
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 “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	<p>Use this option to choose default settings for how dividends are to be paid for this product.</p> <p>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.)</p> <p>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.</p> <p>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.</p>

<i>Field Name</i>	<i>Description</i>
If 0, Transfer to DIVAPL	<p>If the <i>Dividend pay code</i> for this product is set to 0 (Transfer), enter a Dividend Application code here. This is used to determine the default account that will receive dividends paid on this account.</p> <p>The teller will be able to change this share at teller processing.</p>
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"

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

New Account Creation

Individual

Name **MARY M MEMBER** Joint Owner/Beneficiary

New account # BUSINESS/ORG SAVINGS

Opened **Nov 13, 2013** Corp ID **01** Member branch **01**

Dividend Payment

Dividend pay code **Check**

i This screen allows you to select a member's Opt In/Opt Out Reg E selection (at the bottom of the screen with the two checkboxes). These checkboxes allow for a selection at the membership level.

Overdraft Service for ATM & Everyday Debit Card Transactions

Opt in/out: IN - Member wants the CU to authorize & pay overdrafts on ATM & everyday debit card transactions
 OUT - Member does NOT want the CU to authorize & pay overdrafts on ATM & everyday debit card transactions

Verified **Aug 13, 2010** By **PP PATTI BROOKS**

Create
Skip
Work Checklist
Procedures
Unlock Fields

FR (2416) 11/13/13

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, 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.

Session 0 CU*BASE GOLD Edition - Share Dividend Checks

Name/address to send checks **Other**

If other, please specify

Pay to **ACH BROKERAGE SERVICE** (leave blank for member name)

Address **123 MAIN STREET**

City **ANYCITY** State **MI** Zip **48009 0000**

Reference **ACCT 1234**

FR (2409)

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.

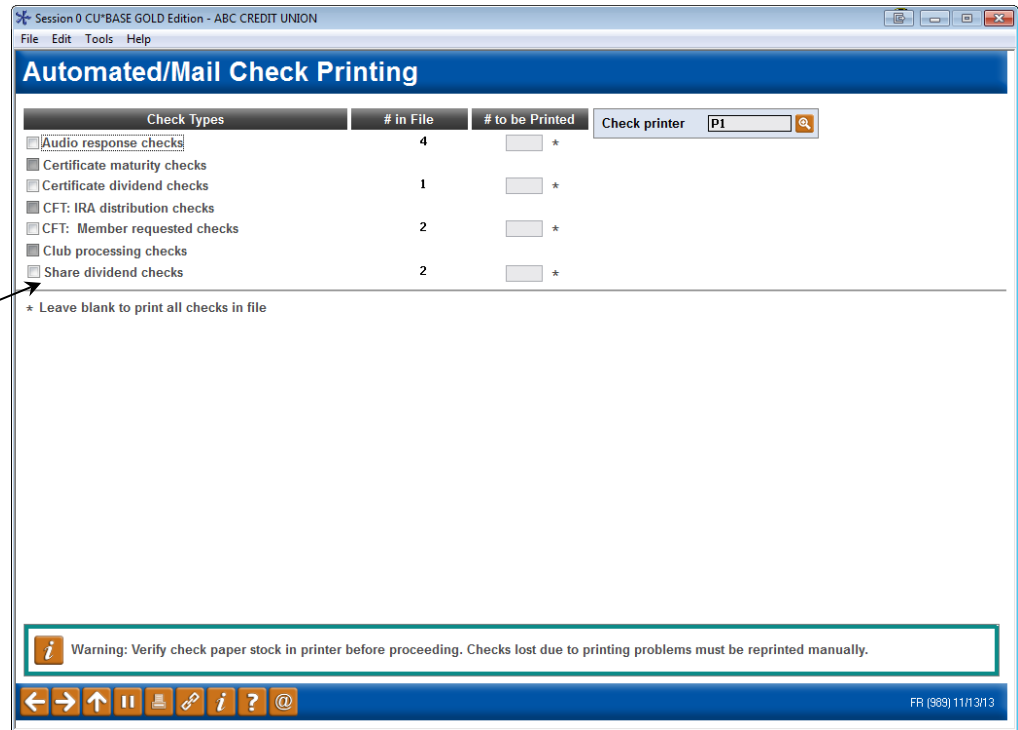
NOTE: This should be used only if the member already has a Secondary/Street Address record in place.

- **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)

Account Information Update

REGULAR OR SUB-SHARE ACCOUNT

Account # 080

S MAIN ST

HI

Last maintenance date Nov 13, 2013

Current balance 38,440.35

Account opened by MSR SU

Date opened Aug 23, 2006

Last accrued date Oct 17, 2013

Dividend post code

Accrued dividend 1.78

Dividends paid: Q1 9.05

Q2 9.33

Q3 9.61

Q4 3.15

Accum balance 653,485.95

Accrued club benefit 0.00

YTD club benefit 0.00

Dividend pay code Check

PRINT CHECK FOR DIVI

Set Div Checks Pay To/Address

Dividend application GS

G/L account 902.51

of withdrawals 00

of transfers 00

Joint Owner #1

Joint Owner #2

of Joint Owners 0

beneficiaries 1

Secured balance 0.00

Minimum balance 38,440.35

Annual backup W/H 0.00

Uncollected amount 0.00

1st date negative 00000000

ATM network ID # 0000000000

ATM overdraws 00

ATM withdrawals 000

Freeze 0 = All Activity Allowed

Club check

Club transfer

Misc charge 0

Passbook process ID 0

Statement indicator 0

Jt Owner/Beneficiary Checklist Div Check Pay To

FR (2449) 11/13/13

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 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Member Account Inquiry

MSR SU Account # [REDACTED] Date opened Aug 23, 2006

ATM ID [REDACTED] G/L account 902.51-01

ATM W/D [REDACTED]

ATM overdrafts [REDACTED]

Withdrawals 0

Transfers 0

Frozen 0 NO

Passbook NO

AFT NO

Payroll NO

Account type 000 GROWTH SAVINGS I

Div appl GS GROWTH SAVINGS I

Outstanding accrued club benefits 0.00

Current balance 38,440.35 Annual b/u withholding 0.00

Period average balance 38,440.35

Period minimum balance 38,440.35

- secured 0.00

- uncollected 0.00

= Net available 38,440.35 YTD club benefits 0.00

1st date negative 00000000

New Account

New Account Type

Dividend Calculator

NSF

Uncollected Funds

Secured Funds

IRA/HSA

Payroll

Tracker Review

Overdraft Protection

		Dividend Information		
Dividend payment code	2 PRINT CHECK FOR DIVI	Quarter 1		Total
Dividend transfer account	PAY TO OTHER ADDRESS	2	9.33	Accrued 1.78
		3	9.61	
		4	3.15	

Transaction inquiry date Jun 18, 2013 [MMDDYY]

FR (3758) 111313

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.