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# Converting Checking Accounts



From One Checking Dividend Application to Another

## INTRODUCTION

It is becoming more and more commonplace to offer multiple checking products to your membership to ensure that you have a product that meets the needs of your members. Your credit union may have a checking account for the credit-challenged community with a monthly/transactional fee as well as a checking account with a higher rate that attracts members with larger balances. You may offer your business memberships multiple checking account options with unique minimum balance thresholds, monthly account service charges, etc.

Your goal with this strategy is to create 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, for example.

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

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For an updated copy of this booklet, check out the Reference Materials page of our website:  
<https://www.cuanswers.com/resources/doc/cubase-reference/>  
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# ASKING THE RIGHT QUESTIONS

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 Application 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 CU\*BASE 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 CU\*BASE Online Help.

- *Dividend Calculation Methods Used by CU\*BASE:*  
<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](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.

## **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

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# 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.

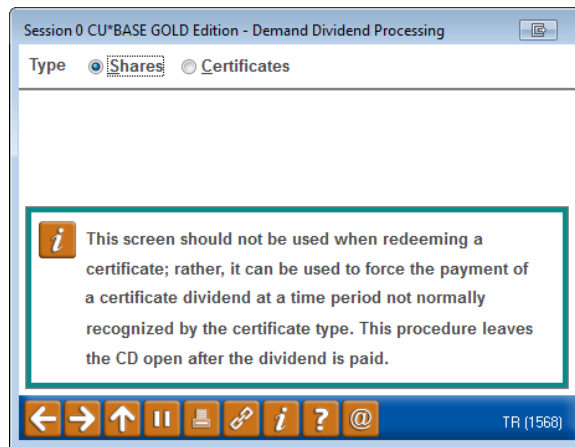
1. To force pay dividends use **Tool #22: Close Memberships/Accounts**.

### Close Memberships/Accounts (Tool #22)

Run Sequence - (1-8)	
Close accounts	<input type="checkbox"/>
Close memberships	<input type="checkbox"/>
Redeem certificates	<input type="checkbox"/>
Post dividends to a single account	<input checked="" type="checkbox"/> 1
Update master information	<input type="checkbox"/>
Update account information	<input type="checkbox"/>
Teller processing	<input type="checkbox"/>
Member overdraft protection	<input type="checkbox"/>

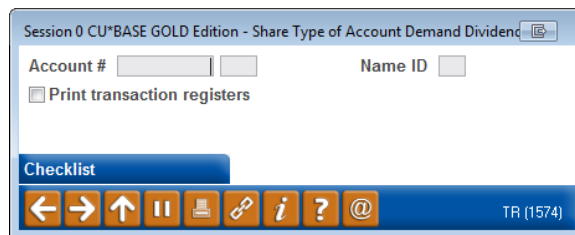
2. On the entry screen type a 1 in the *Post dividends to a single account* field. Use Enter to advance to the next screen.

### Shares Selection



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

### Select Account and Suffix



5. On the next screen enter the account number and suffix of the checking account (and Name ID if required) you wish to convert.
6. Use Enter to advance to the screen where dividends are paid.

## Access Screen to Pay Dividends

Session 0 CU\*BASE GOLD -  
File Edit Tools Help

### Share Type of Account Demand Dividend

Account #   
MARY G MEMBER  
222 SOUTH STREET  
ANVCITY MI 1

Branch # 20  
Base share balance 2,350.42  
Dividend application IP INT PLUS CHECKING

Account Information		Dividend Options	
Current balance	99.00	Pay dividend of	<input type="text" value="0.00"/>
Dividend accrued	0.20		
Opened	Oct 02, 2008		

New Account  
Checklist

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7. Fill in the appropriate dividend amount to pay (even if it is zero dollars and cents).

### (REQUIRED) Enter Dividends to Pay (Enter Zero if No Dividends)

Session 0 CU\*BASE GOLD -  
File Edit Tools Help

### Share Type of Account Demand Dividend

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222 SOUTH STREET  
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Base share balance 2,350.42  
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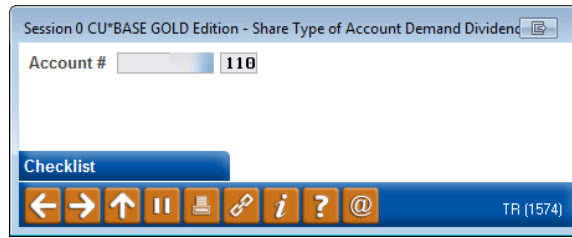
New Account  
Checklist

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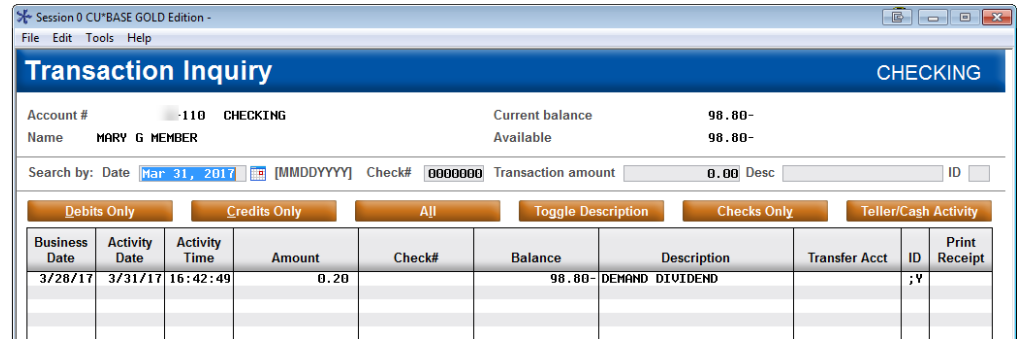
8. Use Enter to post the dividends. You will return to the entry screen.

## Return to 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.”

## Example of Dividends Posted in Transaction History



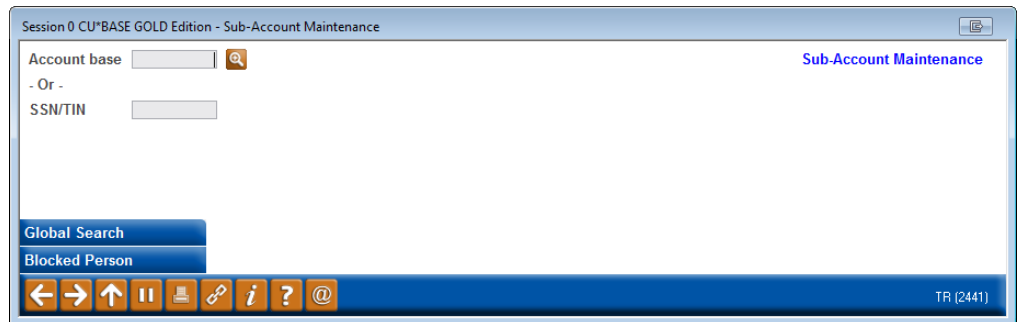
Business Date	Activity Date	Activity Time	Amount	Check#	Balance	Description	Transfer Acct	ID	Print Receipt
3/28/17	3/31/17	16:42:49	0.20		98.80-	DEMAND DIVIDEND		;V	

## 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 Member Account Information**.

### Update Member Information (Tool #20)



2. Enter the account base of the checking account on the entry screen.

## Select Checking Account

Type	Type	Ln Payoff/Current Balance	Ln Payment/Net Available
000	REGULAR SHARES	7,663.82	2,648.82
004	TRADITIONAL IRA SH	22,342.64	22,342.64
005	ROTH-N-ROCK IRA SH	2,080.11	2,080.11
010	CHECKING	18,887.20	18,887.20
020	ESCROW SHARES	740.06	740.06
021	ESCROW SHARES	1,900.00	1,900.00
300	SAVE N SCORE	5,828.62	0.00
301	12 MO CD \$250 MIN	1,081.33	0.00
401	3 YR IRA CD \$500 MIN	6,448.94	0.00
700	INSTALLMENT LN	4,436.11	165.10
701	INSTALLMENT LN	5,415.07	350.00
702	INSTALLMENT LN	23,539.47	500.00
704	INSTALLMENT LN	12,427.84	314.15
800	VISA PLATINUM	0.00	25.00
801	360-1ST MORTG	51,093.58	566.62

3. Select the checking account to convert from the list of sub accounts.
4. Adjust the account's Dividend Application, G/L Account and Dividend pay 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**

Account # 110  
MARY G MEMBER  
123 MAIN STREET  
ANYCITY MI 39000

Last maintenance date: Mar 20, 2015  
Current balance: 2,979.73  
Account opened by MSR: 23  
Date opened: Oct 02, 2008

Last accrued date: Jun 28, 2017  
Dividend post code: [ ]  
Accrued dividend: 0.053  
Dividends paid: Q1: 0.40, Q2: 0.22, Q3: 0.00

Dividend application: **CK**      G/L acct: **902.01**  
# of withdrawals: **00**

Dividend application: **CK**      G/L account: **902.00**  
# of withdrawals: **00**      # of transfers: **00**

Dividend pay code: Addback  
Check digit: 6

Freeze: 0 = All activity allowed

Statement indicator: 0

If a member Share/Share Draft account is maintained from one DIVAPL to another, prior transactions for that account will have the old DIVAPL in the TRANS1 or TRANS2 file. This will affect the Service Charge amount that will post to the member's account at the end of the month.

- 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 Account** 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.