"Bump" Rate Certificates

Changing the Rate of a Certificate During its Term

INTRODUCTION

A different certificate marketing strategy is available in the credit union's savings arsenal. Bump Rate Certificate products allow members to change the rate of their certificates (a configured number of times) when it is to their advantage to do so such as when the current rate is better than the existing rate. Members will be intrigued by this option to get better returns, and you have a marketing tool to sell more certificates, even when interest rates are low.

To offer this product credit unions simply configure Certificate Types to allow the rate to be "bumped" a specific number of times. When a certificate is opened the Certificate Type is used to determine the number of times a member can use this feature. It is easy for employees to assist the member to "bump" the rate via CU*BASE or even for the member to make the change themselves via online banking.

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For an updated copy of this booklet, check out the Reference Materials page of our website:
http://www.cuanswers.com/resources/doc/cubase-reference/

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BEING AN INTERNET RETAILER

Internet retailers utilize all online banking tools at their disposal to maximize the targeted exposure of their products.

This section covers the Bump Rate Certificate tools built right into CU*BASE and **It's Me 247** your credit unions can use to be more effective in selling products online. Use these tools as part of your arsenal to provide special pricing and discounts, and to create meaningful differentials between what is offered via other channels and what is offered via online banking.

What is the member's experience online?

When you sell bump rate certificates on your rate board, your member can view marketing text to learn about the bump rate feature. At any time, the member can see the "Current Available Rate" for the certificate. If the current rate is higher than the rate of the certificate and the member has not exceeded their number of allowed bumps, the member can select (whenever they want) to "jump to" a greater rate.

See Page 12 for examples of what the members sees online.

How does the member see the DIFFERENCE in participating with you online?

The member sees the difference in participating with your credit union online when this results in a higher certificate rate. It is more likely they will know that it is a good time to "bump" their rate because they can look at any time in online banking.

Who can I turn to for more assistance?

Don't have time to set it up? Engage the Earnings Edge team to help you design and execute this initiate.

What is a breakdown of the steps for my credit union?

- Activate the Bump Rate feature in the Certificate Type configuration and select the number of times the member can change their rate. *See page 4 of this booklet for more details.*

- Enter the sales text the member will see online that explains this special feature and any other marketing text you want the member to see. This is done in the Member Sales Text information screen accessed from Rate Maintenance. *See the certificate section of the "Selling Products Online" booklet for more details.*

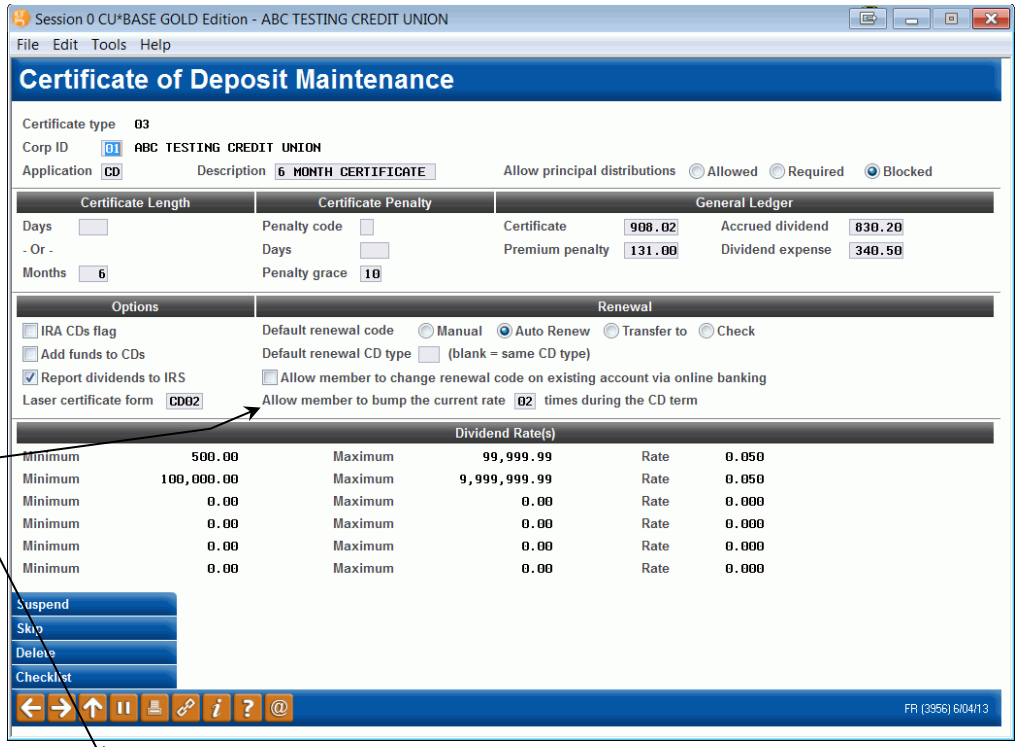
  http://www.cuanswers.com/pdf/cb_ref/sellingonline.pdf

- Activate this product so that it will show on the rate board for purchases. This is also accessed from the Rate Maintenance area.

CERTIFICATE TYPE CONFIGURATION

An *Allow member to bump the current rate XX times during the CD term* field on the Certificate Type configuration screen controls how many times a rate can be "bumped" during the term of the certificate. Credit unions may wish to create a new Certificate Type specifically to market this service as a special offering to members. Or credit unions may decide to change the configuration of an existing certificate product so that all newly opened certificates with this Certificate Type have this feature.

***Certificate Products Configuration* (Tool #194), then Certificate Type**

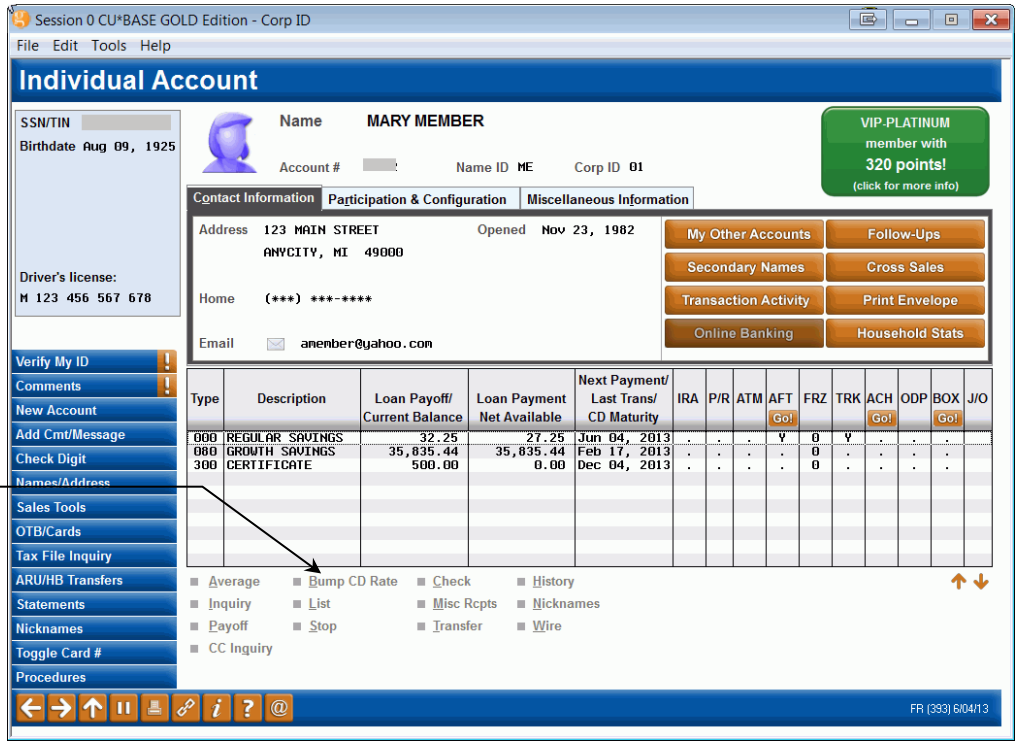


This indicates how many times a certificate of this Type can be "bumped." The changes to the certificate are recorded for the term of the certificate.

"BUMPING" THE RATE VIA CU*BASE

Employees can assist a member and use *Bump CD Rate* in Phone Operator to change the certificate rate for the member if:

- The certificate allows the rate to be "bumped"
- The current rate is higher than the original rate of the certificate
- The member has not exceeded the allowed number of "bumps"

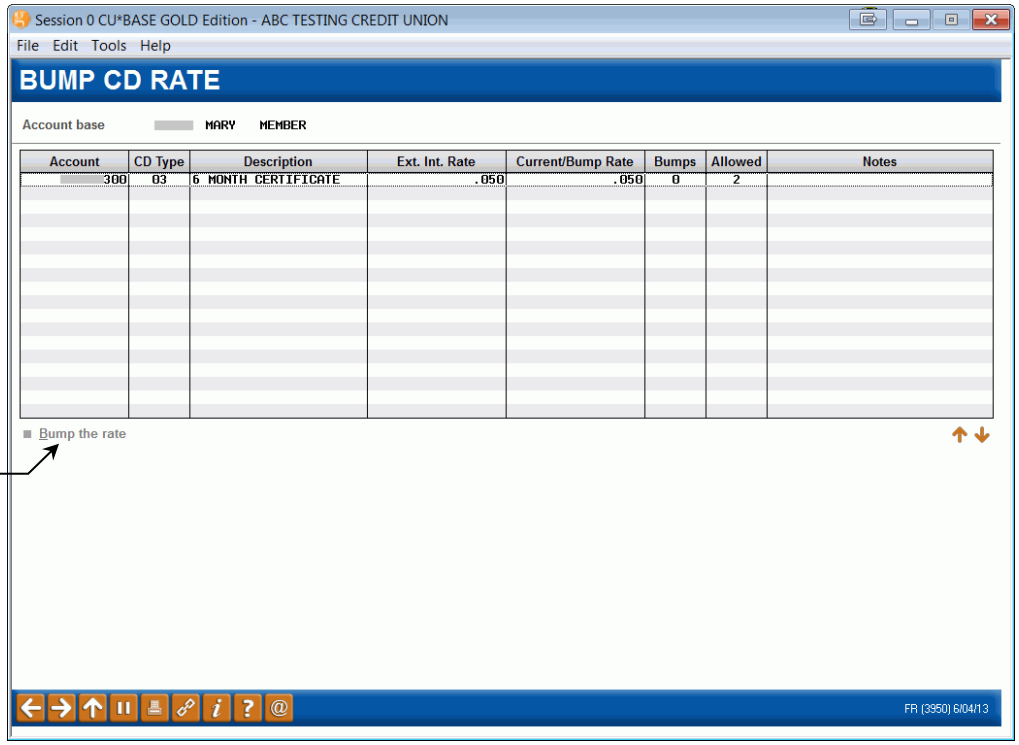


The employee selects the account and then *Bump CD Rate*.

If a rate change is allowed, the employee selects the certificate from the list and then *Bump the Rate*.

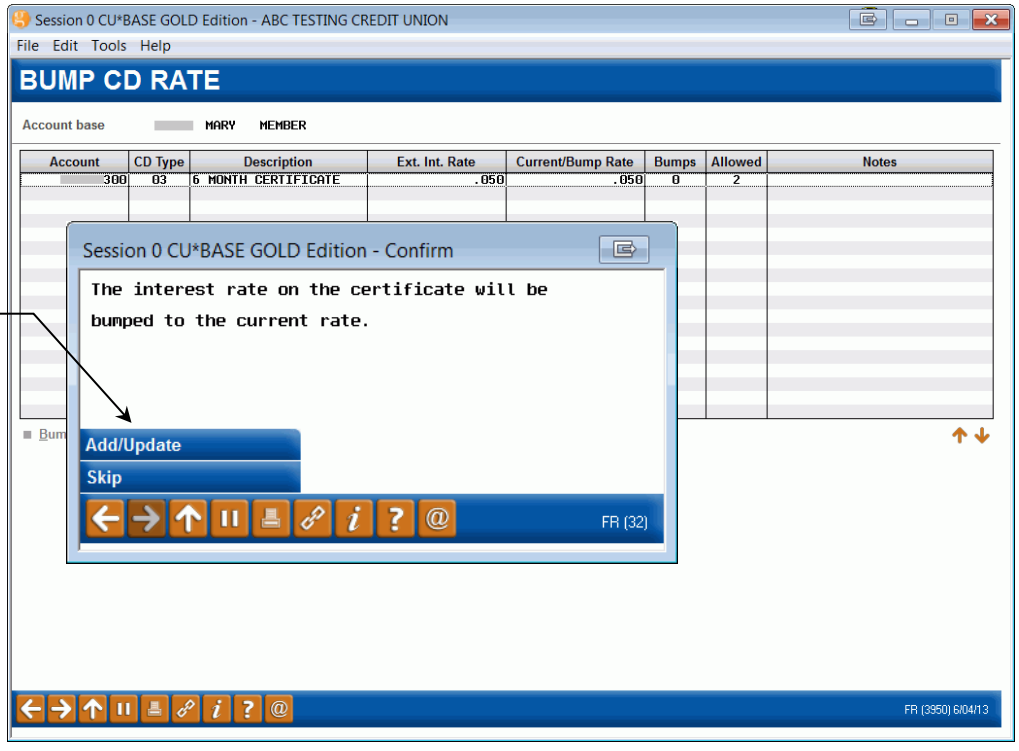
The following screen informs the employee on the rates, how many times the rate has been "bumped," and how many times it is allowed for it to be changed. If the rate cannot be "bumped," that is indicated in the Note column.

“Bump CD Rate” Selected



After selecting the certificate, the employee selects *Bump the Rate*.

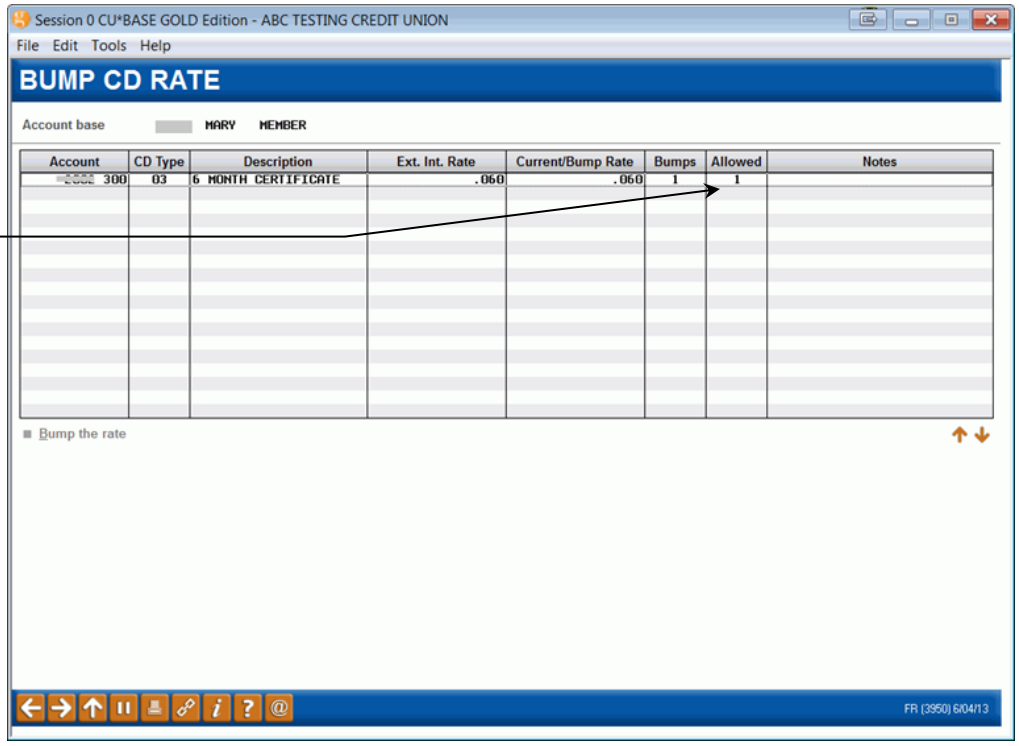
“Bump the Rate” Selected



A confirmation screen appears once *Bump the Rate* is selected. The employee selects Add/Update (F5) to confirm the change.

Rate Change Updated

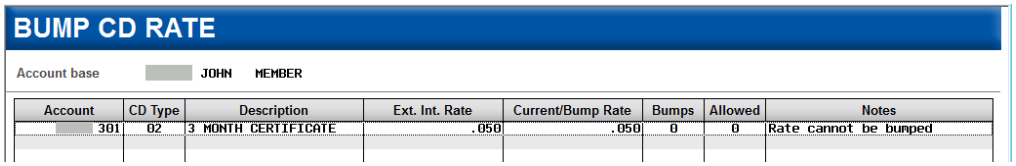
The rate is now updated and the screen indicates that one more rate change is allowed.



- The change in rate and the number of rate changes is recorded on the screen as well as in the MEMBER3 file. This change is also written to CUFMNT.

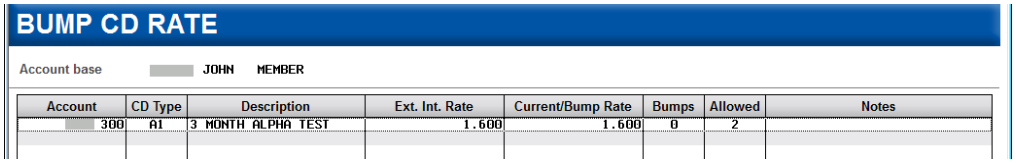
POSSIBLE SCENARIOS FOR CERTIFICATES

Rate Can Be "Bumped"



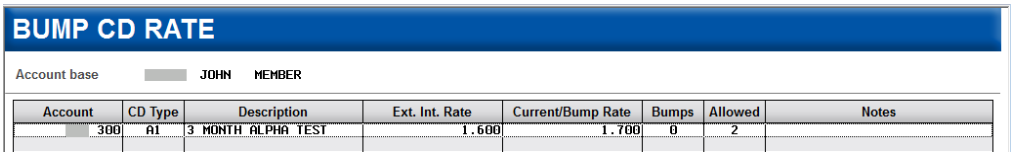
This certificate can be "bumped" to a new rate. The current rate is greater than the rate attached to the existing rate of the certificate. The certificate has been "bumped" zero times and two times are allowed.

Rate Change Not Allowed



The rate of this certificate cannot be changed. The Note indicates that the "Rate cannot be bumped." This message will appear if the Certificate Type does not allow a "bump" or if the maximum number of "bumps" have been taken.

Current Rate Not Greater



The rate of this certificate cannot be changed. The current rate is equal to the rate of the certificate. Even though a change is allowed by the Type, the employee cannot "bump" the rate at this time. Attempts to "bump" the rate will result in the following messaging:

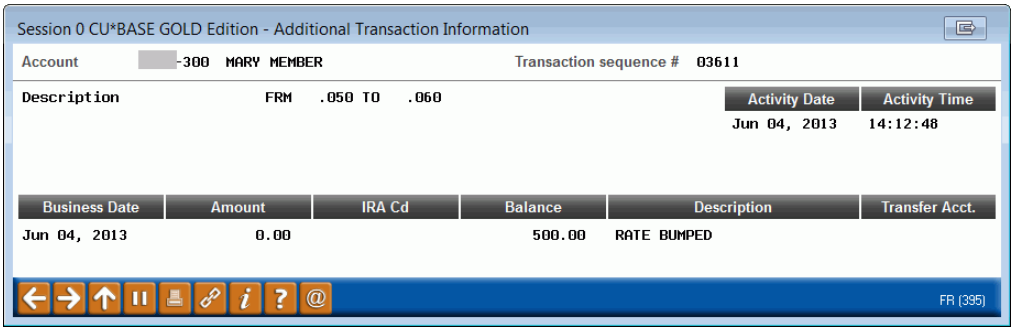
TRANSACTION HISTORY

Once the "bump" is performed, the change is recorded in the transaction history of the certificate:

Transaction Description of a Rate Change

Business Date	Activity Date	Activity Time	Amount	IRA Cd	Balance	Description	Transfer Acct	ID	Sup	Print Receipt
6/04/13	6/04	13:33	500.00		500.00	CD ACCOUNT TRANSFER	2002-000	;Y	N	
6/04/13	6/04	14:12	0.00		500.00	RATE BUMPED		;Y	N	

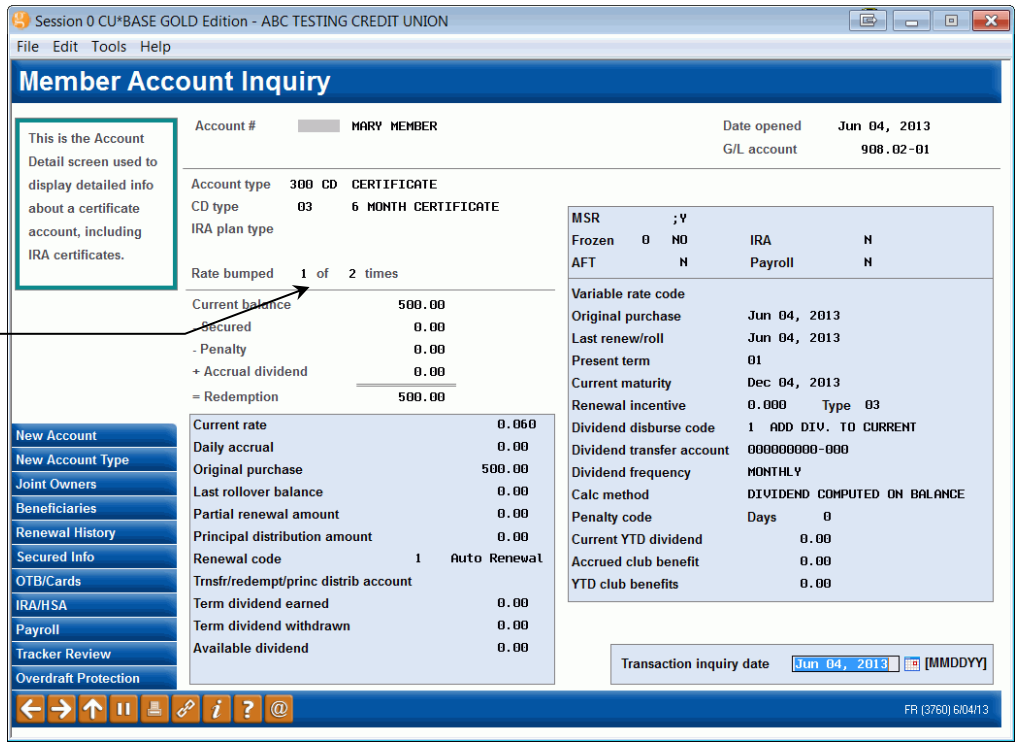
Secondary Transaction Description



MEMBER ACCOUNT INQUIRY

The Inquiry screen includes information on the number of times a rate has been "bumped." Using *Renewal History* (F13) from this screen will also show the number of times the rate has been "bumped."

Inquiry



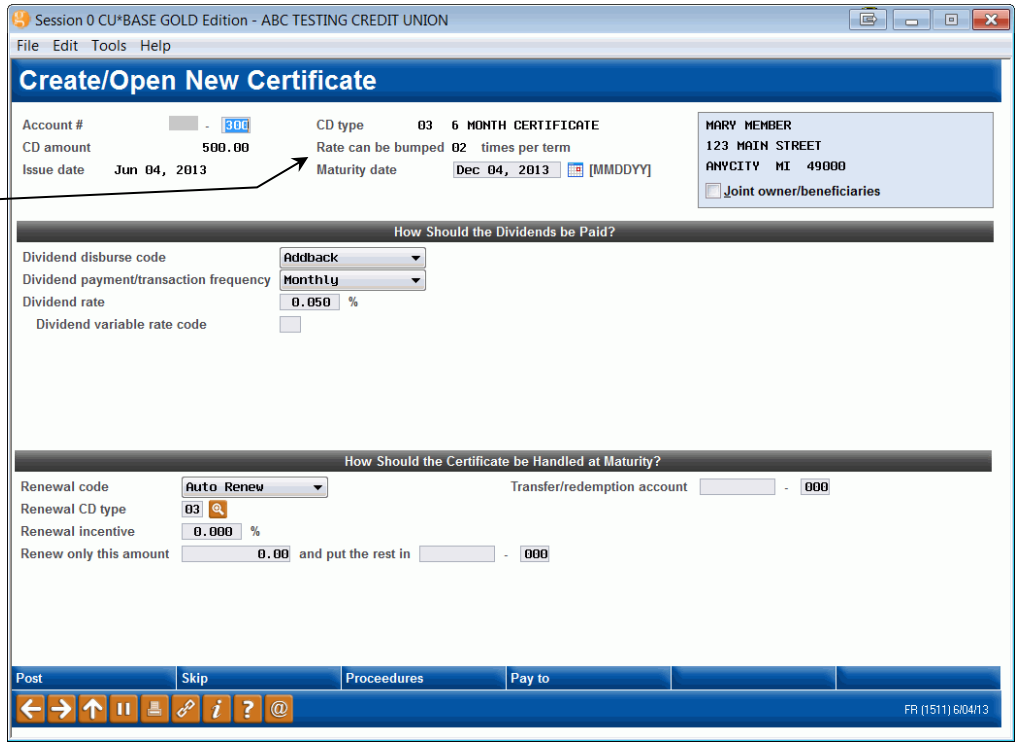
Inquiry lists the number of time the rate has been bumped and how many times are allowed.

OPENING A NEW CERTIFICATE

When a new certificate is opened, the credit union employee will see the number of times the member can "bump" the rate of the certificate. This way the employee can educate the member of this feature.

- NOTE: If the certificate type does not allow the rate to be "bumped," this text will not appear on the screen. (The text is conditional.)

This conditional text appears if the Certificate Type allows the rate to be "bumped."

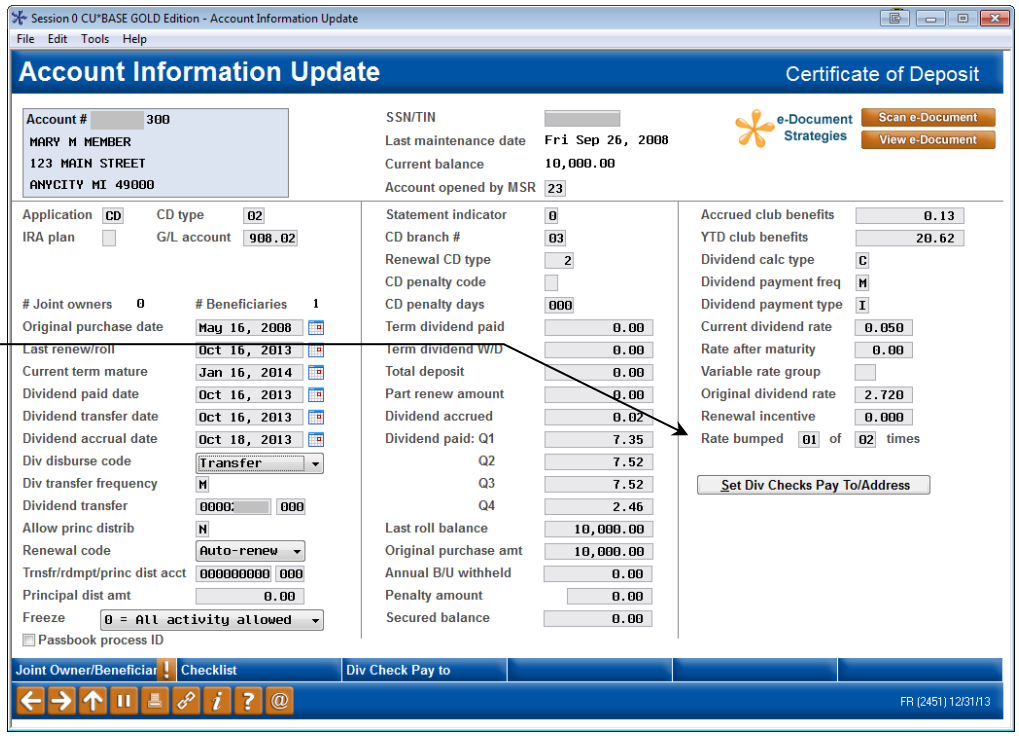


ADAPTING AN EXISTING CERTIFICATE TO A BUMP RATE CERTIFICATE

Some credit unions may want to change a certificate that does not allow a "bump" in rate, to allow it. In these cases, both the Certificate Type attached to the certificate, as well as the individual certificate need to be adjusted. During the term of the current certificate, the employee must use Account Update to update the data on the individual certificate (stored in the MEMBER3 file). The credit union must also updates the Certificate Type attached to this certificate, thereby ensuring a smooth transition at certificate renewal. Once the certificate is renewed it will use the updated Certificate Type configuration, which will automatically allow "bumps" in rate, both through Phone Operator and via **It's Me 247**.

Update Account Information **(Tool #20)**

Update allows maintenance on the number of rate changes, as well as the number of allowed changes. (This is subject to Tier 2 security.)



- Changes made to the "bump" fields in Account Update are recorded to the File Maintenance Report (CUFMNT).

Account Update can also be used in rate situations where a rate is manually changed for a member via another method and the number of "bumps" needs to be updated.

"Bumping" the Rate via "It's Me 247"

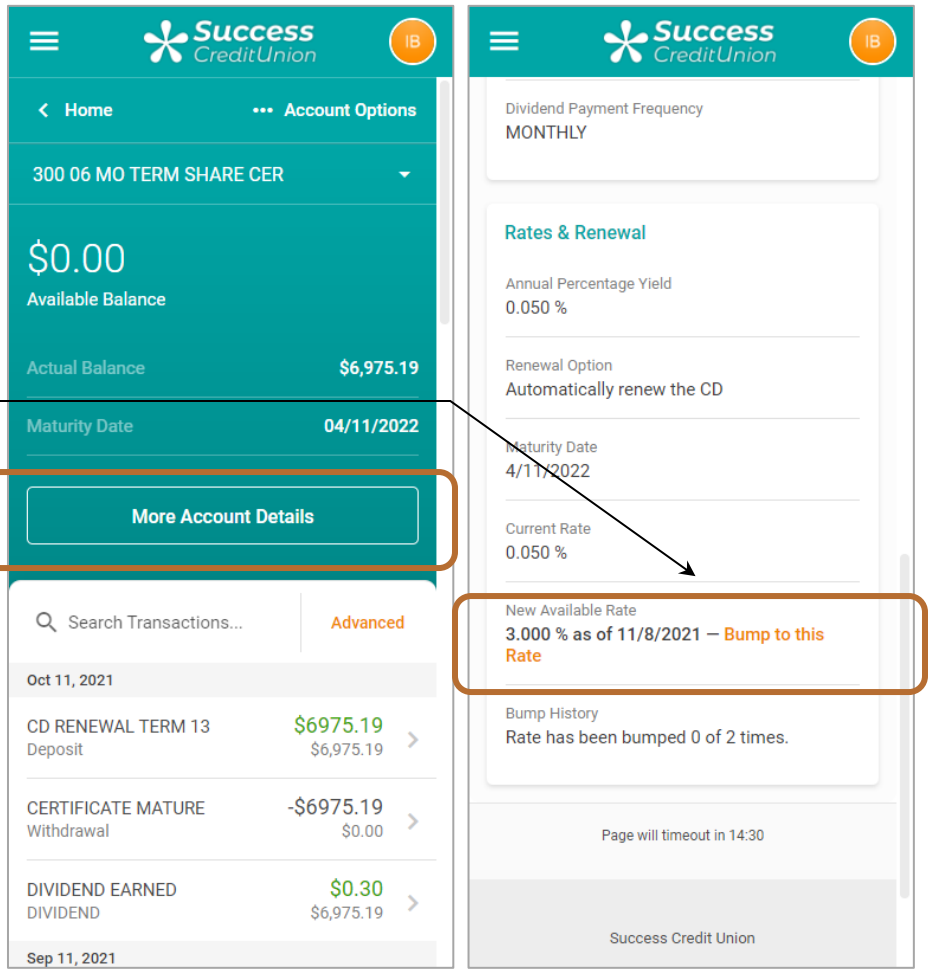
The member can also "bump" the rate of a certificate via online banking if the following conditions are met:

- The certificate allows the rate to be "bumped"
- The current rate is higher than that rate of the certificate
- The member has not exceeded the number the allowed number of "bumps"
- Online banking is not in Stand-in mode.

If all of these conditions are met, the member will view a "BUMP to this rate" link next to the Available New Rate line in the "More Account Details" page.

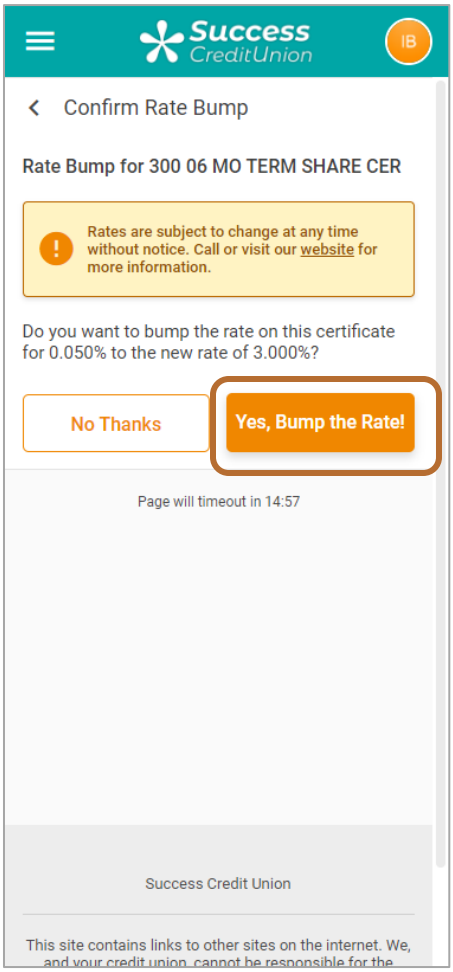
To get to this page, the member selects *Account Details* from the contextual drop-down menu next to the certificate in the list on the Favorite Accounts page. Then at the top of the page, the member selects *More Account Details*. At the bottom of this page is information on the dividends. In this section, the member can elect to bump the rate by clicking the *Bump to this rate* link.

If a rate "bump" is allowed, the member will see this link.



After selecting the link, the member will be presented a new window listing the original and new rates. The member can select to make the change or not at this point. If the member selects, *Yes, Bump the Rate!* the rate will be changed on the certificate to the new rate.

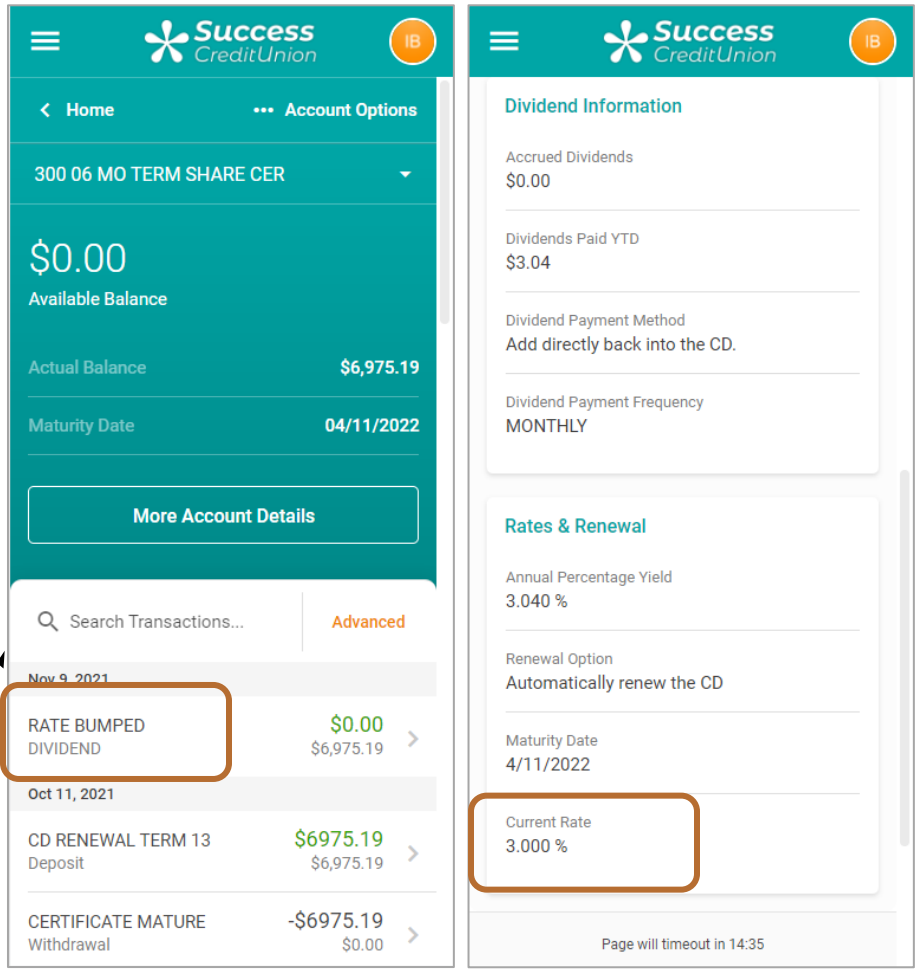
Confirmation of "Bump"



When the member returns to the *Account Detail* screen the member can see that the rate is changed. The *More Account Details* shows the rate change.

Account Details and More Account Details Document Bumped Rate

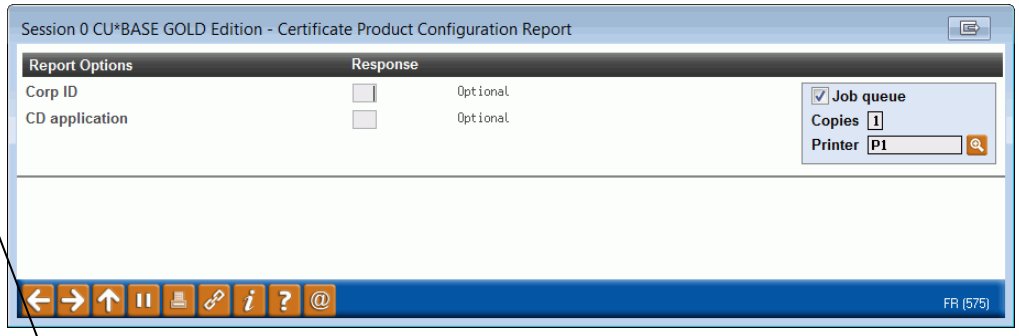
Here the change is noted in the Transaction History.



REPORTS

The Certificate Product Configuration Report lists the number of times Certificate Type allows the rate to be "bumped." The bottom of the report lists the high and low value for the interest rate.

Print CD Configuration Report **(Tool #635)**



The number of allowed rate "bumps" is listed here by Product.

```
 1/05/11  10:56:40                                  TEST CREDIT UNION                                  LCDCFG          Page       1
    RUN ON   1/05/11                          CERTIFICATE PRODUCT CONFIGURATION REPORT                                  User
                                                          AS OF  1/05/11
Corporate ID -   ALL CORPORATIONS
CD APPLICATIONS
APPL                                      DIV PMT   DIV CALC  FIRST DIV   ACCOUNT TYPE
 TYP  DESCRIPTION                          FREQ       TYPE       PMT      LOW     HIGH
 CD   CERTIFICATE                           M         C          I       300      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   2010 SAVE TO WIN                      Q         C          I        46       46
CD TYPES
 CD     CD       ALLOW                        BUMP    -LENGTH- ----PENALTY----   ----GENERAL LEDGER----      ADD LAST
 TY  CO APL IRA PR DIST  DESCRIPTION         TIMES  DAYS MON CODE  DAYS GRACE      CERT  PNLTY  ACCR  EXP  IRS  $  FORM
 01  01  CD        N   7 MONTH CERTIFICATE    03         7             10       90802 13100 83020 34050    Y    Y CD07
 02  01  CD        N   3 MONTH CERTIFICATE    01         3             10       90802 13100 83020 34050    Y    N CD02
 03  01  CD        A   6 MONTH CERTIFICATE    02         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


 1/05/11  10:56:40                                  TEST CREDIT UNION                                  LCDCFG          Page        4
    RUN ON   1/05/11                          CERTIFICATE PRODUCT CONFIGURATION REPORT                                  User  ALYCIAM
                                                          AS OF  1/05/11
Corporate ID -   ALL CORPORATIONS
 CD TYPE DESCRIPTION           RATE     MINIMUM      MAXIMUM
     71  3 MONTH IRA CERT      .050      500.00      99999.99
     72  6 MONTH IRA CERT      .050      500.00      99999.99
     73  9 MONTH IRA CERT      .100      500.00      99999.99
```