



CBX[®] MANUAL MERGER GUIDE

Provided by CU*Answers

CU*Answers
makes
credit unions
GO!

Guaranteeing the Difference for Your Merger

As part of this commitment, CU*Answers will assist any CBX credit union with an incoming merger opportunity. No matter the size, CU*Answers is here to assist.

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Look inside for details!

Your CBX Manual Merger

Introduction

A manual merger can be your best approach to the new merger opportunity for the credit union. This guide reviews various data and third-party elements to assist you in your prep and processing throughout the merger. We will work with your team to provide expertise and ensure you have a successful manual merger.



**Don't have the expertise?
CU*Answers does!**

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Products

During a manual merger, your team will need to review what data is available to them and determine if any new products will be added for the merging members. If any new products are needed, the credit union can contact the Conversion team for questions on creating the necessary products. Remember to review any Truth-in-Savings agreements on shares, drafts, and CDs to determine any disclosures (or redisclosures) needed. For lending, remember to review any Truth-in-Lending agreements to determine configuration setup and any disclosures (or redisclosures) needed.

Data

Your team will also need to review the data that is available and determine what data can be imported into CBX, flooded, etc. Below are a number of items to consider as it relates to data for a manual merger.

- Membership Data – CBX has an import tool for new prospective members where, if available, your credit union could upload 13 fields of data. These fields include items like SSN, first name, last name, address fields, etc. that are used when opening a membership. Refer to our Importing a List of Prospective Member Names booklet for more information.
- Your credit union may have access to other data elements for membership opening, joint owners, and other fields that can be entered during the manual opening of the membership and subaccounts needed. Please see our addendum at the end of the document 'Data Items for Consideration'.
 - There are two data considerations that impact other decisions. We strongly recommend the credit union prefix account numbers and assign a separate branch for members. This will help with several items, including workflow defaults below.



Data (continued)

- When your credit union goes through the membership opening process, you have the option to select defaults by branch that can assist the process. Potential defaults by branch include reason code and dept/sponsor number. You can also bypass certain workflow options like running a credit report, Qualifile, or opting in/out for Reg E. These options can be found in Tool 1004, Workflow Controls: Open Mbrships/Accts.
- There are more options where the credit union can flood certain fields in CBX using Tool 1210, Self-Directed Data Floods. This allows for floods including freezes, mail codes, estate enrollment and more. Please see the Self-Directed Data Floods booklet on our CU*Answers reference page for more information.
- Dormancy Considerations – When the credit union loads balances to fund merger accounts, it will populate a last transaction date. This will start their dormancy tracking where they might have previously been dormant. Prior dormant manual merger accounts will need to be tracked manually. This is a good opportunity to clean up any dormant accounts prior to the merger.
- Tool 7950 – Custom Maintenance Tool – We have a tool that can be provided for temporary use where the staff can perform limited maintenance on merger member accounts without triggering an email/online banking notification to the member. Contact the Conversion Team to request this tool no less than 30 days prior to needed usage date.
- Its Me 247 enrollment – There are two configuration options for a first time user in Tool 569; Method A where a default, temporary password is set for the member to log in for the first time or Method B where a text or email is sent to the member with a code to log in for the first time. We highly recommend using Method B for your credit union otherwise members will need to call for default password resets to use online banking.
- Credit Reporting Loan Purpose Codes – It is important to understand what the old core will be doing for credit reporting in regards to bureau tradelines. Are they are moving the loans to a \$0 balance and using the correct comment code to essentially transfer the tradeline? To keep the tradelines as clean as possible, it is imperative to select correct purpose codes when adding merger loans. The CBX purpose code drives credit reporting with the stored credit reporting type code. Merger loans should report post-merger with the same credit reporting codes being used pre-merger.
- IRAs – If the incoming credit union has IRA subaccounts, the credit union will want to review YTD IRA bucket information. This includes items such as various contributions, distributions, and dividends. Depending on the time of year of your project, you may need to enter both current YTD and prior YTD information using Tool 896 Update IRA Balance Information. The team may also use other IRA tools as needed such as Tool 897 Update IRA Beneficiary Information.

General Ledgers

- The credit union will need to move the GL balances from the merging credit union into your GLs. We will provide a GL Conversion Spreadsheet where the credit union can list the merging credit union GLs in a column and then another column to list the existing or new GL at the surviving credit union.
- Loading the balances consists of a single journal entry of the GLs at time of merger. Please note the branch number being used for the entry if the merging credit union branch number should be used. After the GL balances are loaded and a beginning of day is ran, your member trial balance (LGLACT) may be out of balance and need reallocation. This is a typical task for the credit union once the member balances are in the new branch(es).

Funding Your Accounts

Funding your subaccounts on the morning of live day is accomplished differently depending on the product. See the list below for information on each type of product.

- Shares/Drafts – Funding on live day can be done using our Direct Mail Post (DMP) tool where you can upload the information for posting. We will provide a sample spreadsheet that can be used for your upload. Special Authority is needed for this upload. Please refer to our reference booklet, Importing Transaction Files and Posting Them via Direct Mail Post, for requirements and instruction information.
- Certificates – Funding for certificates is done when you open them on live day. As certificate opening cannot be done prior to live day, this process is just like a normal certificate opening. Funds should be deposited to the membership savings account so this share can be used to pull the funds at certificate opening.
- Loans – While you should open loans prior to live day so you can perform the maintenance needed for items such as open date, funding cannot occur until live day. The team will use Tool 50 Disburse Member Loan Funds on live day to disburse funds, offsetting a general ledger designated by the credit union.

Fees

While the credit union may not adopt any fees from the merging credit union, there may be surviving credit union fees to review. Will merged members be subject to fee charged under the surviving credit union? If not, a marketing club may be used for applicable fee waivers. Please see our Marketing Club Configuration document on the CU*Answers reference page for more information on what fees can be waived using marketing clubs.

Other Considerations

- YTD Tax Ramifications for closed account – As closed accounts are not added in manual mergers, the credit union will want to think about any ramification for YTD tax information. For example, if the member still has an open subaccount but one that had YTD dividends paid on a closed subaccount, you might consider adjusting their YTD dividends paid field on the open subaccount and add a tracker explaining the reasoning for the adjustment. This would allow the YTD value to be included in tax processing on the core. If there isn't an account available, an entire membership is closed and has YTD tax information, or your credit union does not want to use the above option, you will likely need to create manual tax forms for members as needed.
- Marketing Club – Will the merging members need to be added to any existing marketing clubs under the surviving credit union? Will the merging members need to be added to a new club to waive any fees under the surviving credit union? More information on marketing club options can be found in our Marketing Club booklet at <https://www.cuanswers.com/wp-content/uploads/CUBASEMarketingClubs.pdf>.
- Courtesy Pay – The credit union should review all products that have courtesy pay for the merging membership to see if the products courtesy pay parameters match or will change. This may determine if another product would need to be created or information be added to your merger guide for members. Please see the Automated NonReturns booklet for more information on the parameter options within CBX. <https://www.cuanswers.com/wp-content/uploads/AutomatedNonReturns.pdf>
- Tiered Scoring – Does the surviving credit union have tiered scoring in use? If so, note that manually merged members will need to go through a full 1st of month with balances loaded, etc. to be scored. If the merging credit union has some form of tiered scoring, the surviving credit union may decide to grant merging members points, however, this type of update is done at the member level. Please see the Tiered Service Level Implementation Guide here for more details. <https://www.cuanswers.com/wp-content/uploads/TieredServiceLevelsImplementationGuide.pdf>

Third Parties

- Although the credit union is doing a manual merger, there are still third-party items that could need programming resources so it is important to contact CU*Answers Conversion team as soon as you have determined you will perform a manual merger.
- Third party items to discuss (but not limited to):
 - * ACH – Program for the new routing and transit number and potentially program translates. **
 - * Drafts – Program for new routing and transit number and potentially program for translates.
 - * Debit Cards – Are the merging BINs owned and moving to the surviving credit union? Has the credit union opened a project with the vendor? Is a mass reissue needed instead?
 - * Credit Cards – Do the credit card balances and transactions live on the core today? How do credit cards work today for payments, etc.?
 - * Bill Pay – Merging members will enroll in bill pay post-merger. Will there be an incentive where the CU could use Direct Mail Post to credit the members?
 - * Loan Insurance/Debt Protection – Has the non-surviving CU vendor been contacted to verify if the program can move to the survivor or will members need to move to a plan supported under the surviving CU?
 - * Credit Bureaus – Please ensure all credit bureaus where the non-surviving credit union reports have been notified of the merger and have a plan on reporting. Typically, the final reporting would zero out tradeline balances and the loans would have a comment that ‘transfers’ the tradeline.
 - * Audit Link – If you are using their services, have they been notified? Do any new due diligence codes, etc. need to be configured?
 - * Xtend – If you are using their services, have they been notified? If the CU is using marketing, manually added accounts could trigger automated messages. Be sure to notify them with plenty of notice for any updates needed or questions.

***If these options are needed, memberships, shares, and drafts must be opened 30 days prior to manual merger date.*

Marketing and Education

- We have marketing samples that will be provided to the credit union. Those samples can be used as a guide to create your own materials or used where you can insert your contact, dates, products, and more. All marketing materials whether they are being published online or via print materials should be sent to your Conversion Coordinator for review to ensure content is accurate. We want to be sure that anything being sent to print or publish has accurate information.
- We recommend the merging credit union staff be trained like any new employee you would hire. Typical steps are online training classes, then Bedrock training using the Exercise for Success booklets, and then job shadowing or CTE (Custom Training Edition) can be completed. User IDs can be requested approximately 30 days prior to the manual merger unless the merging team members will be using CBX prior to the merger.

Closing Words

If you find yourself with the opportunity to merge another credit union with yours, the CU*Answers Conversion Team is here to provide expertise and support to ensure a successful process. With years of expertise and experience, we'll help you ensure your credit union has a successful manual merger. We look forward to working with you on your next manual merger project!

Merging Credit Union Information

ASSET SIZE.....: NUMBER OF MEMBERS...:
NUMBER OF EMPLOYEES: NUMBER OF LOCATIONS:
EFFECTIVE DATE OF MERGER (MM/YY): REQUESTED DATE FOR DATA MERGER:

Account Types (Product Name / # of Accounts)

MEMBERSHIP SHARE.....: <input type="text"/>	TRADITIONAL IRA.....: <input type="text"/>
SUB SHARES.....: <input type="text"/>	ROTH IRA.....: <input type="text"/>
SUB SHARES.....: <input type="text"/>	SEP IRA.....: <input type="text"/>
SUB SHARES.....: <input type="text"/>	COVERDELL SHARE...: <input type="text"/>
SUB SHARES.....: <input type="text"/>	HSA SHARE.....: <input type="text"/>
BUSINESS SHARES.....: <input type="text"/>	ESCROWS.....: <input type="text"/>
SHARE CERTIFICATES.....: <input type="text"/>	IRA CERTIFICATES.....: <input type="text"/>
CHECKING.....: <input type="text"/>	CHECKING.....: <input type="text"/>
BUSINESS CHECKING.....: <input type="text"/>	HSA CHECKING.....: <input type="text"/>

Loans (Product Name / # of Accounts)

CLOSED END.....: <input type="text"/>	LINES OF CREDIT.....: <input type="text"/>
VEHICLE.....: <input type="text"/>	RECREATIONAL VEHICLE: <input type="text"/>
365 MORTGAGE.....: <input type="text"/>	360 MORTGAGE.....: <input type="text"/>
HOME EQUITY CLOSED END: <input type="text"/>	HOME EQUITY LOC....: <input type="text"/>

Third Party Vendors

CURRENT DATA PROCESSOR: <input type="text"/>	SHARE DRAFTS.....: <input type="text"/>
DEBIT/ATM VENDOR.....: <input type="text"/>	ONLINE <input type="radio"/> BATCH <input type="radio"/>
NUMBER OF BINS: <input type="text"/>	NUMBER OF CARDS...: <input type="text"/>
CREDIT CARDS.....: <input type="text"/>	ONLINE <input type="radio"/> OTB <input type="radio"/>
NUMBER OF BINS: <input type="text"/>	NUMBER OF CARDS...: <input type="text"/>
NATIONAL SHARED BRANCHING: <input type="text"/>	
BILL PAY VENDOR.....: <input type="text"/>	SSO? YES <input type="radio"/> NO <input type="radio"/>
NUMBER OF ACTIVE SUBSCRIBERS: <input type="text"/>	
IRA ADMINISTRATOR.....: <input type="text"/>	
ESTATEMENT VENDOR...: <input type="text"/>	# OF ESTATEMENTS MONTHLY: <input type="text"/>
ARCHIVING SOLUTION...: <input type="text"/>	
DRIVER'S LICENSE IMAGES: YES <input type="radio"/> NO <input type="radio"/>	
RECEIPTS.....: YES <input type="radio"/> NO <input type="radio"/>	
LOAN FORMS.....: YES <input type="radio"/> NO <input type="radio"/>	

OTHER VENDORS:

*** Please include a summary trial balance showing product descriptions with counts and balances. For anonymity, feel free to mask the credit union name.

Manual Merger Potential Data Items

CUID: _____

R&T: _____

CU#: _____

Last date on old system: _____

Phone numbers: _____

Fax numbers: _____

Version: _____

Current processor: _____

Test file date(s): #1 _____

#2 _____

#3 _____

Data Entry on Active Accounts (Sections are recommendations but should be adjusted based off credit union's business decisions)

Area	Notes	CBX File Name
<u>CRITICAL PRE-LIVE</u>		
ACH Distributions:	_____	ACHDST
AFTs (Auto Fund Transfers):	_____	TRANSF
ODP (Overdraft Protection):	_____	ODPMAST
Reg E Opt In/Out:	_____	MASTRL
Stop Payments:	_____	SDSTOP
<u>CRITICAL POST-LIVE PRIOR TO END -OF-MONTH</u>		
Backup Withholding Flag on Memberships:	_____	MASTER
Backup Withholding Amounts on Subaccount:	_____	MEMBER1,2
CD Penalties YTD:	_____	MEMBER3
Freezes:	_____	MEMBER1-6
Misc. Secured:	_____	MSCSEC
Open Date:	_____	MASTER
Savings Bond Interest:	_____	SAVBND
Secondary Names (Joint Owners/Beneficiaries):	_____	SECNAMES
YTD Dividends (recommend loading shares into one quarter, typically prior quarter of merger):	_____	MEMBER1
<u>NON-CRITICAL</u>		
Alternate Addresses:	_____	ALTADD
Comment:	_____	COMENT
Employee/Board Accounts:	_____	MASTER
Estatements:	_____	PCMBRCFG
Foreign Addresses:	_____	MASTER
High Risk Accounts using Due Diligence Codes:	_____	MASTRL
Mail Codes:	_____	MASTER
Nicknames:	_____	ACCTNM
Safe Deposit Boxes:	_____	SBOX
Third Party/CU Opt Out Codes:	_____	MASTER/MASTRL
Trackers:	_____	TKLR*
Wrong Address Flag:	_____	MASTER

Miscellaneous Loan Data Entry Notes

Area	Notes	CBX File Name
<u>CRITICAL PRE-LIVE</u>		
Open Date:	_____	MASTER
Debt Protection/Insurance Codes:	_____	INSMS
Interest Date:	_____	MEMBER5/6
Next Payment Date:	_____	MEMBER5/6
Purpose/Security Codes:	_____	MEMBER5/6
<u>CRITICAL POST-LIVE PRIOR TO END -OF-MONTH</u>		
Additional Signers:	_____	ADSL
Delinquency Fines:	_____	MEMBER5/6
Secured/Pledged Shares:	_____	SECURE
Variable Rates:	_____	VARINT
YTD Interest Paid:	_____	MEMBER5,6
YTD Fines Paid:	_____	MEMBER5/6
Partial Payment Amounts:	_____	MEMBER5/6
<u>NON-CRITICAL</u>		
Balloon Loan Information:	_____	MEMBER5/6
Blocked Person Database (typically from merger charge-off information):	_____	BLOCKMST
Collateral Information, including title tracking if applicable:	_____	CLML
Risk Score:	_____	MEMBER5/6

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