

# EarningsEdge Converting Checking Accounts

From One Checking Dividend Application to Another

**INSIDE THIS GUIDE:** 

This guide describes transitioning members between checking products.

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Find other Reference Materials page on our website: https://www.cuanswers.com/resources/doc/cubase-reference/

Start your online help journey here: https://help.cubase.org/cubase/Welcome.htm

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# Introduction

Your credit union may offer multiple checking products to your membership. Your goal with this strategy is to meet your membership's various needs by creating configurations that allow members to easily transition between checking products with a limited impact. You want to ensure that members' checks will still clear and that debit cards will function as expected.

Use this guide to gain a greater understanding of how to transition members between checking products to manage a diverse checking portfolio more easily.

The CU\*Answers Earnings Edge team is here to assist at any time. Find us, contact us, and learn more via <u>The Store | The Website | Email</u>

The following questions need to be considered when transitioning a member between checking products.

- 1. Do the checking accounts have the same suffix range?
- 2. Do the checking products use the same calculation routine?
- 3. Do the checking accounts have the same dividend period?

### Do the Checking Accounts Have the Same Suffix Range?

To move members between checking dividend applications, the suffix range associated with the products must match the dividend application configuration.

Using the same suffix range gives members the flexibility to move around between different checking products. For example, members can use their existing checks, Automated Funds Transfers (AFT), and ACH distributions etc.

If the suffix range is not the same and the dividend calculation is Simple Daily or Compound Daily, an extra step is required. After posting dividends to the 'from' dividend application, a new account should be opened in the 'to' dividend application in order to transfer the full balance to the 'to' dividend application. Now all other services need to be updated with the new suffix (debit cards, checks, AFT's, ACH distribution and deposits etc.).

• There may be additional features that may need to be updated based on the member participation. *Reach out to Earnings Edge for assistance in this area*.

If the suffix range is not the same and the dividend calculation is Average Daily, we recommend waiting until dividends post, then move the balance on the first day of the next dividend period.

Refer to the next section regarding dividend calculation types.

# Do the Checking Accounts Have the Same Dividend Calculation Type?

All savings and checking products are configured with a dividend calculation type (regardless of whether or not there is an interest rate associated with the product). Dividend calculation types allowed in CBX include:

- Simple Daily (Daily Accrual)
- Compound Daily (Daily Accrual)
- Average Daily per Dividend Period (No Daily Accrual)

This dividend calculation type is part of the Dividend Application Configuration and should match the language that is included on your TIS disclosures that are provided to members.

Learn more about these calculation types in the Online Help.

 Dividend Calculation Methods Used by CBX: https://help.cubase.org/cubase/cubase.htm#DivCalcMethodsSHCD.htm  Minimum Balance Penalty Options vs. Dividend Calculation Type: https://help.cubase.org/cubase/cubase.htm#MinBal\_Penalty\_Codes.htm

If you are moving from the simple daily calculation to an average daily calculation, pay the dividends using the "On Demand" feature (explained in the next section) first. If you are moving from an average daily to a simple daily, wait until dividends are posted; then make the change on the first day of the next dividend period.

### Do the Checking Accounts Have the Same Dividend Period?

Another factor to consider is whether your checking accounts have the same dividend period. A member may have a checking product that uses a monthly dividend period and is moving to one that has a quarterly dividend period. This review is important as new disclosures might be required.

## When Changing a DIVAPL Code on a Savings or Checking Account in the Middle of a Month, What Average Balance Will be Used at EOM for the Calculation of Dividends?

Keep in mind this only works if you are changing the DIVAPL from one product that uses an average daily balance (ADB) calculation to another that also uses the ADB dividend calculation. When dividends are calculated at the end of a month, the system will look at the cumulative balance on the account record. Entering a new DIVAPL code on the account record does not cause that cumulative balance to change.

### Other Items to Consider

Additional items to consider include:

- Account type descriptions cannot change
- Debit card round up programs
- Audio and online banking flags
- Negative balance configuration (ANR)
- NSF/ODP configuration
- Marketing club activations
- Marketing club share rate configurations
- Tiered Services configurations
- Any custom programs where the dividend application applies

# **Step by Step Instructions**

Once these questions in the previous section are considered and acted upon, you are ready to force post dividends and change the checking dividend application type. Directions for these steps are included below.

### **Step 1: On Demand Dividend Posting**

When a suffix range is changing, the current account needs to be closed and a new account with the new DIVAPL needs to be opened. In order for the daily accrued dividends to post accurately on the current account, use the On Demand dividend posting feature.

On Demand dividend posting should also be used when the suffix range remains the same as other dividend parameters may be different, such as dividend rate. This will provide a transaction on the member account to document when the Dividend Application was maintained.

This step must be performed regardless of whether the current account has a dividend rate associated with it, as it will update fields in the MEMBER2 file in preparation of being moved to the new account. If the dollar amount is zero, a suppressed transaction will be recorded in the member's history for review/research later.

1. To force pay dividends, use **Tool #22** *Close Memberships/Accounts*.

🔀 - Close Account Processing			-
Run Sequence			
Close accounts			
Close memberships			
Redeem certificates			
Post dividends to a single account	1		
Update master information			
Update account information			
Teller processing			
Member overdraft protection			
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### Close Account Processing (Tool #22)

2. On the entry screen, type a 1 in the *Post dividends to a single account* field. Use Enter to advance to the next screen.



- 3. On the next screen, leave *Shares* selected as the *Type*.
- 4. Use Enter to advance to the next screen.

#### Share Type of Account Demand Dividend (Tool #22)

🐯 CBX - Share Type of Account Demand Dividend		
Account #		
Print transaction registers Checklist		
	-	
$\leftarrow \rightarrow \land (1) \oslash (2) (2) (2) (2) (2) (2) (2) (2) (2) (2)$	ዲን Let Us Know!	FR (5134)

- 5. On the next screen, enter the account number and suffix of the checking account you wish to convert.
- 6. Use Enter to advance to the screen where dividends are paid.

Share Type of Accou	nt Demand Dividend
New Account	Account #
Checklist	
	Branch #
	Base share balance     5.00       Dividend application     CK     REGULAR CHECKING
	Account Information Dividend Options
	Current balance 71,159.96 Pay dividend of 0.00
	Dividend accrued 0.20
	Opened Feb 20, 1980

- 7. Fill in the appropriate dividend amount to pay (even if it is zero dollars and cents) in the *Pay dividend of* field.
- 8. Use Enter to post the dividends. You will return to the entry screen.
- 9. Exit this screen and review the transaction history for the account to verify that the dividends have been posted. The transaction will post as "DEMAND DIVIDEND."

#### **Transaction History (Member Inquiry)**

Account #	-110 CHECK	ING	Current bala Available	nce	71,159.96 18,427.61				
Search by: Date	Jan 14, 2025		Transaction amount	0.00	Desc		ID		
Options	-								$\uparrow \checkmark$
Business Date	Activity Date	Activity Time	Amount	IRA Cd	Balance	Description	Transfer Acct	ID	Print Receipt
1/14/25	1/14/25	15:27:21	.20		71159.96	DEMAND DIVID	DEND	=F	

### **Step 2: Changing the Checking Dividend Application Type**

This step covers converting the checking account to the new dividend application.

1. To convert the checking account to the new dividend application, use **Tool #20** *Update Account Information*.

Sub-Account Maintenance (Tool #20)

Sub-Account Maintenance		
Account base OR - SS	SN/TIN Global Search	Blocked Person
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2. Enter the account base of the checking account on the entry screen.

#### Existing Account Maintenance (Tool #20)

Account ba	se Individual			
Name	TIMMY LOANMEMBER	Date opened Dec 02, 2024		
Select acc	ount type			
Select				
Guider				
Туре	Description	Loan Payoff/Current Balance	Loan Payment/Net Available	
000	REGULAR SAVINGS	66,901.27	66,896.27	
020	TRAD IRA SHARES	1,300.86	1,300.86	
022	ROTH IRA SHARES	2,488.52	2,488.52	
050	VACATION SAVINGS	886.08	886.08	
051	CHRISTMAS CLUB	1,501.68	1,501.68	
055	PLUS SAVINGS	3,160.10	3,160.10	
061	KASASA CASH SAVER	357.74	357.74	
062	KASASA CASH SAVER	7,995.44	7,995.44	
090	ALL-IN SAVINGS	1,350.25	1,350.25	
091	ALL-IN SAVINGS	245.00	245.00	
092	ALL-IN SAVINGS	60.00	60.00	
110	HSA CHECKING	2,774.52	2,774.52	
111	REGULAR CHECKING	2,361.22	2,361.22	

- 3. Select the checking account to convert from the list of sub accounts.
- 4. Adjust the account's *Dividend application*, *G/L acct*, and *Dividend post code* to match the new account.

The following directions are used as an example. You will need to adjust them to fit the dividend applications in your portfolio.

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

Account Inform	ation Update	Share Draft
Secondary Names  Checklist Div Check Pay to Custom Fields	Last maintenance date Dec 04, 2024 Current balance 0.00 Date opened Dec 04, 2024 Account opened by MSR Scan e-Document ↓ View e-Document	Account # 112 TIMMY LOANMEMBER Dividend application CK G/L acct 902.00
	Last accrued date Dec 04, 2024	Dividend application CK G/L acct 902.00 # of withdrawals 00 Joint Owner #1 Joint Owner #2 ary names 0 ance 0.00

- a. Update the *Dividend application* to reflect the new checking **Dividend Application**:
  - ABC Checking 1: CA
  - ABC Checking 2: CB
  - ABC Checking 3: CK
- b. Update the *G/L acct* to reflect the new checking **G/L Account**:
  - ABC Checking 1: 902.50
  - ABC Checking 2: 902.51
  - **ABC Checking 3:** 902.52
- 5. Use Enter to save the changes. The G/L entry will be included with the nightly G/L interface.
- 6. Process new account paperwork as normal.