
Share Dividend Payment Options

INTRODUCTION

CU*BASE share products allow you to give members the power to manage their own dividend income. Similar to the dividend payment options available with certificates, share products can be configured to allow members to receive dividend payments via a check or a transfer to another account, in addition to the traditional option of adding the dividends back into the same account.

For example, for your high-yield savings products that typically carry high account balances, you may wish to allow members the choice of receiving their dividend income as a deposit into a regular savings or checking account to be used for paying bills, making loan payments, etc., or sending a dividend payment check directly to their broker for use with other investments.

Dividend payment options can be defined for any or all of your savings or checking products, with the exception of the base share -000 account. So whether you want to open up income management choices for all your savings and checking products, or just design a program for certain specialty accounts, CU*BASE features are powerful enough to give you just the flexibility you need.

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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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STEP BY STEP INSTRUCTIONS

1. Research Truth-in-Savings ramifications and implement changes to credit union procedures, marketing materials, and disclosures and other forms as needed.

*Remember to update your online Marketing Tips or Procedures for these products to help staff sell and explain these products to members. (**Tool #506 Member Rate Maintenance**, then use the icons to access “Marketing Tips” and/or “Procedures” to update text)*

2. Modify the Dividend Application configuration to set the defaults for new accounts. *See Page 3 for details.*
3. Create accounts, updating the member’s preferences (if allowed in the configuration). *See Page 5 for details.*

A member’s settings can be viewed at any time after the account is created via Account Inquiry. (See Page 9.)

4. Each month (quarter, year, etc.) as dividends are paid to member accounts, print dividend checks using the Auto/Mail Printing System (**Tool #632 Print Auto/Mail Checks**). *See Page 7 for details.*
5. Update member preferences as necessary using Account Information Update. *See Page 8 for details.*

CONFIGURING DIVIDEND PAYMENT DEFAULTS FOR SHARE PRODUCTS

Savings/Checking Products Configuration (Tool #777)

When configuring a share product, you can choose the default method for paying dividends, and control whether or not members will be allowed to choose a different method when opening a new account.

NOTE: Dividend payment choices are not allowed for the base share (-000) product.

Field Descriptions

Field Name	Description
Dividend Pay Code	Use this option to choose default settings for how dividends are to be paid for this product. Transfer (0)- Dividends will be paid directly into the account shown in the <i>Dividend transfer account</i> field on the account record. This is set up at the time the account is opened. (Also see the <i>Allow change on acct open</i> field described below.) Addback (1) - Dividends will be added back to this account. This is the most common option for most standard savings products. The <i>Allow change on acct open</i> flag would also usually be left unchecked. Check (2)- Dividends will be paid to the member by check. These checks are printed using the Print Auto/Mail Checks feature (see Page 7). Pay To information can be specified at the time the account is opened.
If 0, Transfer to DIVAPL	If the <i>Dividend pay code</i> for this product is set to 0 (Transfer), enter a Dividend Application code here. This is

<i>Field Name</i>	<i>Description</i>
	used to determine the default account that will receive dividends paid on this account. <input type="checkbox"/> The teller will be able to change this share at teller processing.
Allow change on acct open	Currently not available. Checking this box or unchecking this box will allow a teller to change the DIVAPL.

OPENING ACCOUNTS: SETTING UP DIVIDEND PAYMENT PREFERENCES

Open/Maintain Memberships/Accounts (Tool #3) > "Add New Sub-Account"

When creating a new share or share draft account, fields will be displayed showing the dividend payment code and other details. If allowed by the configuration ("Allow change on account open" checkbox in Tool #777), the user may be able to modify these settings according to the member's preferences.

If dividends are to be paid by check, be sure to use **Specify Dividend Checks Pay To/Address** to enter the Pay To name and address to be printed on the checks themselves.

By default, dividend checks are automatically made out to the member's name and primary address. Use this window if the member asks to have his or her dividends sent directly to a broker or other investment account, or would like to use any other alternate address for dividend checks. Choose one of the following options:

- **Primary** - This option creates dividend checks using the member's name and master address. This is the default choice and will be used automatically unless a change is made in this window.
- **Alternate (A)** - This option creates dividend checks that are made out to the name and address shown on this member's Alternate Address record.

NOTE: This should be used only if the member already uses a permanent Alternate Address. This will ignore any date range on the Alternate Address record.

- **Secondary/Street (S)** - This option creates dividend checks that are made out to the name and address shown on this member's Secondary/Street Address record.

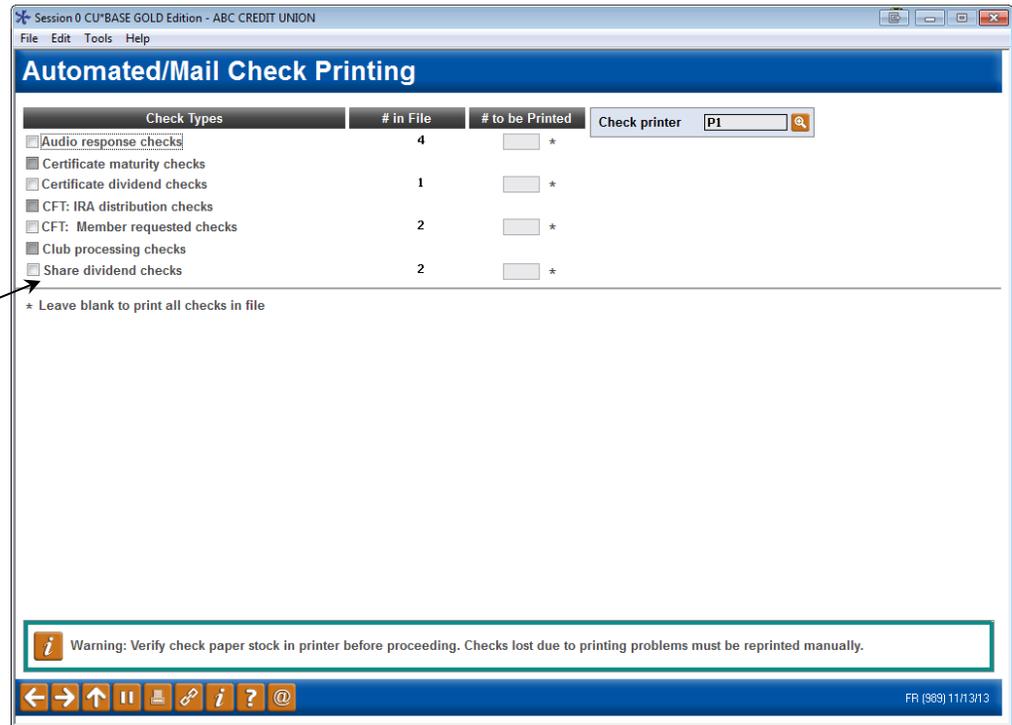
NOTE: This should be used only if the member already has a Secondary/Street Address record in place.

- **Other (O)** - This option lets you define a different Pay To name and address for all dividend checks for this account. For example, use this when the member asks for checks to be sent directly to his broker or another financial institution.

If *Other* was selected, use the remaining fields to define a Pay To name (leave the name blank to use the member's name from his MASTER record) and address. A *Reference* field is also available for an account number or other instruction to be printed on the check itself.

PRINTING DIVIDEND CHECKS

Print Auto/Mail Checks (Tool #632)



If any of your accounts are set up to receive share dividends via a check, checks will be listed here.

When dividends payments are processed according to your credit union's normal schedule, all dividend checks will be generated and then must be printed manually using the Print Auto/Mail Checks system.

Remember you can use **Tool #631 Print Auto/Mail Check Audit List** to print a list of checks before printing them.

UPDATING DIVIDEND PAYMENT OPTIONS FOR EXISTING ACCOUNTS

Update Account Information (Tool #20)

Session 2 CU*BASE GOLD Edition - Account Information Update

File Edit Tools Help

Account Information Update

Share Draft

Account # [REDACTED]
ALICE A MEMBER
710 CEDAR ROW
SUNSHINE VALLEY CA 49999

Last maintenance date: Sep 27, 2019
Current balance: 124,729.18
Account opened by MSR: [REDACTED]
Date opened: Aug 26, 1985 [MMDDYYYY]

Last accrued date: Jun 19, 2019 [MMDDYYYY]
Dividend post code: [REDACTED]
Accrued dividend: 0.00
Dividends paid: Q1: 0.00, Q2: 0.00, Q3: 0.00, Q4: 0.00
Accum balance: 30,870.27
Accrued club benefit: 0.00
YTD club benefit: 0.00

Dividend application: G/L acct: 902.00
of withdrawals: 01
Joint Owner #1: JOHN M MEMBER
Joint Owner #2: [REDACTED]
of secondary names: 2
Secured balance: 0.00
Minimum balance: 888.45
Annual backup W/H: 0.00
Uncollected amount: 98,006.73
1st date negative: 00000000 [MMDDYYYY]
Negative bal limit: 1,000.00 Locked
ATM network ID #: 0

Freeze: 0 = All activity allowed
Misc charge: 0 Passbook process ID: 0
Statement indicator: 0 No ANR notice printed

Dividend pay code:
ADD DIV. TO CURRENT

Check digit: 0

i 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.

Secondary Names Checklist Div Check Pay to Custom Fields

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The dividend payment code, dividend transfer account (if that option was configured), and/or check pay to information can be updated using the Update Account Information feature.

ACCOUNT INQUIRY

Inquiry (F1)

Session 2 CU*BASE GOLD Edition - ABC CREDIT UNION
File Edit Tools Help

Member Account Inquiry

Account # **ALICE A MEMBER** Date opened **Sep 09, 2019**
G/L account **903.30-01**

Account type **111 CHECKING**
Div appl **SA HSA CHECKING**
Outstanding accrued club benefits **0.00**

Current balance **3,510.00** Annual b/u withholding **0.00**
- secured **0.00** Period average balance **0.00**
- uncollected **0.00** Period minimum balance **0.00**
= Net available **3,510.00** YTD club benefits **0.00**

1st date negative **00000000**
Neg balance limit **0.00**
 Locked

MSR ;D
ATM ID
Withdrawals **0**
Check digit **8**
Frozen **0 NO**
Passbook **NO**
AFT **NO**
Payroll **NO**

New Account
New Account Type
Dividend Calculator
NSF
Uncollected Funds
Secured Funds
IRA/HSA
Payroll
Tracker Review
Overdraft Protection

Dividend Information		Quarter 1	Total
Dividend payment code	1 ADD DIV. TO CURRENT	0.00	0.00
Dividend transfer account	000000000-000	0.00	0.00
		0.00	0.00
		0.00	0.00

Transaction inquiry date **Sep 26, 2019** [MMDDYYYY]

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Just like with certificates, credit union staff can view a member's dividend payment settings via the account inquiry screen. If dividends are paid via check, **Dividend Pay To** (F16) will display the Pay To name and address information for the account.