments are made to the Tax File

During Beginning-of-Year processing (see Page 45), 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.

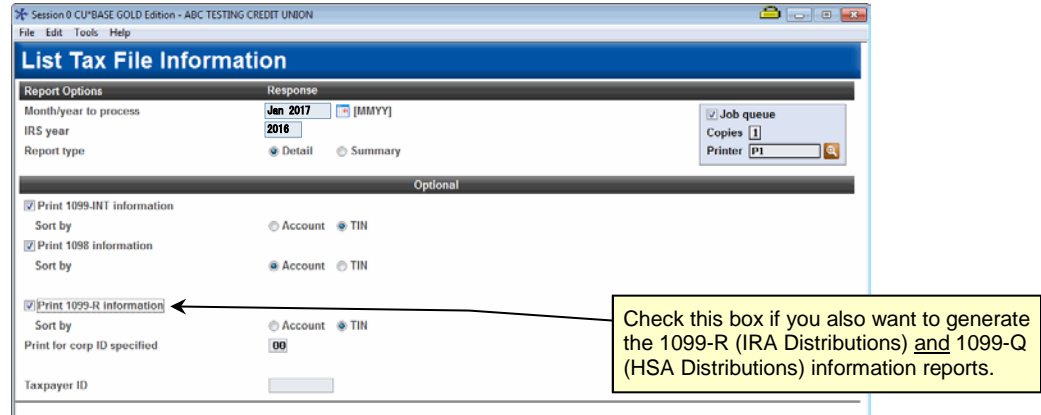
The Tax File contains summary IRS information for each year the account has been on the system. This summary information includes:

- 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 WITHOLDING	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

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"

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

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

10/06/16 13:53.00		BETA TESTING CREDIT UNION					LTAX1099	Page 1	
RUN ON 10/06/16		1099-M TAX INFORMATION RECORDS					USER DAWNM		
2016									
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 23 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 27) at any time up until printed forms are produced. Once forms have been created, tax file updates can still be performed until the **March 31** deadline 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.

SUBMITTING DATA TO A VENDOR FOR PRINTING FORMS

DEADLINE: 1099/1098 forms - Submit to Sage Direct by January 6
5498 forms - Submit to Sage Direct by April 20

These instructions should be followed if you have asked Sage Direct to print your tax forms, or if you are submitting data to a third-party vendor to print your forms.

1099/1098 FORMS

This procedure must be followed before **January 6** if Sage Direct is printing your 1099/1098 forms.

Special Note Regarding Substitute 1099-Int Forms

If your credit union printed substitute 1099-INT information on year-end member statements, members who did not receive a year-end statement (such as members who closed their accounts earlier in the year, or non-members who redeemed savings bonds during the year) will require a regular 1099-INT form to be printed separately. Therefore, Sage Direct will print all remaining 1099-INT forms that were *not* included on a statement. (Remember that a regular 1099-INT form will only be produced where total dividends under the SSN/TIN are \$10.00 or greater.)

1. OPER > #4 Annual/Tax Processing > **#1 Prepare 1099/1098 File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION
File Edit Tools Help

Create IRS File

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2016

Include mortgage interest less than \$600.00
 Include mortgage lines/late fees with mortgage interest
 Process 1099 R's and 1099 Q's
 Process 1099-SAs

Create file for U = Vendor Printing

Create transmitter record
File type O = Original

Credit union is participating in the combined federal and state filing program

CU*TIP: There are two main differences between the Vendor format and the IRS format: the Vendor format will exclude members for whom a substitute 1099-INT was already produced; the IRS format includes all members. Also, the Vendor format uses both of the ADDR1 and ADDR2 30-byte fields, whereas the IRS format concatenates the address to the maximum of 40 characters allowed by the IRS.

Also remember that if you use a different print vendor, special programming may be required to use the Vendor format.

4. Complete all fields (described below) and use Enter to continue.

<i>Field Name</i>	<i>Description</i>
Year to process	Enter 2016 here.
Include mortgage interest less than \$600	If you wish to print a 1098 form for all members, even those whose mortgage interest is under \$600, check this flag. Leave it unchecked (the default) to produce forms only for members where the interest exceeds \$600 (by individual mortgage). See Page 23 for more details.
Include mortgage fines/late fees with mortgage interest	Check here if you want to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. (A total of interest paid + delq. fines paid would be reported in box 1 of the form.) IRS instructions for form 1098 say that interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service. So the setting you choose it will depend on how this requirement applies in your credit union's situation.
Process 1099-Rs and 1099-Qs	Check this flag if your IRA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Process 1099-SAs	Check this flag if your HSA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Create file for	Choose V = Vendor Printing to produce a file for printing. This will <u>exclude</u> members for whom a substitute 1099-INT was already produced. (Also see the *Special Note below.) For 1098 forms, this format <u>does</u> include property tax paid amounts, so they can be printed in box 4 on the form. (Also see the *Special Note below.)
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.
Credit union is participating in the combined federal & state filing program	Set this flag according to your credit union's situation.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P1099x or P1098x) will be generated automatically for each form type; **print and keep these reports**.
7. The file **IRSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready.
8. If Sage Direct is printing your forms*, send the file directly using the same methods for sending Sage statement files.
9. **If you have an eDOC in-house server**, you can download this data for archival purposes. Follow the steps on Page 70.

*Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for instructions on transmitting the file created in Step 7 to your vendor. Also, you must contact the vendor to determine the format required for submitting

tax form information for printing, as well as all appropriate deadlines. Please contact a CU*Answers Client Service Representative if you need assistance in complying with your vendor's required format.

Also remember that even though 1098 data now includes property tax amounts (in this vendor format, not the IRS format), it is still between you and your print vendor to decide whether or not that amount will be printed on your 1098 forms.

5498 FORMS

This procedure must be followed before **April 20** if Sage Direct is printing your 5498 forms.

1. OPER > #4 Annual/Tax Processing > **#5 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2016 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	Choose All Plans (blank). NOTE: If you use this screen for printing a file required by a third-party print vendor, choose Education Only (E) when printing in April and Exclude Education IRA (X) when printing in May. Contact your print vendor for instructions.

<i>Field Name</i>	<i>Description</i>
Select accounts with previous year contributions only	Since IRA contribution information is detailed on your year-end statements, if you are self-administered you may check this flag if you would like to generate 5498 forms only for members who make a 2016 contribution during January through April, 2017. IMPORTANT: Applies <u>only</u> if your IRA/HSA programs are self-administered.
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. This could be done separately from IRA 5498 data if required by your vendor; if CU*Answers is printing your HSA forms, check both of these Process... flags to include both types of records in the same file.
Create file for IRS reporting or vendor printing	If Sage Direct is printing your forms, choose V = Vendor Printing .
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.
Credit union participates in the combined federal and state filing program	Set this flag according to your credit union's situation.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**.
7. The file **IRHSCØ1 (IRA/HSA Contributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready.
8. If Sage Direct is printing your forms*, send the file directly using the same methods for sending Sage statement files.
9. **🚫 IMPORTANT:** Fax the reports from Step 6 to your print vendor.
10. **If you have an e-DOC in-house server**, you can download this data for archival purposes. Follow the steps on Page 70.

Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.

***Special Note Regarding Alternate Print Vendors**

If your credit union uses a third-party vendor to print your tax forms, refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for instructions on transmitting the file created in Step 7 to your vendor. Also, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU*Answers Client Service Representative if you need

assistance in complying with your vendor's required format. **If your vendor will not accept the IRS format, custom programming may be required.**

DOWNLOADING TAX DATA TO YOUR IN-HOUSE EDOC SERVER

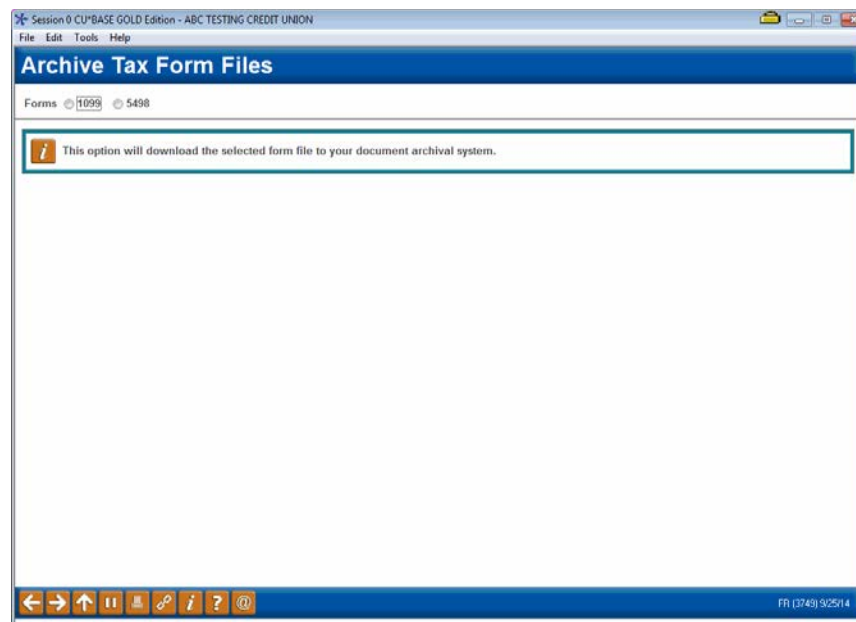
DEADLINE: Any time after tax forms have been generated.

If you have an in-house electronic document server from eDOC Innovations, there is an option on the IRS Forms Printing menu you can use to download tax forms to your eDOC server for archival purposes.

1. First, be sure to **contact eDOC Innovations** and make sure your server is prepared to receive this data. Custom programming and/or configuration may be required.
2. Next, if you have never downloaded tax data to your in-house eDOC server, **contact Lora O'Connor** (lora.oconnor@cuanswers.com) to ensure that the proper script changes have been made to accommodate your particular situation. This will ensure that when you use the CU*BASE menu command, the system knows what to do and where to send the data.

Assuming steps 1 and 2 have already been handled, after you have generated the data according to the IRS procedures outlined on Pages 74 and 7567, proceed with the remaining steps.

3. OPER > #4 Annual/Tax Processing > **Dwnld Tax Forms to eDoc Server**



4. Choose either **1099** (which includes all of the 1099 variations, except 1099-MISC, plus 1098 forms), **MISC** (1099-MISC), or **5498**.
5. Use Enter to proceed.

DOWNLOADING TAX DATA FOR CU*ARCHIVES

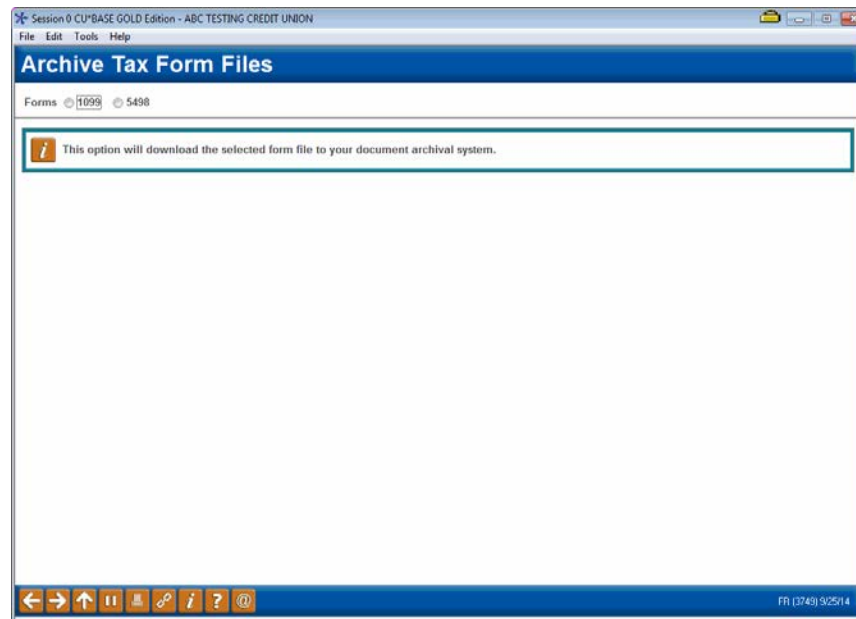
DEADLINE: January 20

If you have requested a Tax Forms CU from CU*Archives, there is an option on the IRS Forms Printing menu that you must take to download tax forms to CU*Answers' CU*Spy server.

1. If you have never requested a Tax Forms CD, **contact Lora O'Connor** (lora.oconnor@cuanswers.com) to ensure that the proper script changes have been made to accommodate your particular situation. This will ensure that when you use the CU*BASE menu command, the system knows what to do and where to send the data.

Assuming step 1 has already been handled, after you have generated the data according to the IRS procedures outlined on Pages 74 and 7567, proceed with the remaining steps. CU*Archives also required the vendor format as outlined on Pages 66-69.

2. OPER > #4 Annual/Tax Processing > **Dwnld Tax Forms for CU*Archives**



3. Choose either **1099** (which includes all of the 1099 variations, except 1099-MISC, plus 1098 forms), **MISC** (1099-MISC), or **5498**.
4. Use Enter to proceed.
5. You will receive a confirmation email if the file is successfully transmitted.

FORM 1099-R/1099-SA

INSTRUCTIONS: ASCENSUS-ADMINISTERED

DEADLINE: Report to Ascensus in January (per their deadline)

If your credit union's IRA and/or HSA programs are administered by Ascensus, you can choose to report 1099-R/1099-SA 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 reporting to Ascensus, perform a final verification of IRA and HSA 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 57 and 60 for additional instructions.

Follow the steps below to create the file to send to Ascensus.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections! **Ascensus does charge a fee if you send the wrong information and need to resend later.**

TO CREATE THE 1099 DATA FILE TO BE SUBMITTED TO ASCENSUS

1. OPER > #4 Annual/Tax Processing > **#4 Prepare 1099-R/1099-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

Report Options	Response
Year to process	2015
<input type="checkbox"/> Process 1099-Qs	
<input checked="" type="checkbox"/> Process 1099-Rs	
<input checked="" type="checkbox"/> Process 1099-SAs	
<input checked="" type="checkbox"/> Create transmitter record	
<input type="radio"/> Test <input checked="" type="radio"/> Original	
<input type="checkbox"/> Credit union is participating in the combined federal and state filing program	

4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

<i>Field Name</i>	<i>Description</i>
Year to process	Enter 2016 here.
Process 1099-Qs	Leave this flag <u>unchecked</u> (Ascensus will not accept distribution information for Education IRAs in a file).
Process 1099-Rs	Check this if you want to include distribution information for all non-education IRAs (all other plan types) in the file. NOTE: Ascensus may require you to submit IRA and HSA data separately. (Contact Ascensus for instructions.) If so, you will need to repeat all of these steps, checking only one of these flags at a time. Remember that the process uses the same file name (see Step 6) no matter what data you include, so make sure to complete all steps, including downloading the file, before repeating.
Process 1099-SAs	Check this if you want to include distribution information for HSAs in the file. (See the NOTE above.)
Create transmitter record	This should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.
Credit union is participating in the combined federal and state filing program	Check this or not according to your credit union's situation.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports.**
7. The file **IRHSDØ1 (IRA/HSA Distributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.

SUBMITTING 1099/1098 TAX DATA TO THE IRS

DEADLINE: Submit data to IRS by March 31

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline is **March 31, with the exception of 1099-MISC.**

*TIP: For our online clients, we use an earlier date of **February 28** as the due date to submit this data to the IRS. This ensures we have adequate time to respond to any problems with the transmission or data format, etc., well in advance of the final IRS deadline.*

*Also, even though CU*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at www.irs.gov.*

TO CREATE THE 1099/1098 IRS FILE TO BE SUBMITTED TO THE IRS

1. OPER > #4 Annual/Tax Processing > **#1 Prepare 1099/1098 File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

The "I" option for IRS Reporting does NOT include 1099-MISC. See page 76 for more information regarding submitting 1099-MISC forms to the IRS.

4. Complete all fields (described below) and use Enter to continue.

Field Name	Description
Year to process	Enter 2016 here.
Include mortgage interest less than \$600	If you wish to print a 1098 form for all members, even those whose mortgage interest is under \$600, check this flag. Leave it unchecked (the default) to produce forms only for members where the interest exceeds \$600 (by individual mortgage). See Page 23 for more details.
Include mortgage fines/late fees with mortgage interest	Check here if you want to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. (A total of

<i>Field Name</i>	<i>Description</i>
	interest paid + delq. fines paid would be reported in box 1 of the form.) <p>IRS instructions for form 1098 say that interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service. So the setting you choose it will depend on how this requirement applies in your credit union's situation.</p>
Process 1099-Rs and 1099-Qs	Check this flag if your IRA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Process 1099-SAs	Check this flag if your HSA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Create file for	Choose I = IRS Reporting to produce a file for tax reporting. This will <i>include</i> members for whom a substitute 1099-INT was produced and will use the required address format which concatenates the address 1 and address 2 fields to a maximum of 40 characters. For 1098 forms, this format does <u>not</u> include property tax paid amounts.
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.
Credit union is participating in the combined federal and state filing program	Set this flag according to your credit union's situation.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P1099x or P1098x) will be generated automatically for each form type; **print and keep these reports for your records.**
7. The file **IRSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be transmitted to the IRS. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

SUBMITTING 1099-MISC TAX DATA TO THE IRS

DEADLINE: Submit data to IRS by January 31

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline for 1099-MISC forms is **January 31**.

*Even though CU*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at www.irs.gov.*

TO CREATE THE 1099-MISC IRS FILE TO BE SUBMITTED TO THE IRS

1. OPER > #4 Annual/Tax Processing > **#2 Prepare 1099-MISC File**
2. Enter your credit union's corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed.

The 1099-MISC screen is currently in development. When the screen is complete, we will update this guide with a screenshot for reference.

4. Complete all fields (described below) and use Enter to continue.

Field Name	Description
Year to process	Enter 2016 here.
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.
Credit union is participating in the combined federal and state filing program	Set this flag according to your credit union's situation.

8. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
9. Reports P1099M will be generated automatically; **print and keep this report for your records.**
10. The file **IR1099MSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be transmitted to the IRS. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

FORM 5498/5498-SA/5498-ESA

INSTRUCTIONS: ASCENSUS- ADMINISTERED

DEADLINE: Final Changes to IRA/HSA Balance File after April 18
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

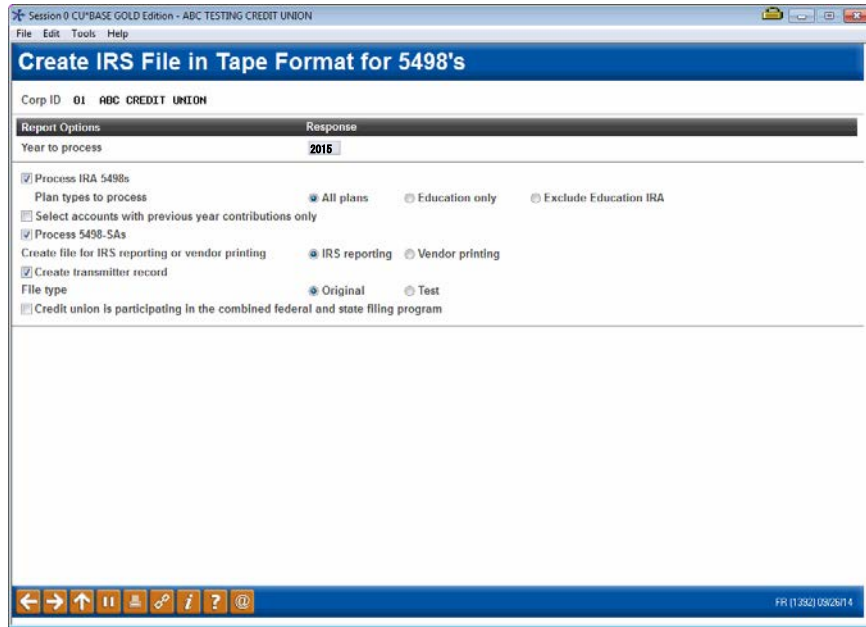
Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2016. Form 5498-SA is used to report HSA plan contributions.

Before generating 5498 data, be sure to verify 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 57 and 60 for additional instructions.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections! **CUNA does charge a fee if you send the wrong information and need to resend later.**

TO CREATE THE 5498 DATA FILE TO BE SUBMITTED TO ASCENSUS

1. OPER > #4 Annual/Tax Processing > **#5 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:



- Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2016 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	If Ascensus requires you to submit ESA and non-ESA data separately, use this option to choose Education or Non-Education. Otherwise you can choose All Plans to combine all data into one file. Please contact Ascensus for specific instructions.
Select accounts with previous year contributions only	This flag should remain unchecked (N). It is important to report <i>all</i> data to Ascensus then work with them if you wish to specify which members should receive a form.
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. NOTE: Ascensus may require you to submit IRA and HSA data separately. (Contact Ascensus for instructions.) If so, you will need to repeat all of these steps, checking only one of these <i>Process...</i> flags at a time. Remember that the process uses the same file name (see Step 6) no matter what data you include, so make sure to complete all steps, including downloading the file, before repeating.
Create file for IRS reporting or vendor printing	Choose I = IRS Reporting . The IRS format concatenates the address 1 and address 2 data according to IRS requirements (the Vendor format uses both fields).
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.

<i>Field Name</i>	<i>Description</i>
Credit union is participating in the combined federal and state filing program	Set this flag according to your credit union's situation.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports.**
7. The file **IRHSCØ1 (IRA/HSA Contributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.

FORM 5498/5498-SA/5498-ESA

INSTRUCTIONS: SELF-ADMINISTERED

DEADLINE: Verify IRA/HSA Balance File after April 18
Submit data to Sage Direct for printing by April 20
5498-ESA Forms to Members by May 2; All Other 5498 Forms to Members 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.

Before generating 5498 forms, be sure to verify IRA contribution information. 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 57 & 60 for additional instructions.

PRINTING 5498 FORMS

If Sage Direct is printing your forms:

Send the file directly using the same methods for sending Sage statement files.

*Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU*Answers Client Service Representative if you need assistance in complying with your vendor's required format. **If your vendor will not accept the IRS format, custom programming may be required.**

REPORTING 5498 DATA TO THE IRS

All 5498 contribution data must be reported to the IRS by **May 31**.

1. OPER > #4 Annual/Tax Processing > **#5 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

- Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2016 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	Choose All Plans (blank).
Select accounts with previous year contributions only	This flag must be unchecked (N).
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. For reporting to the IRS, both of these <i>Process...</i> flags should be checked to include both types of records in the same file.
Create file for IRS reporting or vendor printing	Choose I = IRS Reporting . The IRS format concatenates the address 1 and address 2 data according to IRS requirements (the Vendor format uses both fields).
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.
Credit union is participating in the combined federal and state filing program	Set this flag according to your credit union's situation.

- If the *Create Transmitter Record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
- Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**.
- If you are reporting to the IRS electronically, the file **IRHSC01 (IRA/HSA Contributions)** in your FILExx library (where 01 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

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 10 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.

TAX FORMS HANDLING INSTRUCTION FORM

Included with this guide packet is the following form, to be completed and returned to CU*Answers as part of your year-end processing requirements. Please refer to previous pages for specific instructions.

<i>Form</i>	<i>Return to CU*Answers by</i>
2016 Tax Forms Handling Instructions	November 7, 2016



Fill in these forms online! Online (PDF) versions are available on our website so you can type your instructions into the form, print and sign the completed form, then fax it back to us (as directed on the individual form).