

Year-End Processing Guide

Self-Processing Credit Unions

Last Revision Date
November 1, 2023

This booklet supersedes any year-end instructions from previous years.

Updates and Revisions

November 2, 2023 – Original guide posted online

2023 Year-End Processing Guide for *Self-Processing Credit Unions*

Introduction

This guide is provided as a reference to the many tasks and procedures related to the end of the year and annual tax reporting. Start by carefully reviewing the **2023 Tasks and Deadlines** shown on Page 10. Review tasks in advance and assign them to the appropriate team member to ensure that all preparations and processes are completed on time and in the proper order.

Our Advice for a Smooth Year-End

- Select a coordinator to assign tasks and ensure they are complete.
- Review the guide carefully, including any post-publication updates.
- Review deadlines in advance to avoid missing a task and incurring a fee.
- Have all year-end staff attend year-end training.
- Pay special attention to year-end emails as requirements may change.
- Ask questions! Our teams are here and ready to assist.
- As always, be sure to keep on track with your [Month End Processing Tasks](#).

If you have any questions on any of the topics or procedures covered in this Guide, please contact a CU*Answers Client Service Representative at 616-285-5711 ext. 255.

We look forward to making year-end 2023 another successful team effort!

This booklet supersedes any year-end instructions you may have received from previous years.

Revision date: November 1, 2023

We refresh this booklet within the year-end processing period whenever a change is received and documented. Continue to check this document for updates throughout the year, focusing on the **"Updates and Revisions to This Guide"** section.

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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What's New for Year-End 2023?

- **New HSA Limits for 2024:** IRS has announced new HSA limits for 2024. The maximum 2024 HSA contribution will be \$4,150 for individuals with self-only coverage, up from \$3,850 in 2023. The maximum 2024 HSA contribution will be \$8,300 for family coverage, up from \$7,750 in 2023. The catch-up contribution limit for those over age 55 will remain at \$1,000.
- A reminder for this year is a quick reference deadline and update page in the Help Hub, to easily bookmark and keep track of date changes or other notices as needed:
help.cubase.org/hub/Content/Overviews/YearEndQuickConnect.htm
- For credit unions converted in 2023 in which mortgage loans were opened on their previous system, a new tool is available for use to update the beginning of year mortgage balances for members. If needed, our Conversion Team representative will be in contact with more information on how to use this custom CU*BASE tool.
- Note that your State ID # is now configured in **Tool #1784 Corporate ID Maintenance** instead of the chart of accounts. As State ID # is included on the 1099-INT, 1099-MISC, and 1099-R for forms that are reporting Withholding information, it is imperative that you verify this number. Refer to page 24 for more information.
- Coming in CU*BASE release 23.12 are changes for accounts flagged as *Foreign citizen*, which will include an updated field to allow for reporting in standard 1099 files. On December 17, we will simply convert the current information; if you wish to take advantage of the expanded fields, you must manually update the member's record. More information will follow in the 23.12 Release Summary.
- Remember that 2024 will be a leap year!

Year-End Training Information

CU*Answers offers three training sessions, combined for both Online and Self-Processing clients. Approximately 15 minutes at the end of each training will be dedicated to solely self-processor year-end tasks.

Tuesday, November 14

9:30 -11:00 AM ET

Tuesday, November 21

3:30 – 5:00 PM ET

Thursday, December 7

3:00 – 4:30 PM ET

[Register for a Session](#)

Important Yearly Reminders

- The deadlines noted in this Guide are critical to proper processing of your member data. CU*Answers will be adhering very strictly to the deadline dates stated in this Guide, and if data is received late or needs to be redone, **your credit union may incur a fee**. Do not wait until the last minute to assign these important tasks to appropriate staff!
- Though your EOY is automated, you must complete all verifications and reporting: See Page 47 for complete details.
- Don't forget to enter **G1** for your Group Provider when creating and submitting tax files!
- Some of the deadlines in this book relate to when we need you to have various verification tasks completed before we can compile data to send to third parties like Ascensus, Sage Direct, or the IRS. In these cases, the deadline date assumes a time of **8:00 p.m. ET on the deadline day**. Because our Operations department is staffed 24x7 and much of our work is done during the overnight hours, so if the deadline is November 14, that means that your task must be completed *before* 8:00 p.m. ET on November 14. As always though, the earlier bird gets the worm.
- As always, don't forget that you should already be **verifying your IRA and HSA balance file data** on a monthly or at least a quarterly basis. Don't wait until after year-end! The deadlines are very tight, and you will not have time to do all of the work then. Keep up with it regularly and you'll make things a lot easier on yourself in January and April! See Pages 59 and 62 for more details.
- The system is designed to allow for any code you've entered for 1099C, so be sure to verify against the 1099C Instructions for further details.
- When generating 1099-INT/substitute 1099-INT forms, we ignore *the Report dividends to IRS* flag on IRA and HSA products.
- CU*BASE has the ability to record information about distributions to beneficiaries for Roth IRAs, including 1099 reporting to beneficiaries who receive distributions. **It's still up to your credit union to understand and use the appropriate posting codes based on the member's situation**. New warning messages have been added to various screens and verification reports to help avoid duplicate or invalid entries wherever possible. Otherwise the process for recording the distributions is the same as for traditional IRAs, and 1099-R forms will be produced for primary and beneficiary owners who receive distributions. Refer to the IRA Processing booklet for complete details.
- For information regarding creating the Foreign Person's U.S. Source Income Subject to Withholding tax Form (**1042-S**), use the [1042-S supplement](#).

Mortgage Forms

- The "Send 1098 Tax Form" flag on mortgage loan category will determine whether or not a tax form is generated. **It is crucial that you verify your loan categories prior to year-end!** See page 25 for more information.
- Remember these tips when reporting collateral on 1098 forms for mortgage loans: If there

is an address entered into the *address field* of the collateral record, we will use it and will report that in Box 8, otherwise we will report that the address is the same as the member's primary address from MASTER, marking the "same as" YES checkbox in Box 7. Also, if there is a Tax ID on the collateral record we will report that in box 9. **If needed, you must adjust collateral data prior to year-end!** See page 28 for more details and a sample form.

Third Party Processors

- As a reminder, credit unions using Sage Direct for printing of 1099/1098 and 5498 forms will be required to **send the file directly to Sage**. See Pages 68 and 70.
- **If your statement print vendor is not Sage Direct**, call your vendor to verify whether they can process substitute 1099-INT forms.
- If your **IRA or HSA program is Ascensus-administered**, as always it is your responsibility to contact Ascensus and tell them exactly how and what data will be reported to them this year. Ascensus will ignore data in the file you send unless they have instructions from you on what to do with it and will charge you a fee if they have to make special correction arrangements after the fact!

State Specific Information

- It is important to verify that your State ID is configured in **Tool #1784 Corporate ID Maintenance** as State ID # is included on the 1099-INT, 1099-MISC, and 1099-R for forms that are reporting Withholding information. Refer to page 24 for more information.
- **No tax information is reported directly to a state on a credit union's behalf.** The only state reporting is in the IRS file for those states that participate in Combined Federal/State filing program.
- If your state requires tax information submitted directly to them prior to the IRS deadline, **be sure to reach out as soon as possible to ensure that you are in compliance for the tax year.**
- Tax files used in combined state filing use the primary address in order to capture the correct state tax. **Remember that it is always your credit union's responsibility to inform CU*Answers if your state has a special rule.** Be sure to reach out as soon as possible to ensure that you are in compliance for the tax year.

Monthly Tasks: Do These Tasks Every Month

- Verify/maintain IRA & HSA Balance File 5498 contribution data, including IRA death distributions to beneficiaries. See Pages: 62 & 65 & 87
- Complete and verify additional tasks in the [Monthly Verifications booklet](#).
- Complete monthly statement verification on the first of each month after you have generated statements. See Page: 43

Summary of 2023 Tax Forms

This information is provided as a quick reference for your convenience. For complete instructions and current regulations governing the use of these forms, refer to appropriate 2023 IRS publications.

<i>Form</i>	<i>Description</i>	<i>Due to Members</i>	<i>Due to IRS</i>
1098 Forms			
1098	Mortgage Interest Statement ¹	January 31	March 31
1098-E	Student Loan Interest Statement ²	January 31	March 31
1099 Forms			
1099-NEC	Nonemployee Compensation	January 31	January 31
1099-A	Acquisition or Abandonment of Secured Property	January 31	March 31
1099-C	Cancellation of Debt	January 31	March 31
1099-INT	Dividends & Interest ³	January 31	March 31
1099-MISC	Miscellaneous Income ⁴	January 31	March 31
1099-Q	Coverdell IRA Withdrawals	January 31	March 31
1099-R	IRA Withdrawals	January 31	March 31
1099-SA	HSA Withdrawals	January 31	March 31
5498 Forms			
5498-ESA	Coverdell IRA Contributions ⁵	April 30	May 31
5498-SA	HSA Contributions ⁵	May 31	May 31
5498	IRA Contributions ⁵	May 31	May 31

NOTE: If a member has an **alternate address** record that is in effect at the time tax forms are printed, the system will use the alternate *address* from that record but will still use the member's name from his or her MASTER record, according to IRS guidelines. This is also true when reporting to the IRS. Also, **DBA names** are never used on tax forms or for IRS reporting, regardless of whether your CU normally prints DBA name on correspondence.

IRS Web Site: www.irs.gov

¹Will be sent to member only if over \$600. If you wish to send (and report to the IRS) even for amounts under \$600, please indicate on your Tax Forms Handling Instructions screen (see Page 86).

²See Page 14 for more information.

³Sent to member only if over \$10.

⁴If for non-employee compensation, sent to member only if over \$600. Other rules apply; refer to published IRS guidelines.

⁵Since year-end statements include information about IRA/HSA deposits and withdrawals made during the current tax year, if you wish, you can choose to print 5498 forms ONLY for members who make prior-year contributions for 2023 between January and April in 2024. (Applies only if your IRA/HSA programs are self-administered.) See Page 86.

2023 Tax Forms Pricing

If you choose, Sage Direct can laser print your tax forms according to the pricing listed below. Ongoing CASS certification and efficient mail handling processes help to keep postage rates low. **Please contact Sage Direct for more information.**

*Blank tax forms (for corrected copies) are NOT available through CU*Answers. If you need a supply of blank tax forms, they must be ordered directly from the IRS website at www.irs.gov.*

Prices for Printed Forms

<i>Form Name</i>	<i>Laser Forms Printed by CU*Answers</i>
1098, 5498, and 1099-INT ¹	\$ 35.00 per 100 plus actual postage ³
1098-E ² 5498-SA and 5498-ESA 1099-B, 1099-C, 1099-MISC, 1099-NEC, 1099-Q, 1099-R, and 1099-SA	\$ 60.00 per 100 plus actual postage ³

If Using Substitute 1099-INT

<i>Item</i>	<i>Price</i>
Printing Substitute 1099-INT information on year-end statements	\$0.17 per form 1099-INT printed
Instruction inserts for substitute 1099-INT (see Page 19 for a sample)	Billed at actual cost (in the past has been \$0.01 ea.)
Statement envelopes printed with "Important Tax Information Enclosed" ⁴	Billed at actual cost (in the past has been \$0.04 ea.)

Archived Forms on CD-ROM

Pricing for archived tax forms on CD-ROM: single copy \$50.00 processing fee + \$10.00 per CD-ROM; additional copies \$10.00 per CD-ROM.

<i>Item to be Included</i>	<i>Will Be Produced</i>
1099 and 1098 Tax Forms	No later than March 31, 2024
1099/1098 Tax Information Report, 5498 Tax Forms, 5498 Report(s)	No later than June 30, 2024

¹See Page 14 for important information about using year-end member statements as substitute 1099-INTs in place of standard 1099-INT forms.

²1098-E (Student Loan Interest Statement) forms will be produced for any loan categories with Process Type "P" (student loans in payout). Do not check the *Send 1098 tax form* flag in the Loan Category configuration (see Page 25).

³Postage is not included in this pricing. Postage will be billed separately based on the credit union's actual cost, without a CU*Answers markup.

⁴ If you are printing substitute 1099-INT forms, all statements will include this data and use this special envelope, even if all the amounts being reported are \$0.00.

2023 Tasks and Deadlines

NOTICE OF ASSOCIATED FEES

The deadlines noted in this guide are critical to proper processing of your member data.

CU*Answers will be adhering very strictly to the deadline dates stated in this guide, and if data is received late or needs to be redone, your credit union **will incur a fee**. Do not wait until the last minute to assign these important tasks!

November		
Due Date	Task	Page
Tuesday, November 14	Notify CU*Answers if you plan to print substitute 1099-INT forms on statements	14
	Verify how your credit union’s IRA/HSA plans are administered (Self-administered, Ascensus- or other third party-administered) and make printing plans.	86
	Then, complete and return the Tax Forms Archival Instructions form to indicate how your tax forms should be handled	
Anytime in November		
Verify State ID # for reporting on 1099-INT, 1099-MISC, 1099-R (for those who are reporting withholding information)		24
Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting		37
Verify Share and Certificate configurations to ensure proper 1099-INT reporting; check settings on the credit union account		34
Verify Equity Loan categories to ensure proper 1098 reporting		25
CUs offering e-statements and using substitute 1099-INTs: send alert email message <i>(can be done in Nov. or Dec.)</i>		16
Update Federal Holidays/non-business days configuration		2323
Perform verification checklist during November EOM processing		40

December		
Due Date	Task	Page
Friday, December 8	Order special envelopes for Auditor member account verification mailing <i>(if necessary; Sage Direct only)</i>	22
	Prepare Annual Statement configuration	42

	Modify statement messages/instructions (<i>Sage Direct only</i>)	42
	Clear statement messages for December statements (<i>if using substitute 1099-INTs</i>)	15
	Modify December e-statement notification message (<i>if using substitute 1099-INTs</i>)	17
Thursday, December 28	Statement inserts due (<i>Sage Direct only</i>)	42
	Enter mortgage points paid and other 1098 data into the Tax File	29
Sunday, December 31	Run End-of-Year Processing	47
	Perform verification checklist before/after EOY processing	40 & 49

January		
Due Date	Task	Page
As soon as possible after Monday, January 1	Review Beginning-of-Year/Tax File Verification Reports	48
Thursday, January 4	Final verification of distribution IRA Balance File data (distributions only for all IRA plan types, including death distributions to beneficiaries) and HSA Balance File data (forms 1099-Q, 1099-R, 1099-SA)	59 & 62
	Verify Tax File (Tool #1014) and make adjustments where necessary (before PRINTING forms)	64
	Verify 1099-MISC and 1099-NEC amounts for AP Vendors	37
	Run Tax Information Reports and move to DAILYxx or MONTHxx if you want these reports archived	64
Tuesday, January 9	Ascensus deadline for submitting 1099-R and 1099-SA file, as well as FMV (Fair Market Value)	75
	Deadline for submitting file to Sage for printing 1099/1098 forms (<i>if Sage is printing your tax forms</i>)	68
Friday, January 19	Deadline for downloading tax forms for CU*Archives	74
Wednesday, January 31	Deadline for <ul style="list-style-type: none"> furnishing all 1099 and 1098 forms to members 	77 & 80 & 79

	<ul style="list-style-type: none"> • 1099 – NEC forms to the IRS <i>and</i> to members 	
Anytime in January		
Close the General Ledger for 2023 (<i>must be done prior to reporting January YTD</i>)		53

March		
Due Date	Task	Page
Recommended by March 7	Final adjustments to the Tax File	64
Sunday, March 31	Deadline for submitting 1099 and 1098 information to IRS, with exception of 1099-NEC due to IRS in January	77
Anytime in March		
Remove Annual statement instructions from the Quarterly statement configuration (<i>before running March statements on April 1</i>)		45

April		
Due Date	Task	Page
Monday, April 15	Tax Day	
Recommended by Thursday, April 18	Final verification of Coverdell contribution (5498-ESA) data in IRA and HSA Balance Files	59 & 62 & 81
	Deadline for submitting file to Sage Direct for printing 5498-ESA forms (<i>if Sage Direct is printing your forms</i>)	68
Monday, April 22	<i>Ascensus-Administered:</i> Submit 5498-ESA (contribution) data to Ascensus	81
Tuesday, April 30	Deadline for submitting 5498-ESA (Coverdell contribution) forms to members	81 & 84

May		
Due Date	Task	Page
Recommended by Thursday, May 2	Final verification of contribution data (5498) data in IRA and HSA balance files, make modifications where necessary	

Tuesday, May 7	<i>Ascensus-Administered:</i> Submit 5498 and 5498-SA data to Ascensus	81
	Deadline for submitting file to Sage Direct for printing 5498 and 5498-SA forms <i>(if Sage Direct is printing your forms)</i>	68
Friday, May 31	Deadline for furnishing 5498 and 5494-SA forms to members and submitting 5498 (contribution) data to IRS	81 & 84
END		

Using Member Statements as Substitute 1099-INTs

→ **DEADLINE:** Notify CU*Answers if you wish to print substitute 1099-INTs by **November 14**

→ **Modify statement messages/instructions before December statements are run**

Your credit union can elect to use your year-end statements as substitute 1099-INTs, instead of mailing separate 1099-INT forms for all members. Here are some benefits:

- Because statements are produced immediately after year-end, tax information will be in members' hands much more quickly than with standard forms.
- Member statements are retained as part of the CU*SPY on-line retrieval system, making it much easier for credit union employees to view or reprint 1099-INT information for a member. If you offer e-statements through online banking, members themselves can view tax information included on their December statements for a full year.
- Postage savings and low printing costs make printing substitute 1099-INTs cost-effective for any size credit union.
- To specify that you wish to use your statements as substitute 1099-INTs, check the appropriate box on your Tax Forms Order Form. See Page 86.

Points to Remember

- **If your statement print vendor is not Sage Direct**, call your vendor to verify whether they can process substitute 1099-INT forms.
- According to IRS regulations for substitute 1099 forms, NO other marketing materials are allowed in these statement envelopes, including newsletters.
- NO marketing messages are allowed on the statements themselves. You will be required to clear out any marketing-related messages using the *Update Statement Message/Inserts* tool prior to the year-end statements being run. See Page 15 for instructions.
- All statement envelopes must be marked "Important Tax Information Enclosed." In addition, special 1099-INT instructions must be included on a separate statement insert. The instruction insert and envelope notation will be handled by our statement processor, Sage Direct. Credit unions who use a different statement processor should contact the Operations Department (ext. 132) to coordinate the steps necessary to produce substitute 1099-INT forms.
- As statements are generated by account number, not SSN/TIN, a member who has two separate membership accounts under the same SSN will receive 1099-INT information separately for each membership. Because members will need to combine dividends earned on all credit union accounts in order to report taxable income properly, **sub 1099-INT information will be printed for every member that receives a statement, regardless of the amount of dividends received (even \$0.00).**
- Substitute 1099-INTs will be printed only for memberships who have active accounts or

who have closed accounts during your final statement period. In other words, only people who actually get year-end statements will get substitute 1099-INTs. Any membership that was closed prior to the final statement period (month, quarter, etc.), or non-members with reportable savings bond interest, will receive a standard 1099-INT form, subject to normal printing fees for laser tax forms.

- **If electing to distribute standard 1099-INT forms instead of substitute 1099-INT forms, a form will only generate for \$10.00 or more.**
- This option applies to substitute 1099-INTs only, not form 1098 or any other 1099 forms.
- The information must all print on the same page of the statement, so if the entire form cannot fit on the last page of the statement, another page will be generated for that membership.
- **For Credit Unions Offering E-Statements:** If your credit union also offers e-statements to your members, you will need to make sure that members understand they will not be receiving any forms in the mail and that they must view their year-end statement through online banking in order to see 1099-INT information. See Page 16 for details.
- **If your credit union converted to the CU*BASE platform during 2023,** you may NOT use your year-end statements as substitute 1099-INTs. Because statements are produced immediately after year-end processing, there will be no time to verify 1099-INT information before it is delivered to your members. If there are corrections needed due to the conversion of your member data, regular 1099-INT forms will give you some extra time to review and make modifications.
- If your credit union began using CU*BASE in 2023 as a start-up credit union, please contact us for more information on using substitute 1099-INTs.
- **For More Information:** For more complete information on the rules and procedures governing the use of substitute 1099-INT forms, please refer to IRS Publication 1179 “General Rules and Specifications For Substitute Forms 1096, 1098, 1099, 5498, W-2G and 1042-S.” This document can be downloaded by visiting the IRS web site at www.irs.gov.

Modifying Statement Messages for use with Substitute 1099-INTs

Because IRS regulations prohibit the use of any marketing-related messages on statements used as substitute 1099-INT forms, you must adjust statement messages prior to year-end statements being run.

Update Statement Messages/Insert Instruc (Tool #914) - Screen 1

Session 0 - Statement Messages/Inserting

Statement format ID CHANGE

Statement Formats		
Fmt	Description	
CM	Credit Card Monthly Statement	
MN	Monthly Statement	
QT	Quarterly Statement	

■ Select ■ Select ■ Select ↑ ↓

Choose code QT for your quarterly statement instructions.

Selective Insert Files

← → ↑ || 🖨️ 🔗 ⓘ ? @ FR (3837)

Screen 2

Session 0 - ABC CREDIT UNION

File Edit Tools Help

Statement Message Maintenance - Format QT CHANGE

General

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

New Member

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

Closed Member

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

Either clear all messages or insert generic text ONLY about the substitute 1099-INT.

Continue ⓘ To save and continue, press Enter.

← → ↑ || 🖨️ 🔗 ⓘ ? @

Special Instructions for CUs Offering E-Statements

→ **DEADLINE:** Preliminary alert email message during November or December. Modify e-statement notification message for December statements during December.

There are a few special tasks for e-statements which must be performed to comply with IRS guidelines and ensure that your members understand how their tax information is being reported to them.

The following sample messages are suggestions only, based on our interpretation of the guidelines published in the 2023 "General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G" publication, IRS Cat. No. 27976F. Please refer to this publication for details and to ensure that your credit union complies with all requirements.

Message 1: Preliminary Alert Message

This message is intended to confirm that the member consents to receiving his/her tax information electronically via e-statements. This message should be sent to all members who have signed up for e-statements, prior to statements being generated on January 1. (Remember that if members sign up for e-statements after this initial batch message is sent, you must follow-up with those members to provide this same information.) A message like this should also be added to your web site.

If a member does not consent to receiving tax information electronically, simply un-enroll that member from receiving e-statements any time before December 31, 2023. The member will then receive a mailed copy of his or her December statement.

Member Connect Marketing Tools (Tool #497)

Session 1 CU*BASE GOLD - SUCCESS CREDIT UNION

File Edit Tools Help

Member Connect Message Maintenance

Jump To

Corp ID (Blank = all, 99 = generic)

Message type

Message subject

Msg Type	Corp ID	Message Subject	First Line of Text
BH	01	Experience Matters	When you are considering a loan...
01	01	Safe, Secure and Easy	Protect your personal account infor
01	01	Celebrate with Us Today!	Join Frankemuth Credit Union, plus
01	01	Mortgage eStatement Notification	Please find your eStatement by goin
01	01	Your eStatement is ready	Your statement is now ready to be v
01	01	The Credit Union Difference	Your credit union's primary purpose
01	01	Let Your Home Work For You	With bank interest rates increasing
01	01	Love the Car, Not the Interest Rate?	Do you LOVE your car, but HATE your
01	01	We Want to Know What You Think	We believe that feedback is vital f
01	01	Time's Almost Up!	We would like to say a big thank yo
01	01	How Can E-Statements Benefit You?	How can e-statements benefit you?
01	01	Paying Bills Couldn't Be Easier	We are pleased to offer EasyPay, an
01	01	Calling all Smart Phones	Did you know a branch of your Credi
01	01	We Look Forward to Hearing From You	Taking the opportunity to speak wit
01	01	Your Year-End Tax Information	This message is to alert you that
01	01	It's Me 24/7 Online Banking	It's Me 24/7 Online Banking has a ne

Copy Delete View

Create

Copy from Master

Navigation icons: back, forward, up, down, print, help

IMPORTANT: Be sure your email provider is aware of the volume of emails you may receive, and does not misinterpret your email traffic as "spam."

You can simply copy our standard message from the Master Library into your own list of messages, then adjust the text as you wish before sending it. Use **Copy from Master (F9)** then choose message type **TX**.

Instructions for creating the Query and sending the message are available in the booklet, "Marketing Campaigns with Member Connect", available on the CU*BASE Reference Page.

Following is the text from this sample message:

This message is to alert you that the tax information that is being provided to the IRS will be reported on your December 2023 electronic account statement. No paper copy of the 1099-INT tax form will be mailed.

Because you have signed up for e-statements, your tax information can be viewed after January 1, 2024, by accessing your December statement in online banking as usual.

Please contact us if you wish to discuss deactivating e-statements prior to December 31, 2023. Thank you for choosing e-statements!

Message 2: With December Statement Notification Email

This message is intended to notify members that tax information is ready for them to view electronically. Since members will already receive an email from you stating that their December statement is ready, this message is the ideal vehicle for communicating that tax information is also ready.

In addition, IRS regulations state that when providing substitute 1099-INT forms, you must also provide the "Instructions for Recipient" information that appears on the back of a standard

1099-INT form. Formerly this was included as an insert in printed statements for credit unions using substitute 1099s. For e-statements, you must provide these instructions through other means. One method would be to add the instructions (see below) as a page on your web site, then direct members to the site via your notification email. (You could also add the contents of the instructions into your notification email, if desired.)

Configure Monthly eStatement Emails (Tool #262) - Screen 2

Session 0 CU*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Member Connect Message Maintenance

Corp ID 01

Message type ES Message subject Your eStatement is ready

Message

Your December statement is now ready to be viewed from online banking. Remember that this statement also contains important tax information that is being reported to the Internal Revenue Service on your behalf. No paper copy of the 1099-INT tax form will be mailed.

To read the "Instructions for Recipient" information from the back of a standard 1099-INT form, visit our web site at www.abccu.org and click the "Form 1099 INT Instructions" link. These instructions explain how to read the tax information that will appear at the end of your December statement.

Page 1

Save Changes

MESSAGE TIP: When you add or remove characters, it might cause fragmented lines of text. Place the cursor at the end of the shortened line and press the Delete key to remove the line break and clean up the paragraphs as needed.

MESSAGE TIP: If you insert text or copy and paste text that exceeds the space provided, a pop-up window will appear. Select Yes to retain text you have written or pasted, but be careful, this may delete following text. Select No to cancel a paste. WARNING: Never check the "Remember my decision" checkbox on this pop-up window.

Save

Navigation icons: back, forward, up, down, print, help, search, and other standard UI controls.

Following is the sample text shown on this screen:

Your December statement is now ready to be viewed from online banking. Remember that this statement also contains important tax information that is being reported to the Internal Revenue Service on your behalf. No paper copy of the 1099-INT tax form will be mailed.

To read the "Instructions for Recipient" information from the back of a standard 1099-INT form, visit our web site at www.abccu.org and click the "Form 1099-INT Instructions" link. These instructions explain how to read the tax information that will appear at the end of your December statement.

From the back of a standard 1099-INT form:

Instructions for Recipient

The information provided may be different for covered and noncovered securities. For a description of covered securities, see the Instructions for Form 8949. For a taxable covered security acquired at a premium, unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize the premium under section 171, or for a tax-exempt covered security acquired at a premium, your payer generally must report either (1) a net amount of interest that reflects the offset of the amount of interest paid to you by the amount of premium amortization allocable to the payment(s), or (2) a gross amount for both the interest paid to you and the premium amortization allocable to the payment(s). If you did notify your payer that you did not want to amortize the premium on a taxable covered security, then your payer will only report the gross amount of interest paid to you. For a noncovered security acquired at a premium, your payer is only required to report the gross amount of interest paid to you.

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)). However, the issuer has reported your complete TIN to the IRS.

FATCA filing requirement. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its chapter 4 account reporting requirement. You also may have a filing requirement. See the Instructions for Form 8938.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows taxable interest paid to you during the calendar year by the payer. This does not include interest shown in box 3. May also show the total amount of the credits from clean renewable energy bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, and build America bonds that must be included in your interest income. These amounts were treated as paid to you during 2021 on the credit allowance dates (March 15, June 15, September 15, and December 15). For more information, see Form 8912. See the instructions above for a taxable covered security acquired at a premium.

Box 2. Shows interest or principal forfeited because of early withdrawal of time savings. You may deduct this amount to figure your adjusted gross income on your income tax return. See the Instructions for Forms 1040 and 1040-SR to see where to take the deduction.

Instructions for Recipient (continued)

Box 11. For a taxable covered security (other than a U.S. Treasury obligation), shows the amount of premium amortization allocable to the interest payment(s), unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize bond premium under section 171. If an amount is reported in this box, see the Instructions for Schedule B (Form 1040) to determine the net amount of interest includible in income on Form 1040 or 1040-SR with respect to the security. If an amount is not reported in this box for a taxable covered security acquired at a premium and the payer is reporting premium amortization, the payer has reported a net amount of interest in box 1. If the amount in box 11 is greater than the amount of interest paid on the covered security, see Regulations section 1.171-2(a)(4).

Box 12. For a U.S. Treasury obligation that is a covered security, shows the amount of premium amortization allocable to the interest payment(s), unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize bond premium under section 171. If an amount is reported in this box, see the Instructions for Schedule B (Form 1040) to determine the net amount of interest includible in income on Form 1040 or 1040-SR with respect to the U.S. Treasury obligation. If an amount is not reported in this box for a U.S. Treasury obligation that is a covered security acquired at a premium and the payer is reporting premium amortization, the payer has reported a net amount of interest in box 3. If the amount in box 12 is greater than the amount of interest paid on the U.S. Treasury obligation, see Regulations section 1.171-2(a)(4).

Box 3. Shows interest on U.S. Savings Bonds, Treasury bills, Treasury bonds, and Treasury notes. This may or may not all be taxable. See Pub. 550. This interest is exempt from state and local income taxes. This interest is not included in box 1. See the instructions above for a taxable covered security acquired at a premium.

Box 4. Shows backup withholding. Generally, a payer must backup withhold if you did not furnish your TIN or you did not furnish the correct TIN to the payer. See Form W-9. Include this amount on your income tax return as tax withheld.

Box 5. Any amount shown is your share of investment expenses of a single-class REMIC. This amount is included in box 1. **Note:** This amount is not deductible.

Box 6. Shows foreign tax paid. You may be able to claim this tax as a deduction or a credit on your Form 1040 or 1040-SR. See your tax return instructions.

Box 7. Shows the country or U.S. possession to which the foreign tax was paid.

Box 8. Shows tax-exempt interest paid to you during the calendar year by the payer. See how to report this amount in the instructions for Forms 1040 and 1040-SR. This amount may be subject to backup withholding. See Box 4 above. See the instructions above for a tax-exempt covered security acquired at a premium.

Box 9. Shows tax-exempt interest subject to the alternative minimum tax. This amount is included in box 8. See the Instructions for Form 6251. See the instructions above for a tax-exempt covered security acquired at a premium.

Box 10. For a taxable or tax-exempt covered security, if you made an election under section 1278(b) to include market discount in income as it accrues and you notified your payer of the election in writing in accordance with Regulations section 1.6045-1(n)(5), shows the market discount that accrued on the debt instrument during the year while held by you, unless it was reported on Form 1099-OID. For a taxable or tax-exempt covered security acquired on or after January 1, 2015, accrued market discount will be calculated on a constant yield basis unless you notified your payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to make a constant yield election for market discount under section 1276(b). Report the accrued market discount on your income tax return as directed in the Instructions for Forms 1040 and 1040-SR. Market discount on a tax-exempt security is includible in taxable income as interest income.

(Continued on the back of Copy 2.)

Box 13. For a tax-exempt covered security, shows the amount of premium amortization allocable to the interest payment(s). If an amount is reported in this box, see Pub. 550 to determine the net amount of tax-exempt interest reportable on Form 1040 or 1040-SR. If an amount is not reported in this box for a tax-exempt covered security acquired at a premium, the payer has reported a net amount of interest in box 8 or 9, whichever is applicable. If the amount in box 13 is greater than the amount of interest paid on the tax-exempt covered security, the excess is a nondeductible loss. See Regulations section 1.171-2(a)(4)(ii).

Box 14. Shows CUSIP number(s) for tax-exempt bond(s) on which tax-exempt interest was paid, or tax credit bond(s) on which taxable interest was paid or tax credit was allowed, to you during the calendar year. If blank, no CUSIP number was issued for the bond(s).

Boxes 15-17. State tax withheld reporting boxes.

Nominees. If this form includes amounts belonging to another person(s), you are considered a nominee recipient. Complete a Form 1099-INT for each of the other owners showing the income allocable to each. File Copy A of the form with the IRS. Furnish Copy B to each owner. List yourself as the "payer" and the other owner(s) as the "recipient." File Form(s) 1099-INT with Form 1096 with the Internal Revenue Service Center for your area. On Form 1096, list yourself as the "filer." A spouse is not required to file a nominee return to show amounts owned by the other spouse.

Future developments. For the latest information about developments related to Form 1099-INT and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099INT.

FreeFile. Go to www.irs.gov/FreeFile to see if you qualify for no-cost online federal tax preparation, e-filing, and direct deposit or payment options.

This text was taken from the following PDF file available on the IRS web site:

<http://www.irs.gov/pub/irs-pdf/f1099int.pdf>. (Sage Direct uses this same text for the instructions that will be inserted with your statements.)

Bonus Dividends / Loan Interest Rebates

Your credit union can choose to process a special bonus share dividend or loan interest rebate for their members at the end of the year.

Access **Tool #823 Standard Bonus Div/Loan Interest Rebate** to set up a bonus dividend/interest rebate program, including the ability to **run a simulation on your live files**, without actually posting. This allows you to expense prior to year-end.

The simulation will use live data as of the time it is run, so the closer to year-end you run it, the more accurate a prediction it will give as to your actual expense at year-end.

Refer to CU*BASE Online Help for assistance in configuring your program:

<https://help.cubase.org/cubase/UBDIRCFG-01.htm>

An alternative you might also want to consider is the Patronage/Ownership Dividend program (available in **Tool #583 Patronage Dividend Configuration**) that you can use yourself to post a special reward dividend to the 000 base share account at any time, not just at year-end.

Need Assistance?



EarningsEdge

If you need assistance with these options, the Earnings Edge team is ready to help. For more information, visit

<https://store.cuanswers.com/product/patronage-bonus-dividend-configuration-tune-up/>

Viewing Member Tax Documents/Statements in *It's Me 247*



This option is available for credit unions utilizing CU*Spy for sStatements, or to those who host their own statements but subscribe to CU*Answers Imaging Solutions Release Management.

Imaging Solutions can place member tax documents online so that members can view them from within **It's Me 247** Online Banking, good for three years of storage. When forms are available to send to the print vendors, they will also be placed online. This happens in late January with the exception of the 5498s, which are placed online at a later date. 1099-MISC forms will not be available online.

For more information regarding this service, or to purchase, **visit the CU*Answers Store at store.cuanswers.com/product/member-tax-statements/ or contact the Imaging Solutions team at imaging@cuanswers.com** to review pricing and sign up before the **December 31, 2023** deadline.

Ordering Auditor Envelopes for Statements

- **DEADLINE:** Order envelopes by **December 8**
- All statement inserts to Sage Direct by **December 28**

These instructions apply only if your credit union uses Sage Direct to print member statements. If you use a statement processor other than Sage Direct, contact your vendor for instructions.

Inserts for year-end statements are due to Sage Direct no later than **December 28, 2023**. This deadline also applies to any special inserts your auditor requests, if required.

SPECIAL NOTE: You do not need to order special envelopes for an audit return. However, if Sage Direct is your print vendor, it is important to reach out to them directly if you are performing an end-of-year statement audit.

Member Account Verification Mailing

If your credit union's auditor is planning to conduct a member account verification mailing for your December 2023 statements, contact Jennifer Zimelis at Sage Direct (800-729-8310 x214, 616-940-8336 or jzimelis@sagedirect.com) no later than **December 8** to initiate the audit setup.

We must also receive a letter signed by either your auditor or your credit union with exact information about any special handling that is expected from Sage or CU*Answers, such as if you wish to use a special audit insert.

Sage will set up an auditor address to replace your logo on your printed statements **ONLY** for the month of your audit.

The fees to run an audit address are \$95 initial setup (a one-time fee to set up an auditor address), \$150 for conversion to and from the audit address, and \$.01/statement print charge. Special envelopes may be quoted upon request. Contact your vendor for instructions.

Setting 2024 Holidays

→ **DEADLINE:** During November or December, or any time prior to year-end

Use **Tool #243 Configure CU Non-Business Days** to specify your credit union's business days, and either use the standard list of Federal holidays (which CU*Answers updates each year) or enter your own holidays (or both). **This configuration is used to calculate hold days for uncollected funds, such as teller check holds.** We may also contact you separately to ask for other details about your holiday hours for things like scheduling our Client Service and Ops activities, etc.

Although you can enter dates as far into the future as you wish, it is a good idea to check this configuration each year and make sure any special holidays your credit union may observe have been entered for the following calendar year. For instructions refer to [online help](#) while working on this screen.

Configure CU Non-Business Days (Tool #243)

Date	Description	Day of Week
Oct 20, 2022	INTERNATIONAL CREDIT UNION DAY	Thu

IMPORTANT: Remember that there is a difference between a holiday, when the credit union may be closed to members but still run daily processing as usual, and a non-business day, when daily BOD/EOD processing is not done on your files. **The *Processing days* fields at the top of the screen do NOT control when BOD/EOD is run, but they should generally be kept in sync with your business processing schedule.** Contact a CSR for assistance if changes are needed.

NOTE: The standard Federal holidays are stored in the FEDHOL file. CU*Answers updates this file for our online credit unions once each year in October. To assist self-processors, we pass on a copy of this file every time we do a CU*BASE release for self-processors, so that you do not have to worry about updating the list yourself.

Verifying State ID

→ **DEADLINE:** During November or December, or any time prior to year-end

As the State ID # is included on the 1099-INT, 1099-MISC, and 1099-R forms for those that are reporting withholding information, you must verify that your State ID # is properly configured in **Tool #1784 Corporate ID Maintenance**.

Access the tool, select your credit union to access the screen below, and verify your credit union's State ID #.

The screenshot shows the 'Corporate ID Maintenance' window for 'ABC CREDIT UNION'. The 'State ID #' field is circled in red. The interface includes sections for 'J/E Processing and Posting Features', 'New Member Processing', and 'Government ID #'. The 'State ID #' is 123456789.

J/E Processing and Posting Features	
Fiscal ending month	12
Current process month/year	Dec 2023 [MMYY]
Check reconciliation G/L account	745.15
<input checked="" type="checkbox"/> Current processing month/year is equal to period 13 Y/E	

New Member Processing			
Check distribution bank ID	CI	Location	1
Money order distribution bank ID	MI	Location	1
Entry corporate change fund ID	TR	Location	1
Year end closing G/L account(income/expense only):		Location	1
<input type="checkbox"/> Use Corp # for first 3 digits		<input checked="" type="checkbox"/> Allow member #'s over 6 digits	
<input checked="" type="checkbox"/> Generate account numbers		Last account used	125521
<input type="checkbox"/> Use multiple corporate processing		Increment by	1
Regular share dividend application: SH <input checked="" type="checkbox"/> Use centralized checking/money orders			

Government ID #		IRA Withholding	
Federal ID #	999888777	Federal withholding G/L account	841.10
State ID #	123456789	State withholding G/L account	841.10
Payer name control		CU routing/transit #	987654321

on your student loan categories; 1098-E forms will be produced automatically for any loan categories with Process Type “P” (in payout).

Loan Category Configuration Report

To make it easy to verify all of your loan categories for the 1098 form flag, try printing the Loan Category Configuration Report, using **Tool #655 Print Loan Category Configuration Rpt.** This report prints a full page for each loan category, showing current configuration parameters:

10/15/23 9:21:14	CU*BASE TEST CREDIT UNION (FR) Loan Category Configuration As of 10/15/23	LLNCAT	Page 26 USERA
----- 40 HELOC - TC -----			
Corporate ID:	1	OPEN END/LOC PAYMENT CHANGE CONTROL CONFIGURATION	
Process type:	L	Automated payment changes:	Y
Account type range:	688 to 689	Print notices:	Y
Interest rate range:	3.000 to 15.000	Change activated on Disburs/Any tran:	D
Interest calculation type:	0	Process payment changes I/D/M:	I
Payment calculation type:		If M, calc pmt from Curr/Last-On Day:	/
Next payment date/delinquency control:		If M, next pmt calc month/year:	0000
Use review date for disbursements:	Y	Grace period (# of days):	15
Allow teller disbursements:	N	Allow rate adj via Update VR Codes:	N
Warn teller if different pmt amt:	Y	Round new payment up to whole dollar:	Y
Include delq fine in partial pay:	Y	Use Tiered Rates in payment recalc:	N
AFT pmt date / delq control defaults:	N / N	New payment based on R/P/F/M/T:	R
Allow loan insurance	Y	Range method - use division factor of:	100.00
		and pay per factor:	1.30
Use note number control:	N	Percent method - pay % of balance:	.000 %
Allow stock to secure loan:	N	Fixed method - # of payments:	0
Use lease residual in payoff:	N	Minimum pmt amt (all methods/except tiers):	25.00
Student loan after-payout category:			
GENERAL LEDGER INTERFACE			
Loan category GL acct:	70141	TIERED RATES	
Interest earned GL acct:	11149	FROM	TO
Accrued interest GL acct:	75143	A	.00
Insurance rebate GL acct:	0	B	.00
Student loan gov't interest GL acct:	0	C	.00
Student loan gov't payable GL acct:	0	D	.00
PAYMENT MATRIX			
Fine Amount:	1	E	.00
Principal:	3	F	.00
Interest Due:	2	Update increased payments only: N	
Escrow:	0	Use Current or Last Disbursed balance: C	
Miscellaneous GL:	0		
Overpayment indicator:	FRN		
Miscellaneous GL account:	00000		
Misc. GL transaction description:			
Misc. GL amount:	.00		
Misc. GL percent:	.000 %		
Send 1098 tax form:	Y		
Maximum loan disbursement:	9,999,999.99		
INTEREST PAYMENT ONLY - SCHEDULED PAYMENT CALCULATION			
Update scheduled payment on day:	00		
Minimum payment amount:	.00		
MORTGAGE LOANS:			
Allow tax-escrow accounts:	N		
Tax-escrow account type range:	0 to 0		
STUDENT LOANS:			
Type of loan (gov't or USA funds):			
Guarantee agency column/code:			

Remember that if this setting is wrong and you must change it for any reason, please contact a CSR for assistance ensuring your loan accounts are in sync.

Special Note: 1098 Reporting for Rewritten Loans

IRS reporting requirements specify that you must report interest and points paid on a mortgage *where the total exceeds \$600.** However, the reporting requirement is for *each mortgage*, even though the property may be secured for more than one mortgage. In other words, the rules are based on the mortgage, not the collateral.

Many CU*BASE clients currently include balloon notes in their mortgage portfolio. At the end of the balloon period the loans are rewritten rather than simply re-amortized using the same account suffix. There are 1098 ramifications for the tax year in which a mortgage balloons and is rewritten. The CU*BASE end-of-year 1098 processing system looks at the individual loans, not the collateral securing those loans. In the case where there are two mortgages secured by the same piece of real estate, and each shows interest paid under \$600, no 1098 will be generated, in accordance with IRS regulations.

If you would like a 1098 to be reported combining the interest on the old loan with interest on the new loan, you must manually update the *YTD Interest Paid* amount on the new loan using the CU*BASE Update Account Information feature, shown below.

***If your credit union has elected to produce 1098 forms even for amounts under \$600, this procedure is not necessary.**

Update Account Information (Tool #20)

The screenshot shows the 'Account Information Update' window for account # 705. The 'YTD Interest paid' field is circled in red, indicating the value 1,225.70. Other fields include Account # 705, Member Name JOHN G MEMBER, Loan category 46, and Current balance 53,164.95. The 'Credit Reporting Information' section shows DTI at loan creation 0.0, LTV at loan creation 0.0, and various insurance and delinquency details.

Add in the amount of *YTD interest paid* from the old loan account into the figure for the new loan account when it is rewritten. Next, access the old loan account in your closed account files.

Update Closed Account Information (Tool #887)

The screenshot shows the 'Closed Account Info Update' window for account # 610. The 'YTD Interest' field is circled in red, indicating the value 604.39. Other fields include Account # 610, Branch # 20, G/L account # 701.34, and Current balance 0.00. The 'Account Information' section shows Loan note # 00000000, Security code 02, Date open Jun 06, 2013, and various status and interest details.

Remove any amount shown in the *YTD Interest* field. This will prevent the interest from being

reported twice.

Now a 1098 will be printed for the combined total (assuming it is greater than \$600). Remember that this process could apply for any rewritten loan, but only where the new loan uses a *different* account suffix than the original loan. As always, be sure to carefully review IRS regulations as they apply to your situation.

These same procedures would be used when consolidating student loans by rewriting multiple student loans into a single account.

Special Note: Collateral on 1098 Mortgage Loan Forms

The **Surface Transportation and Veterans Health Care Choice Improvement Act of 2015** contained new reporting requirements for recipients of mortgage interest. You must report the address or description of property securing the mortgage, the outstanding mortgage principal as of January 1, 2023, and the mortgage origination date. If there is an address entered into the address field of the collateral record, we will use it and will report that in Box 8, otherwise we will report that the address is the same as the member's primary address from MASTER, marking the "same as" YES checkbox in Box 7. Also, if there is a Tax ID on the collateral record, we will report that in box 9. **If needed, you must adjust collateral data prior to year-end!**

8181 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-1380 Form 1098 (Rev. January 2022) For calendar year 20		Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Mortgage interest received from payer(s)/borrower(s) \$		
RECIPIENT'S/LENDER'S TIN	PAYER'S/BORROWER'S TIN	2 Outstanding mortgage principal \$	3 Mortgage origination date	
PAYER'S/BORROWER'S name		4 Refund of overpaid interest \$	5 Mortgage insurance premiums \$	
(including apt. no.)		6 Points paid on purchase of principal residence \$		
state or province, country, and ZIP or foreign postal code		7 <input type="checkbox"/> If address of property securing mortgage is the same as PAYER'S/BORROWER'S address, check the box, or enter the address or description in box 8.		
9 Number of properties securing the mortgage		10 Other		11 Mortgage acquisition date
Account number (see instructions)		8 Address or description of property securing mortgage (see instructions) Property tax paid, if any, will be reported in box 10 "Other".		

Form **1098** (Rev. 1-2022) Cat. No. 14402K www.irs.gov/Form1098 Department of the Treasury - Internal Revenue Service
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Updating Tax File Data

→ **DEADLINE:** By **December 31** if printing substitute 1099-INTs, otherwise all changes must be made no later than **January 4**

Tax File data that is used for tax forms can be updated at various points throughout CU*BASE, as shown on the following pages (where appropriate, file names are provided for Query purposes). Remember that you can enter data for the current tax year at any time, even prior to **December 31**, but any final adjustments must be done before **January 4** in order to ensure that forms are correct for your members.

EXCEPTION: If you printed 1099-INT information on year-end statements, any changes made to 1099-INT information in the Tax File after January 1 must be reported manually to the member using a corrected paper form. **Remember to take into account ALL of the accounts under the member's SSN/TIN!**

It is recommended that once all maintenance is completed on the Tax File, a final copy of the 1099/1098 Tax Information Report be created for historical purposes. If you would like CU*Answers to produce a CD-ROM copy of the final version of this report, be sure to indicate this in your Tax Forms Handling Instructions form (see Page 86).

Updating 1099-INT and 1098 Data in the Tax File

Tool #899 Update IRS Tax Information lets you manually update data in the Tax File, which contains the totals used for 1099-INT and 1098 reporting—dividends, mortgage and equity loan interest, backup withholding, mortgage points paid, etc. Refer to Page 64 for a more detailed discussion of what the Tax File is and how to verify the data in this file.

You can update information for the 2023 tax year even before December 31, 2023. During year-end processing the system will simply *add* any additional amounts to whatever you have entered manually. You can also adjust the 2023 tax file after January 1, 2024 (even for non-members who have previous year savings bond activity). **Just be sure to enter 2023 as the tax year on the initial screen** so that the data is recorded for the proper tax period.

Although it is rare, you might have an occasion to create a tax file record for a savings account that was closed during the year, in order to correct the amount of paid dividends that will be reported to the IRS. But it is important to remember that **during year-end processing the system will add the dividends paid on the closed account record to any amount you have entered manually**. So if you want to reduce the amount of dividends being reported, you will need to wait until after January 1 and make the final adjustment, prior to forms being produced.

Update IRS Tax Information (Tool #899) - File Name TAX

Shares & IRA Shares

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File CHANGE

Account # -000 JOHN G MEMBER

SSN/TIN ☐ Foreign citizen

Type SH SHARE ACCOUNT Reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Year-to-date dividends 0.00

Annual backup withholding 0.00

Certificates

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File CHANGE

Account # -300 WILLIAM

SSN/TIN ☐ Foreign citizen

Type CD CERTIFICATE ACCOUNT Reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Year-to-date dividends 0.00

Annual backup withholding 0.00

CD penalties 0.00

Regular Loans/LOCs/Online Credit Cards

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File CHANGE

Account # -510 JOHN G MEMBER

SSN/TIN ☐ Foreign citizen

Type LH LOAN ACCOUNT Non-reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Non-reportable loan interest 0.00

Delinquent fines 0.00

Verification of Current Tax Reporting Status	
Status of this tax record	Non-reportable
Tax record classification	N Non-reportable
Status of loan account	(MEMBERS) record Non-reportable
Status of 1098 flag on loan category	Non-reportable

Use **Unlock Fields** if you need to change the *Tax record classification* setting on a specific account. *Non-reportable* means no form 1098 will be produced.

Remember that changes will affect this Tax File record ONLY. The status of the loan account and Loan Category configuration will be unchanged.

Mortgage Loans

Use this screen to enter *Mortgage points paid*. This will be reported to the IRS and printed in box 2 on the 1098 form (assuming one is produced for this member).

Member Tax File

Account # [REDACTED] -705 JOHN G MEMBER

SSN/TIN [REDACTED] ☐ Foreign citizen

Type LN LOAN ACCOUNT Mortgage/HELOC

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Mortgage/ Heloc interest 0.00

Delinquent fines 0.00

Mortgage points paid 0.00

Mortgage insurance premium paid 0.00

Property tax paid 0.00

Reimbursement of overpaid loan interest 0.00

Verification of Current Tax Reporting Status

Status of this tax record Reportable

Tax record classification H Mortgage/HELOC

Status of loan account (MEMBERS) record Reportable

Status of 1098 flag on loan category Reportable

Any amount in the *Mortgage insurance premium paid* will go to box 5 and *Property tax paid* goes to box 11 on the 1098 form (assuming one is produced for this member) and will be reported to the IRS. See page 29 for a sample form.

The tax file has one record for each individual sub-account (account base and type). The specific “buckets” you fill in on this screen will vary depending on what type of account you are working with (savings vs. mortgage vs. regular loan, etc.). Some fields are used only for mortgage accounts while others are for savings or certificate accounts only. Refer to IRS regulations for guidelines on data you must report.

Updating Other 1099 Form Data

Tool #922 Update 1099-A, C, MISC, NEC Tax Form Data lets you update the files used for other 1099 information such as savings bond information, payments to vendors, acquisition of secured property, cancelled debts, nonemployee compensation, etc., reportable on forms 1099-A, 1099-C, 1099-NEC, or 1099-MISC.

Form Type “A” - File Name TAXADD1

1099-A - Acquisition or Abandonment of Secured Property

IRS year 2020

Account # JOHNSON DENNIS SSN/TIN [REDACTED]

Corp ID 01 BEDROCK COMMUNITY CREDIT

Date of lender's acquisition or knowledge of abandonment 000000 [MMDDYY]

Balance of principal outstanding 0.00

Fair market value 0.00

☐ Borrower is personally liable for repayment of debt

Description of property

Delete

Navigation icons: back, forward, up, down, print, search, help, etc.

TX(3020)

CU*Answers *will* print 1099-A forms for your credit union if any data has been entered via this screen.

Form Type “C” - File Name TAXADD3

Session 1 - 1099 File Maintenance

1099-C - Cancellation of Debt

IRS year **2020**
 Account # **JOHNSON DENNIS** SSN/TIN
 Corp ID **01 BEDROCK COMMUNITY CREDIT**

Date of identifiable event **000000** [MMDDYY]
 Amount of debt discharged **0.00**
 Interest included in the canceled debt **0.00**
 Description of origin of debt Description of property
☐ Borrower was personally liable for repayment of the debt
 Identifiable event code ☐ (refer to IRS instructions for valid codes)
 Fair market value **0.00**

Delete

← → ↑ || 🖨 🔗 ⓘ ? @ TX (3022)

Form Type “MISC” - File Name TAXADD2

Session 1 - 1099 File Maintenance

1099-MISC - Miscellaneous Income

IRS year **2020**
 Account # **JOHNSON DENNIS** SSN/TIN
 Corp ID **01 BEDROCK COMMUNITY CREDIT**

Rents **0.00** Sub payments in lieu of dividends or interest **0.00**
 Royalties **0.00**
 Other income **0.00** Crop insurance proceeds **0.00**
 Federal income tax withheld **0.00**
 Fishing boat proceeds **0.00**
 Medical and health care payments **0.00** Excess golden parachute payments **0.00**
 Nonemployee compensation **0.00** Gross proceeds paid to an attorney **0.00**

☐ Payer made direct sales of \$5,000 or more of consumer product to a buyer (recipient) for sales

Delete

← → ↑ || 🖨 🔗 ⓘ ? @ TX (3021)

Form Type “NEC” – File Name TAXADD5

Session 0 - 1099 File Maintenance

1099-NEC Nonemployee Compensation

Corp ID **1** IRS year **2020**
 Account # SSN/TIN

Nonemployee compensation **0.00**
 Federal income tax withheld **0.00**

Delete

← → ↑ || 🖨 🔗 ⓘ ? @ FR (7074)

Updating Savings Bond Information

Use **Tool #913 Update Savings Bond Information** to record or adjust the total amount of interest paid to members who redeemed savings bonds at the credit union. File names **SAVBND** (current year) and **SAVBNP** (previous year). **IMPORTANT:** If you modify savings bond transaction information after January 1, 2024, for transactions that occurred in 2023, **you must also update the 2023 tax file** using the instructions shown on Page 29.

The screenshot shows a software window titled "Session 9 CUPBASE GOLD - ABC TESTING CREDIT UNION". The main heading is "Savings Bond Redemption". Below this, there are input fields for "Account", "Tax ID #", and "Date" (set to "Sep 25, 2014"). A "Sequence # 02" is displayed. A table shows transaction details: Principal paid (0.00), Interest paid (0.00), Total payout (0.00), YTD Principal (100.00), YTD Interest (25.00), and YTD Payout (125.00). Member information includes First name (JOHN), Initial (G), Last name (MEMBER), Address (123 MAIN STREET), City (ANYCITY), State (MI), and ZIP code (49000). At the bottom left are buttons for "Post", "YTD Inquiry", and "Delete". A status bar at the bottom right shows "PR 01/26/2024".

Principal paid	Interest paid	Total payout	YTD Principal	YTD Interest	YTD Payout
0.00	0.00	0.00	100.00	25.00	125.00

First name: JOHN
Initial: G
Last name: MEMBER
Address: 123 MAIN STREET
City: ANYCITY
State: MI
ZIP code: 49000

Buttons: Post, YTD Inquiry, Delete

Status bar: PR 01/26/2024

Verifying Shares and Certificates for 1099-INT Reporting

→ DEADLINE: Before December 31

Before the tax file is created during year-end processing, it is important to verify that all products are flagged correctly to ensure the correct accounts are included in 1099-INT reporting. Verification and any necessary adjustments to IRS reporting flags must be done before December 31, 2023.

Verifying Share Dividend Applications

To ensure that 1099-INT information is generated for all reportable share accounts, use **Tool #680 Print Share Dividend Appl Config Reports** to print the Dividend Configuration Report and verify that all share Dividend Applications that should be reported on form 1099-INT show a "Y" in the *Rpt to IRS* column. CU*BASE will ignore this flag for IRA and HSA accounts, but for clarity it should be set to N in any case.

Print Share Dividend Appl Config Reports (Tool #680)

10/05/23 17:07.55		BETA TESTING CREDIT UNION														LSYSDV		Page 1				
		DIVIDEND CONFIGURATION REPORT														DAWNM						
Share	Div	Div	Div	Start	Next	Pay	Rpt	Liab	Expns	Accrl	Min	Bal	Min	---C U R R E N T R A T E---			-P E N D I N G-					
Type	Apl	Apl	Typ	Div	Date	Div	Date	IRS	Acct#	GL	GL	GL	to	Earn	Pen	Plt	Pay	Split	Split	Eff	New	Eff
													Div	Cod	Div	Frq	Rate	Amount(>)	Rate	Date	Rate	Date

HOMETOWN	C	SD	HC	S	8/09/23	9/01/23	Y	90207	34047	83107	2000.00	X	N	M			.05			6/01/23		
HSH CHECKI	SD	HS	S	8/09/23	9/01/23	Y	90205	34105	83105						N	M						
INT PLUS	C	SD	IP	S	8/09/23	9/01/23	Y	90201	34045	83103				X	N	M		.05		7/01/23		
TRAD IRA	S	IR	IR	S	8/09/23	9/01/23	N	90300	34170	83052					N	M		.10		6/01/23		
																		9999.99	.20	6/01/23		
																		24999.99	.30	6/01/23		
																		99999.99	.40	6/01/23		

If any of the Dividend Applications listed have the wrong flag for IRS reporting, access **Tool #777 Savings/Checking Products Configuration** and adjust the *Report dividends to IRS* flag to control whether share accounts with this DivApl are reported on form 1099-INT.

Note that if you check the box to *Report dividends to IRS* on an IRA/HSA product, we will ignore that flag when generating 1099 forms since those dividends are not reportable.

Session 0 C:\BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Share Account Setup

Update

Dividend application BU Corp ID 01

General Account Information Dividend Information


Description BUSINESS CHECKING
Account range 110 to 115
Application type Share draft/checking products
IRA plan type
☐ Reg D transaction account
Reg D transfers per month 00

☐ Prompt for credit report on open
☒ Allow account nicknames
Default negative bal limit 0.00
☒ Report dividends to the IRS
☒ Auto update member negative balance limits
☐ Club processing allowed

Zero balance account option No action taken

Accounting Interface	Share Draft/Checking Only
Liability G/L account # 902.10	Stop pay G/L # 153.20
Expense G/L account # 341.10	Stop pay fee 35.00
Accrual G/L account # 831.10	<input type="checkbox"/> Allow change of fee amount <input type="checkbox"/> Offer debit card round up program

Configure Negative Balance Processing

 Dividend rates are entered using Tool #506: Member Rate Maintenance

Suspend	Save	Skip	Qualified Dividends	ARU/Online Banking	Checklist
ANR Scoring	Debit Card Round Up				

< > ↑ ↓ ⏸ ⌨ 🔗 ? @

(2749)

To ensure that 1099-INT information is generated for all reportable certificate accounts, print or view the Certificate Product Configuration Report and ensure that all certificate types that should be reported on form **1099-INT** show a Y in the *IRS* column.

9/22/23

10:37:37

CERTIFICATE PRODUCT CONFIGURATION REPORT

LDCDFG

User DAWNMM

AS OF 9/22/23

Corporate ID - ALL CORPORATIONS

CD APPLICATIONS

APPL TYP	DESCRIPTION	DIV PMT FRQ	DIV CALC TYPE	FIRST DIV PMT	ACCOUNT LOW	TYPE HIGH
CD	SETH TEST	M	C	I	350	350
CQ	CERTIFICATES - TC	Q	C	F	300	325
CR	IRA MARKET INDEX CERTIFICATE	R	C	I	400	450
IR	IRA CERTIFICATE	M	C	I	400	450
SS	2009 SAVE TO WIN	Q	C	I	45	45
ST	2014 SAVE TO WIN	Q	C	I	46	46

CD TYPES

CD TY	CO	CD APL	ALLOW IRA PR DIST	DESCRIPTION	BUMP TIMES	-LENGTH- DAYS	MON CODE	---PENALTY--- DAYS GRACE	----	GENERAL LEDGER----	ADD LAST				
									CERT	PNTLY	ACCR	EXP	IRS	\$	FORM
01	01	CD	N	7 MONTH CERTIFICATE	00	7		10	90802	13100	83020	34050	Y	Y	CD07
02	01	CD	N	3 MONTH CERTIFICATE	00	3		10	90802	13100	83020	34050	Y	N	CD02
03	01	CD	N	6 MONTH CERTIFICATE	00	6		10	90802	13100	83020	34050	Y	N	CD02
04	01	CD	N	9 MONTH CERTIFICATE	00	9		10	90802	13100	83020	34050	Y	N	CD02
05	01	CD	N	12 MONTH CERTIFICATE	00	12		10	90802	13100	83020	34050	Y	N	CD02
06	01	CD	N	18 MONTH CERTIFICATE	00	18		10	90802	13100	83020	34050	Y	N	CD02
07	01	CD	N	24 MONTH CERTIFICATE	00	24		10	90802	13100	83020	34050	Y	N	CD02
08	01	CD	N	36 MONTH CERTIFICATE	00	36		10	90802	13100	83020	34050	Y	N	CD02
09	01	CD	N	48 MONTH CERTIFICATE	00	48		10	90802	13100	83020	34050	Y	Y	CD02
10	01	CD	N	60 MONTH CERTIFICATE	00	60		10	90802	13100	83020	34050	Y	N	CD02

NOTE: If you check the box to *Report dividends to IRS* on an IRA/HSA product, we will ignore that flag when generating 1099 forms since those dividends are not reportable.

Verifying A/P Vendors for 1099-MISC or 1099-NEC Reporting

→ **DEADLINE:** Verify settings before **December 31**

→ Verify amounts between **January 1 - 4**

If you wish to produce 1099-MISC Miscellaneous Income, or 1099-NEC Nonemployee Compensation, forms for your Accounts Payable vendors, verification is needed to ensure that the system calculates the amount paid to the vendor for the year and places it into the *Previous year 1099-MISC amount* field on the vendor record during year-end processing.

Before December 4, 2023: Verify the setting of the *Create a form 1099-MISC year-end* flag. Print or view a copy of the Vendor Listing (**Tool #136 AP Vendor Listing**) and make sure that all of the vendors where this flag is set to Y have been configured with a Tax ID#.

In December before year-end and in January after year-end: Use **Tool #1013 1099-A,C, MISC, NEC Information Report** to verify amounts. It may be beneficial to use the previous year date range in January to verify amounts.

Between January 1 and January 4, 2024: Verify the amount shown in the *Previous year 1099-MISC* amount field.

When I compare the report I get from Tool #1014 with the PVEOYTAXF report in CU*Spy, they do not match. Why is that the case?

Tool #990 Work with AP Vendors

Use this feature to make any necessary modifications to 1099-MISC settings and amounts for your Accounts Payable Vendors. (File name **APVEND**.) Refer to **CU*BASE Online Help** for assistance with [these screens](#).

Work with AP Vendors (Tool #990) Company Information tab

The screenshot shows the 'A/P Vendor Maintenance' screen in CU*BASE. The window title is 'Session 0 - ABC CREDIT UNION'. The menu bar includes 'File', 'Edit', 'Tools', and 'Help'. The main header is 'A/P Vendor Maintenance' with a 'CHANGE' button. Below the header, it shows 'Vendor # 22' and 'Default approver' with a dropdown arrow. A message states 'No authorized approver assigned'. The 'Imaging Solutions' logo and a 'View e-Document' button are also present.

The 'Company Information' tab is active. It contains the following fields:

- Company name: CU*ANSWERS
- Customer #: 000000000000000000
- Tax ID #: 000000000
- TIN type: ☐ EIN ☐ SSN
- Contact: CLIENT SERVICES AND EDUCATION
- Phone #: 8003273478
- Fax #:
- Email address:
- Vendor URL:
- Address #1: 6000 28TH ST SE
- Address #2: SUITE 100
- Address #3:
- City: GRAND RAPIDS
- State: MI
- ZIP code: 49546
- Foreign: ☐

There is a 'Print Envelope' button next to the address fields. Below the form, there is a button 'Update 1099 Misc for Prev Year' and an information box with a warning icon and text: 'If you have voided an accounts payable check, use A/P Hist Maint to delete the corresponding transaction from vendor history. (BE CAREFUL: If any changes were made to the vendor information on this screen, be sure to use Enter to save them first, then return and access the history.)'

At the bottom, there is a table with columns: G/L by Corp, A/P Hist Mnt, Corp Detail, Comments, and Print Envelope. Below the table is a navigation bar with icons for back, forward, up, down, home, search, and help.

- A *Tax ID #* is required if you will be printing a 1099-MISC form for this vendor.
- Although this has no effect on processing, if you have any vendors that are actually individuals (SSN), you can adjust that flag so the IRS reporting file is more precise.
- If you have a contact name, use the *Contact* field and not the first line of the address. You can then use the next tab to print contact name on checks.
- Use *Address #1* and *Address #2* for address information only. While the vendor files can contain a large number of characters, the IRS character length limit is 40, so we recommend you abbreviate as much as possible (i.e. St, Ave, etc.). Line 3 of the Address fields will not be used for printing of 1099-MISC forms. Do not place any important information in this field.

NOTE: Due to limitations in the number of characters allowed in the IRS file, no more than 40 characters from the address lines of the vendor company information can be included in the file. Address lines 1 and 2 should only be used for address information and not contact name or the end of a long Company name—abbreviate address information as necessary to stay below the 40 character cap. If a contact name exists, use the associated field. In the Company Information tab, you can then select to print the contact name on checks. You can also use the “Use contact for IRS” flag to print the contact on 1099-MISC forms, although the contact name will replace the company name.

Work with AP Vendors (Tool #990) *Accounting Misc. tab*

- Check *Print contact name on check* flag if you’ve designated a Contact in the first tab and want their name to print on checks.
- **The *Create a form 1099 year end* flag must be checked** prior to December 31 if you want to print 1099-MISC forms for this vendor.

- After January 1, if needed, use the **Update 1099 Misc for Prev Year** button to update the amount that should be reported on form 1099-MISC. See below for a sample of this screen.
- A 7 in the *Box # for 1099-MISC or 1099-NEC* form box will indicate that a 1099-NEC form should be produced for this vendor. See the IRS guidelines for all other box number entries for the 1099-MISC.

Important: Make sure you are entering the correct 1099-MISC box number from the 2023 1099-MISC form instructions; especially paying attention to box numbers that changed when the NEC form was introduced, including **7, 9, 10, 12, and 14**.

- Payer made direct sales of \$5,000 or more (checkbox) in box 7.
- Crop insurance proceeds are reported in box 9.
- Gross proceeds to an attorney are reported in box 10.
- Section 409A deferrals are reported in box 12.
- Nonqualified deferred compensation income is reported in box 14.
- Boxes 15, 16, and 17 report state taxes withheld, state identification number, and amount of income earned in the state, respectively.

As always, please refer to the IRS website for further and most up-to-date instructions on specific box requirements.

Update 1099-MISC Info for Prev Year

Corp ID	Corporation Name	Amount Paid YTD	Amount Paid Previous Year	Previous Year 1099 Amount
01	ABC CREDIT UNION	0.00	0.00	4,979.00
Totals		0.00	0.00	4,979.00

Any amount shown here was calculated during beginning-of-year processing but can be manually changed here before forms are printed.

Month-End Verifications

- **DEADLINE:** After November EOM processing, before November 14
- After EOY processing for December 31
- After EOM processing every month!

To ensure that all monthly processing is completed properly, your credit union is responsible for completing verifications of member data, including share and certificate dividends, loan interest, fee postings, and other miscellaneous file verifications on a monthly basis.

Refer to the separate [*Month-End Processing Verifications*](#) booklet for complete instructions and a checklist of tasks.

Special Notes for December Month-End

Additional tasks that pertain specifically to year-end processing are included in the verification checklist starting on Page 47.

Following Year-End processing, on the last business day before year end for your credit union, there are special verifications to complete. CU*Answers will have verification and support teams on call throughout the end of the year to accommodate for differing credit union year end dates and encourages you to complete the checklist beginning on Page 49.

If Your Rates Will Change at Year-End

If you will be scheduling a rate change for any of your savings/checking products to occur as of December 31 (or January 1), it is your credit union's responsibility to verify that the change did occur as expected, by looking at your rates on the morning after the scheduled change. Our year-end verification teams will not be looking at your rate changes as part of our other verification processes.

Rate changes occur during end-of-day processing. Thus if you schedule a rate change to occur as of December 31, someone needs to verify as soon as possible on or after January 1 that the new rate took effect as expected.

Also refer to the *Month-End Processing Verifications* booklet for more instructions on making this a routine part of your rate change monitoring responsibilities.

Monthly Statement Verifications

- **DEADLINE:** After November statements are generated on December 1
- After December/year-end statements are generated on January 1
- And every month after statements are generated

Statement Processing is one of the most important tasks your Operations team handles for your credit union's membership. Beyond just generating the statement files themselves and sending them off to your print vendor, you are also responsible for verifying that statement data is correct and that there were no issues when the data was compiled for inclusion on the statements.

Our Client Services statement verification team has years of experience verifying statements for 200+ credit unions every month. In this book you'll find a treasure trove of tips and techniques from this team, explaining what you should be doing every month to make sure that your most important member communication – your statements – are being produced correctly.

And this is NOT just for year-end! It is extremely important that you do not wait until your largest, most complex statement run (December 31) to try the verification routines for the first time.

Therefore, we'll soon be sending you some Query reports and related files so that you can run the same reports and inquiries that our team uses, as described in the guidebook. Once you're comfortable running through the verification routines on a couple of monthly statement runs, you'll be ready to tackle the big year-end run.

This is a critical step and one that should **never** be skipped! The idea here is to spot-check the data to ensure that everything looks right before anything is actually printed or delivered to your members.

Refer to the separate Statement Verification Tasks booklet for complete instructions and a checklist of your responsibilities.

Special Notes for December (Year-end) Statements

Do NOT wait until year-end statements to do this verification process for the first time! Year-end statements have additional complexities, and it is tremendously risky to attempt verification of those when you are not already familiar with the process on a more typical monthly run.

IMPORTANT: Unless you have made special arrangements for us to verify your statements every month as a routine service, **CU*Answers Statement Verification teams are not able to verify your year-end statements for you.**

Annual Statement Preparation

→ DEADLINE:

→ December statement messages/instructions modified, print control report by **December 9**

→ Deliver statement inserts to Sage Direct by **December 28**

Statement Messages/Instructions (Sage Direct Only)

If your statements are printed by Sage Direct, as in other months, following is a checklist of routine tasks to be completed during December:

- Print the Control Report (**Tool #5040 Print Statement Control Report**) and send it to Sage Direct (jzmelis@sagedirect.com) **no later than December 8, 2023**.
- Update statement messages for December statements using **Tool #914 Update Statement Messages/Insert Instruc.** Remember that if you are using statements as substitute 1099-INTs, marketing messages must be removed. See Page 15 for instructions.
- Complete statement insert/mailling instructions for any inserts to be included in December statements and order statement inserts for December statements (remember that inserts are not allowed if printing substitute 1099-INTs)

Description of Insert	Instructions for Late Arrival	Leftover Pieces	All or Selective	Count	Name
1 COURTESY REPLY ENVELOPE		Hold at printer	Selective		STMT01
2	<input checked="" type="radio"/> Proceed <input type="radio"/> Wait	N/A	N/A		STMT02
3	<input checked="" type="radio"/> Proceed <input type="radio"/> Wait	N/A	N/A		STMT03
4	<input checked="" type="radio"/> Proceed <input type="radio"/> Wait	N/A	N/A		STMT04
5		N/A	N/A		STMT05
Selective Onsert					
6		N/A	Selective		STMT06

IMPORTANT: If using statements as substitute 1099-INT forms, your statement insert instructions should be blank as shown here. Sage will provide the 1099-INT instruction inserts for you. No additional marketing inserts (including newsletters) are allowed per the IRS.

IMPORTANT: Because of the additional work involved with year-end statements and the tight deadlines involved, please alert the appropriate staff to make sure that statement inserts for year-end statements are **delivered to Sage Direct no later than December 28, 2023**.

Preparing The Annual Statement Configuration

In order for annual statements to include appropriate year-end tax information, you must modify your normal quarterly statement code instructions.

IMPORTANT REMINDER: Don't forget that beginning-of-year processing **MUST** be run before generating your December statements!! See Page 47 for instructions.

Access OPER **Tool #5434 Member Statement Config.** and choose your normal quarterly statement code (such as "QT" or whatever format you've designated for your annual statements). Use Enter to proceed to the second screen.

Tool #5434 Member Statement Config - Screen 1

Session 0 - ABC CREDIT UNION - 15:26:57

File Edit Tools Help

Statement Formats UPDATE

Statement format ID to add/maintain ☐ If adding a new format, copy all settings from Format ID ☐

Code	Description
CM	Credit Card Monthly Statement
MM	Monthly Statement
QT	Quarterly Statement

Maintain Copy

Code	Description
------	-------------

Maintain Copy

Online credit unions are not able to access this screen except in a view-only mode. If you would like any of these settings to be changed for your credit union, contact a CU*BASE Client Service Representative. Self-processing credit unions should also consult a Client Service Representative for advice before making changes to these settings.

CU*BASE operator edition

Navigation icons: back, forward, up, down, search, etc.

Screen 2

Session 0 - ABC CREDIT UNION - 15:27:38

File Edit Tools Help

Statement Format Maintenance UPDATE

General Statement Processing Identification

Format description: Quarterly Statement

Statement Options

Primary statement sort: ZIP code 9 digits
Secondary statement sort: Account
Statement type: Flat file
Style: Regular
☒ Duplicate account print

Vendor Processing Identification

Statement print ID: ST
Spool file name: STQTR

☒ Proceed to statement selection criteria (choose which members should receive a statement)
☒ Proceed to statement reporting criteria (choose what data is included on the statement)

Place a checkmark in both of the *Proceed...* options at the bottom of the screen, then use Enter to proceed.

CU*BASE operator edition

Suspend
Delete

Navigation icons: back, forward, up, down, search, etc.

Screen 3: Selection Criteria

These settings should be blank to ensure all members receive an annual statement.

For the statement period ending December 31, the “...with activity only” flags will be ignored so that members will be included regardless of activity.

Make sure that the selection criteria is set so that statements are generated for all accounts, regardless of activity then use Enter to proceed to the final screen.

Screen 4: Reporting Criteria

If your credit union has chosen to print 1099-INT information on member statements, place a checkmark in the *Print Substitute 1099-INT* field. You will also need to clear all statement messages using Update Statement Message/Inserts. See Pages 14-15 for more information.

IMPORTANT: Whether or not you choose to use your statements for substitute 1099-INTs, your year-end statement will include the new annual summary of dividends earned/interest paid.

Removing Annual Instructions for the Next Quarterly Statement Run

If you are modifying your normal QT quarterly statement configuration for this mailing, be sure to return the settings back to their original configuration after year-end statements are completed and before the next quarterly run (March 31, 2024). If you printed substitute 1099-INT information on your year-end statements, you'll also need to set up any statement messages you wish to use for your March statements. (See Page 15 for instructions.)

As a reminder, change the statement description to **Year-End Quarterly Statement** or something similar, then change it back to the original description when resetting all configuration options.

Sample Final Statement Page Showing 1099-INT Information

The 1099-INT information must all print on the same page of the statement, so if the entire form cannot fit on the last page of the statement, another page will be generated for that membership.

	YOUR CREDIT UNION NAME	Member # 999991 JOHN D SAMPLE	PAGE 4 OF 4
--	------------------------	-------------------------------	-------------

ANNUAL ACCOUNT INFORMATION FOR 2022

This section is intended to provide a general summary of your dividend and interest activity for the year, and is not intended to replace any standard IRS forms you receive for tax reporting purposes.

Individual Retirement Account (IRA) Summary

All Fair Market Values are as of 12/31/2022 and will be reported to the Internal Revenue Service.

IRA Plan Type: TRADITIONAL	
Fair Market Value:	66,551.49
Total Deposits:	955.83
Total Withdrawals:	0.00

Health Savings Account (HSA) Summary

All Fair Market Values are as of 12/31/2022 and will be reported to the Internal Revenue Service.

HSA Account: FAMILY	
Fair Market Value:	7,826.79
Total Deposits:	2,932.52
Total Withdrawals:	1,694.27

Loan Interest Paid

Account	Description	Amount
999991-610	USED VEHICLE LOANS	521.79
999991-790	FANNIE MAE LOANS	6,943.53
999991-811	VISA CLASSIC	201.23
Total		7,666.55

Dividends Earned

Account	Description	Amount
999991-000	REGULAR SAVINGS	1.45
999991-020	TRAD IRA SHARES	34.34
999991-111	CHECKING	27.63
999991-301	CERTIFICATE	124.16
Total		187.58

THIS IS YOUR FORM 1099-INT. YOU WILL NOT RECEIVE A SEPARATE FORM 1099-INT IN THE MAIL.
ALL IRA ACTIVITY AND LOAN INTEREST WILL BE REPORTED ON
STANDARD IRS FORMS AND WILL BE SENT IN A SEPARATE MAILING.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. YOUR CREDIT UNION NAME 123 YOUR CU'S ADDRESS YOURTOWN, USA (123) 456-7890		2022 Interest Income Copy B Form 1099-INT OMB No. 1545-0112 For Recipient	
PAYER'S TIN 36-9876543		RECIPIENT'S TIN XXX-XX-1234	
1 Interest Income <div style="text-align: right; border-top: 1px solid black;">\$187.58</div>		2 Early withdrawal penalty <div style="text-align: right; border-top: 1px solid black;">\$0.00</div>	
3 Interest on U.S. Savings Bonds and Treas. obligations <div style="text-align: right; border-top: 1px solid black;">\$0.00</div>		4 Federal income tax withheld <div style="text-align: right; border-top: 1px solid black;">\$0.00</div>	

Ownership of share, deposit and certificate accounts shown on this statement is not transferable except on the books of the credit union.

B18050500000121V0.560 P S 5 M 0009999 00 0000005 1AAAA ** 01 T1

Automated End-of-Year Processing

→ **DEADLINE:**

- Complete verification checklist after EOY processing
- Review Tax File verification reports between **January 1 - 4**

End-of-Year processing is an automated ROBOT process, much like the automated EOM process for self-processing credit unions. **There is no need to return any checklist or documentation to any verification teams**, as there are no stopping points during this automated process. However, **make certain that on Sunday, December 31, 2023, that you place a fresh tape in your tape drive. If you will **not** be staffed on 12/31, make sure to contact operations and have a tape inserted.**

Below are the automated processing steps anticipated for your credit union.

On Sunday, December 31, for ALL self-processors this year:

- End-of-Day for December 31
- End-of-month for December
- Beginning-of-year for 2023
- Beginning-of-day for January 1

As usual, January 1:

- Is not a FRB processing day.
- Statement processing will take place that morning.
- Snapshot processing will run following completion of EOD, EOM, BOY, and BOD.

Prior to your scheduled year end processing date

Perform any preparations needed to do your normal month-end verifications (i.e., run reports to verify accruals, dividend payments, fees and service charges, etc.). Refer to the separate *Month-End Processing Verifications* booklet for details.

Verify your HSA and IRA Limits for 2024 – this task is NOT a part of the ROBOT job and must be completed manually for your credit union before ROBOT is completed. See above for your last business day in order to determine your deadline to verify your limits. See page 51 for more details.

IMPORTANT REMINDER: Even with automation, don't forget that beginning-of-year processing **MUST** be run before generating your December statements!! See below for additional instructions.

Run Year-End (December) Statements

Year-end statements can be generated at any time after beginning-of day processing for **Monday, January 1**, has been completed, which will occur during the end of the automated process.

As with every month, you should perform due diligence verifications on statements, paying special attention to things that are unique to year-end statements such as additional IRA information, dividend/interest summaries, and substitute 1099-INT information, if appropriate. See Page 41 for more details. Pay special attention to the **What's New** section on Page 5 of this guide to determine if any special verifications need to be made.

Beginning-Of-Year/Tax File Verification Reports

When Beginning-of-Year has been completed, a series of reports will be produced automatically. Use them as you perform the following year-end verifications:

<i>Report Name</i>	<i>Verification to Perform</i>	<i>Comments</i>	<i>Reports to use for Offages</i>
PVEOYTAXF Tax File Totals	Verify MEMBERx file amounts to the tax file amounts.	The amounts shown in the member file should match the amounts in the tax file. Investigation of any *Mismatch** items required.	Use in conjunction with the PCRTAX1 report.
PCRTAX1 Errors When Creating the Tax File	Use this report to determine accounts which caused offages when creating the tax file.	Negative amounts will show as zero in the Tax file. Will also show accounts/suffixes closed in prior years.	This report will list offages shown on the PVEOYTAXF report.
PCRTAX2 Tax Creation Account Summary		This report gives a summary of active and closed accounts that are in the tax file.	
PVEOYTAXF2 Before and After Year End Changes to the Tax File		This report will list accounts that have had amounts manually entered into the tax file prior to running year-end.	This report will list offages shown on the PVEOYTAXF report.
PVBOYFILE Beginning of Year YTD Field Reset	Verify report says "No errors found."	This report is used to make sure that all YTD dividends, interest, fines, backup withholding, and benefit fields have been reset to zero for the new year.	
PVEOYTAXF1 IRA & HSA Balance Totals	Verify report for differences between the end-of-year balance and the beginning-of-year balance.		Use in conjunction with the PCRIBL and PHSABL reports.
PCRIBL Errors When Creating IRA Reporting File		This report will list any accounts with differences in the end-of-year balance when compared to the beginning-of-year balance.	Use in conjunction with the PVEOYTAXF1 report.
PHSABL Errors When Creating HSA Reporting File		This report will list any accounts with differences in the end-of-year balance when compared to the beginning-of-year balance.	Use in conjunction with the PVEOYTAXF1 report.

REVIEW THESE REPORTS AS SOON AS POSSIBLE AFTER JANUARY 1 TO ENSURE YOU MEET ALL DEADLINES

End-of-Year Verification Checklist

Use this checklist before and after End-of-Year processing is run for your credit union.

Verifications Completed Prior to Year-End

- ☐ Verify Loan Categories for the Equity Flag
- ☐ Verify Share and Certificate configurations for proper 1099-INT reporting
- ☐ Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting
- ☐ Verify State ID # and State Abbreviation
- ☐ Verify Share Rate Changes (if any were scheduled)
- ☐ Verify Certificate Variable Rate Changes (scheduled)
- ☐ Verify Loan Variable Rate Changes (scheduled)

Verifications Completed After Year-End

See the Month-End Verifications Booklet for instructions on these:

- ☐ Share Dividend Posting
- ☐ Share Rate Changes (if any were scheduled)
- ☐ Custom Bonus Dividends
- ☐ Marketing Club Share Benefit Payments
- ☐ Certificate Dividends
- ☐ Certificate Variable Rate Changes (scheduled)
- ☐ Marketing Club Certificate Benefit Payments
- ☐ Loan Variable Rate Changes (scheduled)
- ☐ Custom Loan Interest Refunds
- ☐ Marketing Club Loan Benefits
- ☐ Monthly and Annual Service Charges and Bonus Refunds
- ☐ Dormancy Fees
- ☐ Deposit Item Fees
- ☐ Marketing Club Fees
- ☐ Bill Payment Fees
- ☐ Self Service Fees
- ☐ E-Statement Fees
- ☐ Safe Deposit Box Rental Fees
- ☐ No accounts show:
- ☐ Negative YTD dividends (shares/CDs)
- ☐ Negative YTD interest (loans)
- ☐ Negative YTD penalties (CDs)
- ☐ Negative YTD fines (loans)

See further instructions within this guide for completing these tasks:

- ☐ IRA Balance File Creation
- ☐ HSA Balance File Creation *(if applicable)*
- ☐ Tax File Creation (check the What's New section for additional items to verify)
- ☐ YTD Fields Cleared
- ☐ Accounts Payable Vendor 1099-MISC and 1099-NEC Information

Reporting Fair Market Value for IRAs to Members and the IRS

→ **DEADLINE: FMV is reported to members on year-end statements**

→ Report to Ascensus before **January 9**

Ascensus-Administered

Fair Market Value for IRA accounts will be reported to your members on year-end statements. If your credit union is Ascensus-Administered and has also made arrangements for Ascensus to provide duplicate Fair Market Value information to your members, you will need to send a file with the information to Ascensus in January after final verification is complete.

Follow the steps on Page 81 to create the file. Ascensus will pull the needed information from the file (which will also include other IRA-related data) in order to report Fair Market Value for you. Remember that you will need to repeat this process again in April to report final 5498 information to Ascensus. Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections!

Your year-end statements will include the following verbiage at the top of the IRA section where FMV is reported to members. Contact your Ascensus representative about the option of printing 5498 forms only for members that made contributions during tax year 2023.

***** IRA ACTIVITY IN 2023 *****
All Fair Market Value amounts are as of 12/31/23 and will be reported to the Internal Revenue Service.

Your year-end statements will also include the following verbiage at the top of the HSA section where FMV is reported to members. Contact your Ascensus representative about the option of printing 5498 forms only for members that made contributions during tax year 2023.

***** HSA ACTIVITY IN 2023 *****
All Fair Market Value amounts are as of 12/31/23 and will be reported to the Internal Revenue Service.

Self-Administered

Fair Market Value for IRA and HSA accounts will be reported to your members on year-end statements. It will also be reported to the IRS and will appear on 5498 forms produced in May.

Your year-end statements will also include the verbiage shown above when reporting FMV to members. If you do not want to print 5498 forms in May for all members, but rather produce them only if 2023 contributions are made between January and April of 2024, be sure to indicate that on your Tax Forms Handling Instructions (see Page 86).

Annual Updates of IRA and HSA Balance File Limits

→ **DEADLINE:** Before **ROBOT** runs on the last business day of the year

→ Updates to individual balance file records can be done **any time in January**

As part of EOY processing (see Page 47), the system creates new 2024 balance file records for members who already have IRA and/or HSA accounts. Included with these records will be the annual contribution limit (maximum deposit) amount.

Even with ROBOT EOY, the HSA and IRA limits must first be updated with the defaults before ROBOT begins, so that the correct limits are used when populating new 2024 balance file records. Please use **OPER Tool #5440 Set IRA & HSA Limits (Next Year)** to verify the limits before EOY.

New Limits for 2024: IRS has announced new HSA limits for 2024. The maximum 2024 HSA contribution will be \$4,150 for individuals with self-only coverage, up from \$3,850 in 2023. The maximum 2024 HSA contribution will be \$8,300 for family coverage, up from \$7,750 in 2023.

Session 0 CU*BASE GOLD - Update IRA/HSA Global Limits

For tax year **2024** CHANGE

IRA Plan Type	Deposit Limit	Catch-Up Contribution	
		Amount	Applies to Ages
HSA Single	4,150.00	1,000.00	55 and above
HSA Family	8,300.00	1,000.00	55 and above
IRA Traditional	6,500.00	1,000.00	50 and above
IRA Roth	6,500.00	1,000.00	50 and above
IRA Coverdell	2,000.00		
IRA SEP	99,999.99		

Notes SAMPLE ONLY - SEE IRS GUIDELINES FOR MORE INFO

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Catch Up Contributions and Age Limits

The year-end process works so that IRA balance file records created at the beginning of each tax year automatically include the catch-up amount when calculating contribution limits for members over the configured age. There is no ceiling on traditional IRA limits, as previously done for the Roth IRA limits. Remember, you are still able to manually adjust each individual member's contribution limit as needed using **Tool #896 Update IRA Balance Information**.

Session 0 CU*BASE GOLD - Activate IRA Plan Types

IRA Plan Type	Status	Deposit Limit	Catch-Up Contribution	
			Amount	Applies to Ages
T TRADITIONAL	<input type="radio"/> Active <input type="radio"/> Suspended <input checked="" type="radio"/> Not offered	6,000.00	1,000.00	50 and above
R ROTH	<input type="radio"/> Active <input type="radio"/> Suspended <input checked="" type="radio"/> Not offered	6,000.00	1,000.00	50 and above
E COVERDELL	<input type="radio"/> Active <input type="radio"/> Suspended <input checked="" type="radio"/> Not offered	2,000.00		
C ROTH CONVERSION	<input type="radio"/> Active <input type="radio"/> Suspended <input checked="" type="radio"/> Not offered	99,999.99		
S SEP	<input type="radio"/> Active <input type="radio"/> Suspended <input checked="" type="radio"/> Not offered	99,999.99		

HSA Limits

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Although it is not common, if you had manually adjusted the deposit limit for any individual members, you will need to manually change the new 2024 balance file record for those same members. This can be done at any time during January.

IRA Balance File Limits

For IRAs, the default contribution limits must be adjusted every year to the new limits as published by the IRS, according to IRA Plan Type. The new limits are then used when creating the 2023 balance file records.

New Limits for 2024: As of publication time, we do not yet know whether the IRS will be changing deposit limits for 2024. We will send an update if/when new amounts are published, or visit www.irs.gov.

HSA Balance File Limits

HSA contribution limits are similar to IRAs, except that it is a little more common for members to have limits that are different from the default. However, the process works the same: new default limits need to be set prior to ROBOT and are then used when creating 2023 balance file records for all existing HSA accounts.

New Limits for 2024: IRS has announced new HSA limits for 2024. The maximum 2024 HSA contribution will be \$4,150 for individuals with self-only coverage, up from \$3,850 in 2023. The maximum 2024 HSA contribution will be \$8,300 for family coverage, up from \$7,750 in 2023.

General Ledger Year-End Closing Instructions

→ **DEADLINE:** This GL closing procedure should only be done after all financials have been reconciled for December 2023. This entire process must be completed before 2024 YTD figures for January can be reported.

The CU*BASE General Ledger software has a year-end processing feature which creates the debit and credit entries to close the 2023 income statement. This provides a complete history of the closing entries and satisfies auditor requirements that no 2023 income be carried into 2024 year-to-date figures.

The following example shows the result of year-end system entries on both an income and an expense G/L account:

Sample Income Entry (G/L accounts 100.00 - 199.99)

G/L Account: 111.00 Interest Income on Loans

YTD Balance as of Month-End 12/23: \$139,990.60 (credit)

System Entry: \$139,990.60 (debit)

YTD Post Closing Balance for 2023: \$0.00

Sample Expense Entry (G/L accounts 200.00 - 499.99)

G/L Account: 262.00 Postage

YTD Balance as of Month-End 12/23: \$4,389.60 (debit)

System Entry: \$4,389.60 (credit)

YTD Post Closing Balance for 2023: \$0.00

Credit unions transfer equity from net income throughout the year on a regular basis (quarterly, annually, etc.). On CU*BASE, this is accomplished by debiting the *End of Year Reversal* account established in the Chart of Accounts (for this example, account number **960.00**), and crediting the desired equity account (for this example, account number **940.00**). See **Step 2** below for more information.

For credit unions which close periodically (transfer equity prior to year-end), most use a liability account that represents the transfer, typically 960.00. For example:

Description	G/L Accounts	Balance
YTD Income	Summary of accounts 100.00 through 499.99	1,440,599.97 (credit)
Transfers Against YTD Income	Balance in account 960.00	1,000,000.00 (debit)
Net Income	Summary of accounts 100.00 through 499.99, plus the balance of account 960.00.	440,599.97

Therefore, it is always possible to evaluate the YTD income of the credit union: a total of YTD transfers of equity and the current net income yet to be transferred.

Year End Closing: Step By Step

Assuming that the above example was as of 12/31/2023, year-end entries would be processed using the following steps:

Step 1

Access your chart of accounts in **Tool #202 Chart of Accounts/Budget Groups Maint.** and check the *Reversal Acct* column for the proper G/L account number; confirm that all income and expense G/L accounts are set to reverse at year end to the contra equity account (in our example, account **960.00**) and that no asset or liability accounts are accidentally set up to reverse at year end. Perform any necessary maintenance.

Step 2

When your income statement is finalized for December 2023, access **Tool #640 Print CU Financials** to retrieve your gain/loss amount for the year. To do so, generate your income statement as follows:

Session 0 - Financial Statement Report

Corp ID 1 ABC CREDIT UNION
Report # 13 INCOME STATEMENT

Current period begin Jan 2023 [MMYY]
Current period end Dec 2023 [MMYY]

Col	Type	- Or -	Begin [MMYY]	End [MMYY]	Year-End	%	Begin +/-	End +/-	Math +/-	% Value
1	N/A		Jan 2023	Dec 2023						
2	N/A									
3	N/A									
4	N/A									
5	N/A									
6	N/A									
7	N/A									

New Report

Navigation icons: back, forward, up, down, print, link, info, help, search

(673)

Use resulting report to transfer the appropriate *Net Income* to the desired equity account(s) through a manual journal entry. **HINT:** For easier tracking, use the date you actually post as the JE ID number on the journal entry.

SAMPLE SCREEN ONLY: Be sure to adjust the debit/credit amount based on whether you are posting net income or net loss.

Session 0 - ABC CREDIT UNION

File Edit Tools Help

Maintain Journal Entries

Jump to seq # [] Go! Corp ID 1 Effective posting date Dec 31, 2023 Using J/E ID XX Using J/E # 240110
Batch label [] Template

Seq	Br #	G/L Account #	Debit	Credit	Source #	Description
1	1	960.00	440,599.97	0.00		TRANSFER TO EQUITY
2	1	940.00	0.00	440,599.97		TRANSFER TO EQUITY
3			0.00	0.00		
4			0.00	0.00		
5			0.00	0.00		
6			0.00	0.00		
7			0.00	0.00		

Records imported: 0
Records in error: 0

Debit: 440,599.97
Credit: 440,599.97
Net: 0.00

After posting this sample entry, the net amount between *Net Income* (100.00-499.99) and *Transfers Against YTD Income* (960.00) would be zero.

These steps describe the process for closing your General Ledger. If you would like us to close your General Ledger for you, please use the **Xtend SRS Bookkeeping** store, found at <https://www.xtendcu.com/portfolio-item/year-end-processing>. A fee of \$100 applies for this service. **This is recommended for clients that converted to CU*BASE during 2023.**



We will determine a time for processing your G/L closing as no credit union personnel can be in any General Ledger tools during this time (SRS will notify you when the process is complete). If you choose to have us close your books, proceed to Step 7 after you are notified.

If you wish to close the G/L yourself, proceed to Step 4 below.

Step 4

Now you are ready to close your books for 2023. First, prepare the system to process year-end;

1. Select **Tool #1784 Corporate ID Maintenance**
2. Select the *Corporate ID* and *Edit*.
3. Ensure that the following fields are set with the correct parameters:

Session 0 CUPBASE GOLD - ABC CREDIT UNION

File Edit Tools Help

Corporate ID Maintenance UPDATE

Corp ID **01** Corporation name **ABC CREDIT UNION**

Address line 1 **123 MAIN ST**

Address line 2 **PO BOX 100**

City/State/ZIP **ANYTOWN MI 56789** County **SUNSHINE** Phone # **8003612229**

Web URL **WWW.CREDITUNION.COM**

J/E Processing and Posting Features

Fiscal ending month **12** Current process month/year **Dec 2023** [MMYY] Check reconciliation G/L account **745.15**

☒ Current processing month/year is equal to period 13 Y/E

New Member Processing

Check distribution bank ID **C1** Location **1** Account **74515**

Money order distribution bank ID **M1** Location **1** Account **74516**

Entry corporate change fund ID **TR** Location **1** Account **73900**

Year end closing G/L account/income/expense only: Location **1** Account **96000**

☐ Use Corp # for first 3 digits ☒ Allow member #'s over 6 digits

☒ Generate account numbers Last account used **125521** Increment by **1**

☐ Use multiple corporate processing

Regular share dividend application **SH** ☒ Use centralized checking/money orders

Government ID #		IRA Withholding	
Federal ID # 999888777	Federal transmit code 17380	Federal withholding G/L account 841.10	
State ID # 123456789		State withholding G/L account 841.10	
Payer name control	CU routing/transit # 987654321		

Add/Update

Navigation icons: back, forward, up, down, print, link, help, search, etc.

Field Name	Correct Parameter
Current process year/month	Dec 2023
Fiscal ending month	12
Current processing period is equal to the 13th Y/E closing period	<input checked="" type="checkbox"/> (checked) This ensures that the system creates the thirteenth period journal entries during the month/year-end closing procedures.

Step 5

Now you are ready to run year-end processing using the same end of month processing feature you use to close the books each month. However, because of the settings used in Chart of Accounts maintenance, the system will also be performing year-end entries.

IMPORTANT: Before proceeding, be sure that no one is using the General Ledger system. We suggest performing these functions before or after business hours. If someone else is using the system while you are processing month-end, the program will encounter an error message. Contact CU*Answers if this occurs.

1. Select **Tool #360 Run GL EOM/Upload to Analytics Booth**. The following screen will appear:

Report Options	Response
Corp ID (2 digits)	01
<input checked="" type="checkbox"/> If last fiscal period, generate end-of-year entries	Optional
Wait until specified time to begin (HHMMSS)	Optional
<input checked="" type="checkbox"/> Reorganize G/L history file also	Optional

2. Ensure that the following fields are set with the correct parameters, then use Enter to proceed.

Field Name	Correct Parameter
Corp ID	01 (or the appropriate corporation ID#)
If last fiscal period, generate end-of-year entries	<input checked="" type="checkbox"/> (checked)
Wait until specified time to begin	(Leave blank)
Reorganize G/L history file	<input checked="" type="checkbox"/> (checked)

Step 6

During the previous step, the system will have created a year-end journal entry. Now you are ready to review and post that entry. As part of month-end processing, the system set the processing date for the General Ledger forward to Jan 2024. Normally, the system would not allow you to post an entry for Dec 2023. However, the system is sophisticated enough to recognize the year-end journal entry and will allow you to post it without adjusting the current process year/month.

1. Using **Tool #61 Create/Post GL Journal Entries**, review the system-generated journal entry. The batch entry dated 12/31/23 with a JEID of "ZZ" will be waiting to post. Select this journal entry and use *Change* to ensure that the Net is 0.00.
2. Post the system journal entry.

Step 7

Confirm all totals against your financials.

1. First, use **Tool #640 Print CU Financials** to view an income statement listing 12/31/23 pre-closing compared to post-closing. When setting up the financial report configuration, use the following as a guide:

Session 0 - Financial Statement Report

Corp ID 1 ABC CREDIT UNION
Report # 13 INCOME STATEMENT

Current period begin Jan 2023 [MMYY]
Current period end Dec 2023 [MMYY]

Col	Type	- Or -	Begin [MMYY]	End [MMYY]	Year-End	%	Begin +/-	End +/-	Math +/-	% Value
1	N/A		Jan 2023	Dec 2023	<input type="checkbox"/>					
2	N/A		Jan 2023	Dec 2023	<input checked="" type="checkbox"/>					
3	N/A				<input type="checkbox"/>					
4	N/A				<input type="checkbox"/>					
5	N/A				<input type="checkbox"/>					
6	N/A				<input type="checkbox"/>					
7	N/A				<input type="checkbox"/>					

New Report

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Sample Display Report

Description	PERIOD	PERIOD
111-35 INT INCOME - RECREATIONAL VEHI	904,817.14-	.00
111-36 INT INCOME - CLASSIC LOC	9,898.43-	.00
111-37 INT INCOME - BUS REAL ESTATE F	18,426.03	.00
111-38 INT INCOME - SBA LOAN	8,763.90-	.00
111-39 INT INCOME - GOODMONEY PAYDAY	1,923.49-	.00
111-40 INT INCOME - OVERDRAFT PROTECT	96,477.94-	.00
111-41 INTEREST ON GOLD LOC PARTICIPA	406.00	.00
111-42 INT INCOME - HOME EQUITY TC	20,188.02-	.00
111-43 RD MORTGAGE INTEREST INCOME	29,166.58-	.00
111-44 INT INCOME - FIXED RATE MORT 1	194,299.96-	.00
111-45 INT INCOME - FIXED RATE MORT 5	267,214.38-	.00
111-46 INT INCOME - FIXED RATE MORT 5	664,619.36-	.00
111-47 INT INCOME - FIXED RATE MORT 1	45,507.90-	.00
111-48 INT INCOME - FIXED RATE MORT 1	99,874.06-	.00

2. Verify each column's totals. Using the above configuration, Column 1 should represent 2023 YTD figures. Column 2 should be all zeros because it includes the year-end closing batch.

Step 8

If you use the CU*BASE Investments subsidiary system to track investments, the following steps are used to zero out year-to-date income figures from the investments subsidiary ledger. This prevents YTD income from accumulating over multiple years, making it difficult to separate investment income for the year from income over the life of the investment. This feature lets you close the previous year's investment income from the subsidiary ledger much the same as the system automatically does in your General Ledger during the year-end closing process.

After posting any final adjustments to your investment income for 2023, use the following steps

to purge year-to-date income from the subsidiary ledger:

1. Access **Tool #764 Reset YTD Investment Income Tracking**
2. Enter the year for which YTD income should be purged (i.e., 2023) and press Enter.

The system will clear YTD figures from all investments for the year specified and automatically generate the following report showing that each investment was reset:

1/08/23 10:59.48	***** CU*BASE TEST CREDIT UNION ***** Cleared YTD Investment Income for 2023			PCYTDI	Page 1
Invs ID	Description	Orig. YTD Inc.	2023 YTD Inc.	New YTD Inc.	
BKOFNY	BANK OF NEW YORK	5,129.78-	4,729.22-	400.56-	
BKRTRS	BANKERS TRUST CO	10,738.53-	9,900.01-	838.52-	
FHLBHC	FHLB FLOATING RATE	985.70-	935.02-	50.68-	
FLEET	FLEET NATIONAL BANK	6,996.00-	5,989.50-	1,006.50-	
CUANSW	CU*ANSWERS STOCK	8,635.56-	7,676.06-	959.50-	
CUANS2	CU*ANSWERS DEBENTURE	6,117.29-	5,622.09-	495.20-	
TOTAL INVESTMENTS		6			

If your credit union has never cleared investment income YTD totals before, you may need to repeat this process for all previous years for which investment activity exists. To make the report the most meaningful, we recommend starting at your first year of activity and working forward to 2023.

HINT: To view investment income YTD amounts, print an investment Trial Balance (**Tool #408 Investment Trial Balance Report**). The YTD Income amount is listed as the figure farthest to the right. Next, look at the income history (**Tool #993 INV 1: Work With CU Investments**, then *View Status*) and add the amounts posted in 2023. The amounts should match. If the amount on the Trial Balance is higher, add the figures for 2022. If these figures are included, you need to close both 2022 and 2023.

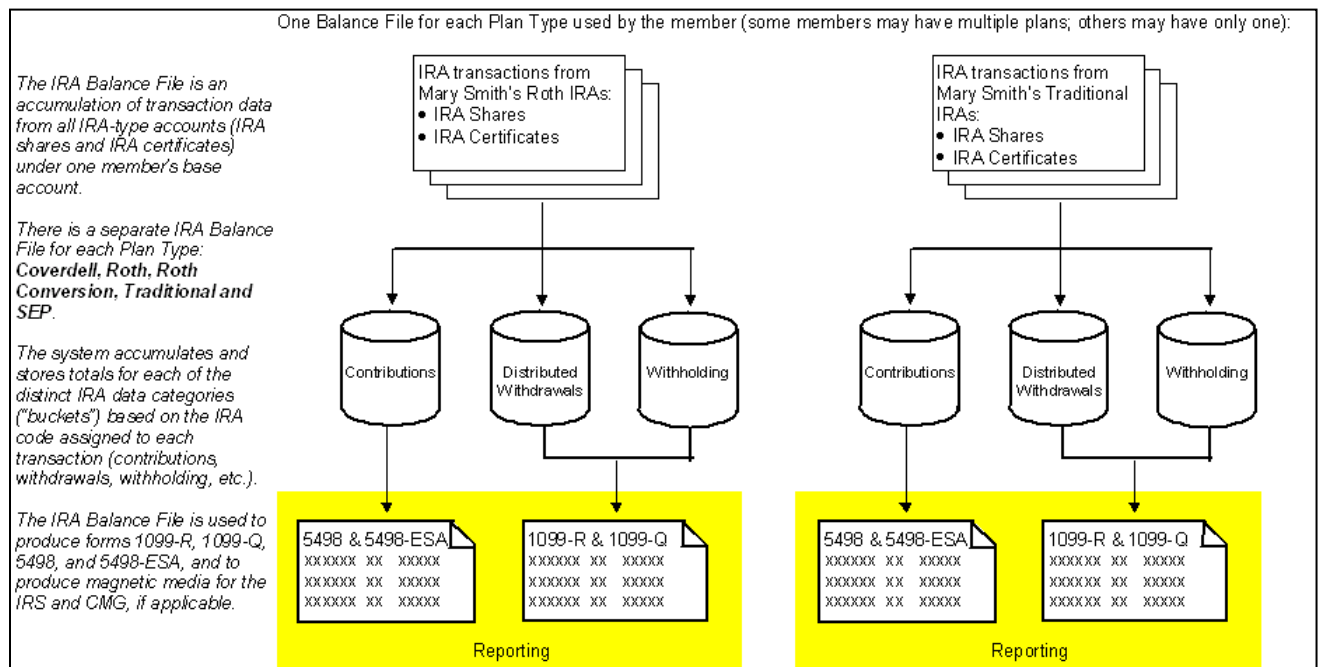
IMPORTANT: This step should be done only after you have posted your final income adjustments for the year, and before posting any 2024 income activity or reporting a January month-end analysis. Investment activity records are not affected by this process, only the YTD figures used in reporting and inquiry. Remember, also, that this affects your investments subsidiary ledger only, not the G/L.

Verifying The IRA Balance File

→ **DEADLINE: (Ascensus and Self-Administered)**

- Verify distribution (1099) data by January 5
- Verify Coverdell contribution (5498-ESA) data by April 20
- Verify contribution data (5498) by May 3
- Verify this information periodically throughout the year, especially prior to December statements.

The IRA Balance File contains IRA totals by base account. This is an ongoing file which is updated as transactions are posted to IRA accounts. Unlike the tax file, which is generated from member account files, the IRA balance file is an active file that is affected by each IRA transaction.



This data should be verified on a regular basis (at least monthly) throughout the year, to compare your paperwork against what is recorded in your CU*BASE files, and to make sure the IRA balance file is in sync with your member records. **Remember that since Fair Market Value and other details for IRAs are printed on the year-end statement** (see Pages 50 & 47), **you should verify data during December before statements are produced.** In January, then, you will just need to do one final verification to make sure everything is in place before forms are processed.

To review and verify the data in the IRA Balance File, run the report from **Tool #942 Verify IRA Balances Report**. This option produces two reports. See the following page for a sample of both reports:

Tool #942 Verify IRA Balances Report – Report 1

The first report compares the totals of the members' IRA transactions by IRA Plan Type and Code to the IRA reporting "buckets" in the IRA Balance File and shows those situations where these two totals do not match, broken down by Plan Type.

9/05/23 8:14.03	CU*BASE TEST CREDIT UNION IRA VERIFICATION REPORT FOR 2023 TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON				LIRAVR	PAGE 1
PLAN TYPE: EDUCATIONAL						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
5801564	ZACHARY J ANYBODY	OTHER W/D	10.00	65.00	55.00-	
5801564	ZACHARY J ANYBODY	PREV YEAR DEP	1,422.84	.00	1,422.84	
5801564	ZACHARY J ANYBODY	DIVIDENDS PAID	97.09	855.84	758.75-	
PLAN TYPE: ROTH						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
5357163	FRANCIS P AMEMBERSMA	CURR YEAR DEP	350.00	.00	350.00	
5357163	FRANCIS P AMEMBERSMA	OTHER W/D	10.00	65.00	55.00-	
5357163	FRANCIS P AMEMBERSMA	DIVIDENDS PAID	110.18	971.27	861.09-	
PLAN TYPE: SEP						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
527472	DONALD C TESTPERSON	DIVIDENDS PAID	26.94	210.35	183.41-	
527472	DONALD C TESTPERSON	DISTRIBUTED W/D	165.00	1,405.00	1,240.00-	
PLAN TYPE: TRADITION						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
318453	KENNETH W MEMBER	NO IRABL RECORD			.00	
325678	CLIFTON E SAMPLE	CURR YEAR DEP	5,000.00	1,000.00	4,000.00	
426352	ARLENE D SAMPLE	CURR YEAR DEP	5,000.00	1,000.00	4,000.00	
429113	PATRICIA J SOMEBODY	NO IRABL RECORD			.00	

Tool #942 Verify IRA Balances Report – Report 2

The second report lists members that show withdrawals flagged as death distributions, compared to the beneficiary distribution records that record which beneficiary received the funds.

11/08/23 13:33.46		TEST CREDIT UNION				LIRAVR3	PAGE
RUN ON 11/08/23		IRA VERIFICATION REPORT FOR 2023					
		BENEFICIARY DISTRIBUTIONS COMPARISON					USER DAWNM
PLAN TYPE: TRADITIONAL							
***** IRA BALANCE FILE DATA *****							
ACCT NO. MEMBER NAME		DEATH DIST TTL	SSN/TIN	DISTRIBUTIONS TO BENEFICIARIES		*****	
				BEFECIARY NAME		DIST AMOUNT	
9 TEST A MEMBER		1.00		**** No Beneficiary ****		.00	* MISMATCH
35 EDWARD G PERSON		4,201.70		**** No Beneficiary ****		.00	* MISMATCH
82 DARRELL H TESTING		125.00	384-80-9999	CHERYL A SOMEBODY		130.00	
						130.00	* MISMATCH
15361 KATHY L ANYBODY		5,028.74	112-12-9999	JOHN A ANYBODY		4,028.74	
				386-83-9999 SUSAN I ANYBODY		1,000.00	
						5,028.74	
END OF REPORT							

Review each record on both reports and determine what, if any, maintenance needs to be performed.

- **Tool #918 Update Trans Desc & IRA/HSA Post Codes**

This option lets you modify the code that was assigned to a transaction, thus correcting both the member's transaction history as well as updating the respective IRA Balance File buckets.

- **Tool #896 Update IRA Balance Information**

This method simply changes the totals in the IRA Balance File buckets, without altering transaction data. This method is especially helpful for handling closed accounts, where transaction data can no longer be altered.

Tool #897 Update IRA Beneficiary Information > F15-Distributions

If you see any records marked * MISMATCH on the second report, you will need to maintain the records showing death distributions that were made to beneficiaries. Refer to the "IRA

Processing with CU*BASE” booklet for instructions. Once all maintenance has been performed, the report can be run again to provide another comparison to ensure your changes are accurate.

IMPORTANT NOTE: If you do Federal/State withholding for any members, remember that you can record this on the beneficiary distribution records as well.

Special Note to Credit Unions Converted During 2023 - If your credit union converted to the CU*BASE platform during 2023, it may not have been possible to determine amounts to populate the IRA “buckets” from your old data processing system. Therefore, the IRA verification reports may not take into account a full year’s worth of activity.

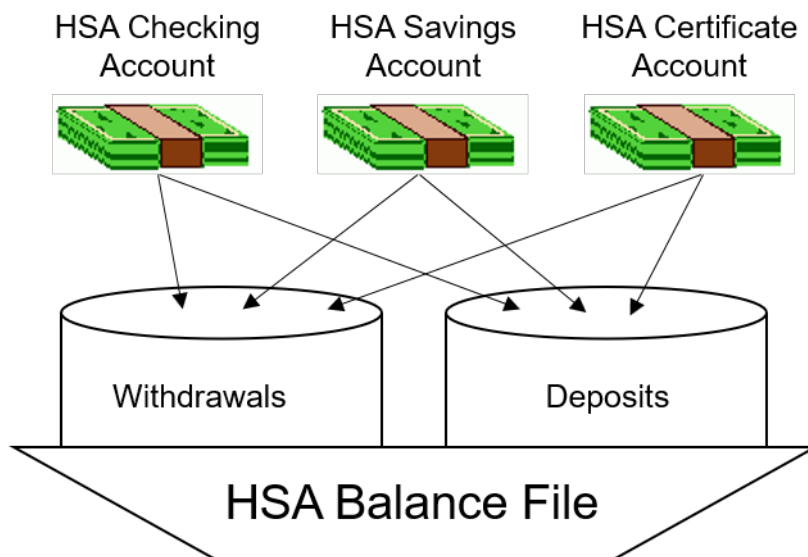
Remember that whatever is shown in the IRA Balance File is what will be reported for the member, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance File. Contact a CU*BASE Client Service Representative for assistance verifying your IRA Balance File figures.

Verifying the HSA Balance File

→ **DEADLINE: (Ascensus and Self-Administered)**

- Verify distribution (1099) data by **January 5**
- Verify Coverdell contribution (5498-ESA) data by **April 20**
- Verify contribution data (5498) by May 3
- Verify this information periodically throughout the year, especially prior to December statements.

The HSA Balance File contains HSA totals by base account. This is an ongoing file which is updated as transactions are posted to HSA share and checking accounts. Unlike the tax file, which is generated from member account files, the HSA balance file is an active file that is affected by each HSA transaction.



Deposits and withdrawals on all HSA savings, checking, and certificate accounts are summarized in a single HSA balance file record under each account base. Balance file totals are updated immediately whenever a transaction is posted to a member account.

This data should be verified on a regular basis (at least monthly) throughout the year, to compare your paperwork against what is recorded in your CU*BASE files, and to make sure the HSA balance file is in sync with your member records. **Remember that since Fair Market Value for HSAs is printed on the year-end statement** (see the sample on Page 47), **you should verify data during December before statements are produced.** In January, then, you will just need to do one final verification to make sure everything is in place before forms are processed. Just like IRAs, whatever is shown in the HSA Balance File is what will be reported for the member, even if it does not match transaction history.

To review and verify the data in the HSA Balance File, run the report from **Tool #941 Verify HSA Balances Report**. This report is used to compare the totals of the members' HSA transactions to the reporting "buckets" in the HSA Balance File. The report shows those situations where these two totals do not match and corrections are needed.

Tool #941 Verify HSA Balances Report

9/18/23 17:30.52		CU*BASE TEST CREDIT UNION		LHSAVR	PAGE 1
		HSA VERIFICATION REPORT FOR 2023			USER MARYV
TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON					
ACCOUNT NO.	MEMBER NAME	HSA BUCKET	TRANS TOTAL	HSA BAL TOTAL	NET DIF
444	SUSAN TESTER	DIVIDENDS PAID	342.68	341.00	1.68
2638	WILLIAM L TELL	Invalid Post Code:	367.00	.00	367.00
2638	WILLIAM L TELL	Invalid Post Code:	367.00	.00	367.00
2638	WILLIAM L TELL	Invalid Post Code:	1,539.00	.00	1,539.00
2638	WILLIAM L TELL	Invalid Post Code:	1,539.00	.00	1,539.00
15020	MERRY CHRISTMAS	Invalid Post Code:	3,068.20	.00	3,068.20
15020	MERRY CHRISTMAS	Invalid Post Code:	34,247.23	.00	34,247.23
15020	MERRY CHRISTMAS	Invalid Post Code:	10,000.00	.00	10,000.00
15020	MERRY CHRISTMAS	Invalid Post Code:	3,068.20	.00	3,068.20
15020	MERRY CHRISTMAS	Invalid Post Code:	34,247.23	.00	34,247.23
15020	MERRY CHRISTMAS	Invalid Post Code:	10,000.00	.00	10,000.00
20974	HARLEY PERSON	Invalid Post Code:	348.02	.00	348.02
20974	HARLEY PERSON	Invalid Post Code:	348.02	.00	348.02
20974	HARLEY PERSON	Invalid Post Code:	750.88	.00	750.88

Review each record on the report and determine what, if any, maintenance needs to be performed. Once all maintenance has been performed, the report can be run again to provide another comparison to ensure your changes are accurate. The data can be changed through two methods:

1) Tool #918 Update Trans Desc & IRA/HSA Post Codes

This option lets you modify the code that was assigned to a transaction, thus correcting both the member's transaction history as well as updating the respective HSA Balance File buckets.

2) Tool #893 Update HSA Balance Information

This method simply changes the totals in the HSA Balance File buckets, without altering transaction data. This method is especially helpful for handling closed accounts, where transaction data can no longer be altered.

Keep in mind that the following data must be entered manually into the HSA Balance File as applicable, via **Tool #893 Update HSA Balance Information**:

- Fair Market at Death
- Dividends on Excess Contributions

Special Note to Credit Unions Converted During 2023 - If your credit union converted to the CU*BASE platform during 2023, it may not have been possible to determine amounts to populate the HSA "buckets" from your old data processing system. Therefore, the HSA verification reports may not take into account a full year's worth of activity. **Remember that whatever is shown in the HSA Balance File is what will be reported for the member**, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance File. Contact a CU*BASE Client Service Representative for assistance verifying your HSA Balance File figures.

Verifying The Tax File & Printing the 1099/1098 Tax Info Report

→ **DEADLINE:**

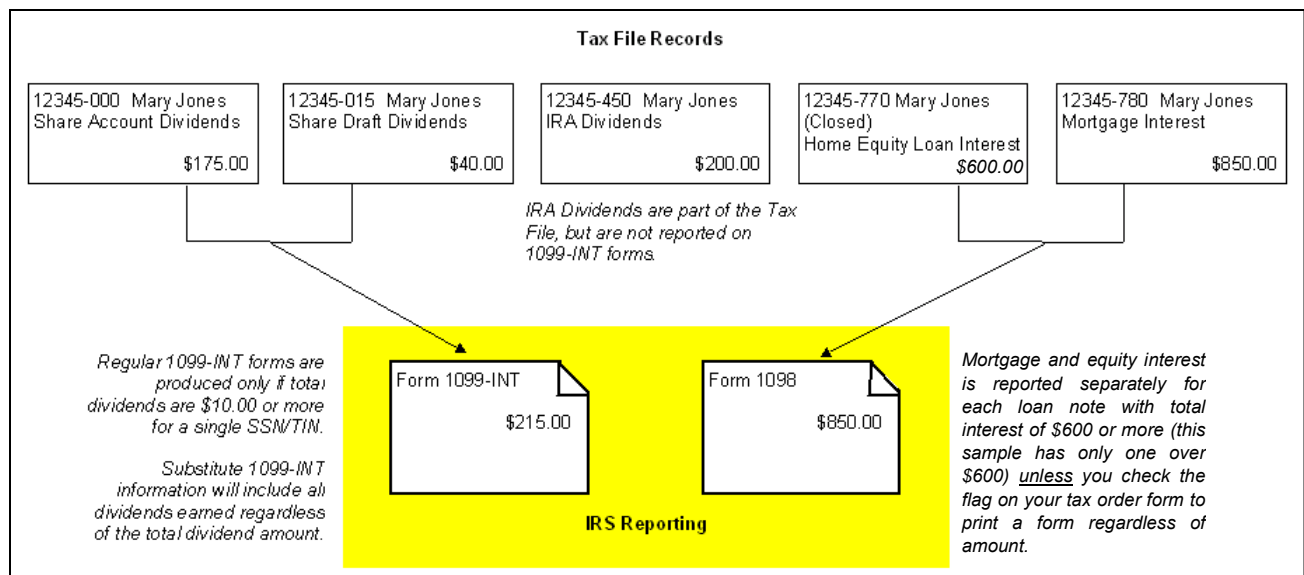
- Verification/adjustments by **January 4** if CU*Answers is printing your forms
- Print/save Tax Report after all adjustments have been made to the Tax File

During Beginning-of-Year processing (see Page 47), the system automatically creates the yearly Tax File for each member. This Tax File contains an accumulation of dividends earned, interest paid, and miscellaneous items such as savings bonds and mortgage points paid.

There is one Tax File record for each account held by a member. For example, let's say a credit union has an average of 2.1 accounts per member. This 10,000-member credit union will create a tax file of about 21,000 records, including open (MEMBERx) and closed (ACHISTx) accounts.

The Tax File contains summary IRS information for each year the account has been on the system. This summary information includes:

- Year-to-date totals for dividends
- Backup withholding
- CD penalties
- Savings bonds interest
- Loan interest
- Mortgage points



Your credit union is responsible for reviewing the accuracy of the data that will be used to produce forms and report to the IRS. This can best be done by generating two tax information reports after January 1, 2024:

1099/1098 Tax Information Report (Tool #1014)

Session 0 - ABC CREDIT UNION
File Edit Tools Help

List Tax File Information

Report Options

Month/year to process: Jan 2024 [MMYY]

IRS year: 2023

Report type: ☒ Detail ☐ Summary

☒ Job queue
 Copies: 1
 Printer: P1

Optional

☒ Print 1099-INT information

Sort by: ☐ Account ☒ TIN

☒ Print 1098 information

Sort by: ☐ Account ☒ TIN

☒ Print 1099-R information

Sort by: ☐ Account ☒ TIN

☒ Print 1099-SA information

Sort by: ☐ Account ☒ TIN

Print for corp ID specified: 00

Taxpayer ID:

With this option, five separate reports can be generated: one for 1099-INT information, one for 1098 information (will also include 1098-E student loans), one for 1099-R (IRA Distribution) and 1099-Q (Coverdell IRA), and one for 1099-SA (HSA Distribution) information. **NOTE: Both the 1099-R and 1099-Q reports are controlled by the same flag on the screen. Be patient; the Detail version of these reports can take a few moments to generate.**

10/06/23 17:05.44				BETA TESTING CREDIT UNION				LTAX1		PAGE 1	
RUN ON 10/06/23				1099-INT INFORMATION BY TIN				USER DAWNM			
				FOR IRS TAX YEAR 2023							
ACCOUNT		CL		TAX ID	Y-T-D	BACKUP	CD	SAVINGS			
NUMBER		MT	NAME	NUMBER	DIVIDEND	WITHOLDING	PENALTY	BONDS	MESSAGE		
557947 000 00			JOHN Q MEMBER	999-70-3124	10.79	.00	.00	.00			
001 00					.00	.00	.00	.00			
TOTAL FOR TIN ****					10.79	.00	.00	.00	REPORTABLE 1099-INT		
553793 000 00			SARA A DEMEMBER	999-75-7182	9.07	.00	.00	.00			
001 00					.00	.00	.00	.00			
015 00					22.64 *	.00 *	.00 *	.00	IRA - NOT IN TOTAL		
TOTAL FOR TIN ****					9.07	.00	.00	.00			

10/06/23 17:02.01				BETA TESTING CREDIT UNION				LTAX2		PAGE 1
RUN ON 10/06/23				1098 INFORMATION BY ACCOUNT				USER DAWNM		
				FOR IRS TAX YEAR 2023						
ACCOUNT		CL		TAX ID	Y-T-D	POINTS	REIMBURSE	MORTGAGE		
NUMBER		MT	NAME	NUMBER	INTEREST	PAID	OVERPAID	INS PREM	MESSAGE	
85 846		00	ALBERT PERSON	999-37-5540	8.53	.00	.00	.00	Interest UNDER \$600	
192 846		00	DAWN VANMEMBER	999-33-4419	2569.49	.00	.00	.00	REPORTABLE 1098 I	
299 705		00	WALLACE A TESTING	999-34-2039	5755.63	.00	.00	.00	REPORTABLE 1098 I	

10/06/23 17:07.39			BETA TESTING CREDIT UNION				LTAXR	PAGE 1
RUN ON 10/06/23			1099-R INFORMATION BY TIN				USER DAWNM	
			FOR YEAR 2023					
ACCOUNT	PLAN		TAX ID	(1) GROSS	(2) TAXABLE	(4) FED INCOME	(10) ST INCOME	(7) DIST.
NUMBER	TYPE	NAME	NUMBER	DISTRIBUTION	AMOUNT	TAX WITHHELD	TAX WITHHELD	CODE
35	T	EDWARD I TESTING	999-24-9479	4201.70	4201.70			4
18925	T	ANNE A SOMEBODY	999-44-2239	1130.78	1130.78	113.08		7
403259	R	CHRISTY A PERSON	999-42-5488	125.00	.00			J
	R			258.00	.00			T
** IRA INFORMATION			COUNT					
01 - PREMATURE WITHDRAWAL			20	85824.00	85824.00	8740.41	.00	
02 - PREMATURE WITH EXCEPTION			2	10414.28	10414.28	.00	.00	

10/06/23 17:07.40		BETA TESTING CREDIT UNION		LTAXR1		PAGE 1	
RUN ON 10/06/23		1099-Q INFORMATION BY TIN				USER DAWN M	
		FOR YEAR 2023					
ACCOUNT PLAN		TAX ID (1) GROSS					
NUMBER	TYPE NAME	NUMBER	DISTRIBUTION				
30646	E EMILY E MEMBER	999-04-7289	597.65				
9650	E AARON R SOMEONE	999-04-5269	700.00				
24454	E JANE L TESTING	999-23-9229	570.66				
** ESA INFORMATION		COUNT					
PREMATURE WITHDRAWAL		3	2226.76				
PREMATURE WITH EXCEPTION		0	.00				

You can choose whether to print all reports or just individual reports for 1099-A, 1099-C, 1099-NEC, or 1099-MISC data. On the 1099-MISC and 1099-NEC reports, an asterisk * will appear next to any vendors that do not have a Tax ID # and therefore will not be reported to the IRS.

10/06/23 13:53.00	BETA TESTING CREDIT UNION					LTAX1099	Page	1
RUN ON 10/06/23	1099-A TAX INFORMATION RECORDS						USER DAWN M	
	2023							
ACCOUNT BASE	ACQUISITION DATE	BAL OUTSTANDING PRINCIPAL	GROSS FORECLOSURE	APPRAISAL VALUE	LIABLE FOR DEBT	PROPERTY DESCRIPTION		
111111111	5/16/17	3,542.41	.00	2,000.00	N	TESTING		
END OF REPORT								

10/17/23 13:53.00		BETA TESTING CREDIT UNION		LTAX1099	Page 1
RUN ON 10/17/23		1099-NEC TAX INFORMATION RECORDS		USER DAWNM	
		2023			
ACCOUNT/ VEND NO	NONEMP COMP	FED W/H			
123456789	10000.00	.00			
* = Vendor has no tax ID number. Vendors without tax ID numbers do not get reported to IRS.					
END OF REPORT					

In addition to scanning data for obvious errors (unusually large dividend or interest amounts, for example), look for situations where there are two loan accounts for the same member, where both represent equity loans tied to the same property (may indicate a rewritten loan; see Page 26 for more information on combining YTD interest amounts from both loans).

Making Corrections

You can review and update your credit union's tax file (refer to the instructions on Page 29) at any time up until printed forms are produced. Once forms have been created, tax file updates can still be performed until the **March 31** deadline for submitting data to the IRS.

If an update is done after the form has been sent to the member, but prior to creating the IRS file, a corrected paper form should be sent to the member. If an update is done after the form has been sent to the member and the data sent to the IRS, a corrected paper return should be prepared by your credit union and sent to both the member and the IRS. **Don't forget to take into account ALL of the accounts under the member's SSN/TIN!**

IMPORTANT: If you printed **substitute 1099-INTs** on your year-end member statements, if you need to make any adjustments to the tax file for 1099-INT information after December 31, you must also manually create a corrected paper form (include all accounts under that member's SSN/TIN) to be sent to the member.

Submitting Data to a Vendor For Printing Forms

→ DEADLINE:

- 1099/1098 forms to Sage Direct by **January 9**
- 5498-ESA forms to Sage Direct by **April 18**
- 5498 forms to Sage Direct by **May 7**

These instructions should be followed if you have asked Sage Direct to print your tax forms, or if you are submitting data to a third-party vendor to print your forms.

Special Note Regarding Substitute 1099-Int Forms

If your credit union printed substitute 1099-INT information on year-end member statements, members who did not receive a year-end statement (such as members who closed their accounts earlier in the year, or non-members who redeemed savings bonds during the year) will require a regular 1099-INT form to be printed separately. Therefore, Sage Direct will print all remaining 1099-INT forms that were *not* included on a statement. (Remember that a regular 1099-INT form will only be produced where total dividends under the SSN/TIN are \$10.00 or greater.)

1099/1098 Forms

This procedure must be followed before **January 9** if Sage Direct is printing your 1099/1098 forms.

1. Navigate to OPER **Tool #5153 Prepare 1099/1098 File**
2. Enter your credit union's Corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** to proceed to the following screen:

CU*TIP: There are differences between the Vendor format and the IRS format; the Vendor format will exclude members for whom a substitute 1099-INT was already produced; the IRS format includes all members. Also, the Vendor format uses both of the ADDR1 and ADDR2 30-byte fields, whereas the IRS format concatenates the address to the maximum of 40 characters allowed by the IRS. 1099-MISC forms are included with the vendor option. 1099-MISC forms are NOT included with the IRS option.

Also remember that if you use a different print vendor, special programming may be required to use the Vendor format.

1. Complete all fields (described below) and use Enter to continue.

<i>Field Name</i>	<i>Description</i>
Year to process	Enter 2023 here.
Include mortgage interest less than \$600	If you wish to print a 1098 form for all members, even those whose mortgage interest is under \$600, check this flag. Leave it unchecked (the default) to produce forms only for members where the interest exceeds \$600 (by individual mortgage). See Page 26 for more details.
Include mortgage fines/late fees with mortgage interest	Check here if you want to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. (A total of interest paid + delq. fines paid would be reported in box 1 of the form.) IRS instructions for form 1098 say that interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service. So the setting you choose it will depend on how this requirement applies in your credit union's situation.
Process 1099-Rs and 1099-Qs	Check this flag if your IRA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Process 1099-SAs	Check this flag if your HSA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Create file for	Choose V = Vendor Printing to produce a file for printing. This will <u>exclude</u> members for whom a substitute 1099-INT was already produced. (Also see the *Special Note below.) For 1098 forms, this format <u>does</u> include property tax paid amounts, so they can be printed in box 4 on the form. (Also see the *Special Note below.)
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.

2. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
3. If the *Create transmitter record* option is checked in Step #3, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
4. Reports (P1099x or P1098x) will be generated automatically for each form type; **print and keep these reports**.
5. The file **IRSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready.
6. If Sage Direct is printing your forms*, send the file directly using the same methods for sending Sage statement files.

7. **If you have an eDOC in-house server**, you can download this data for archival purposes. Follow the steps on Page 73.

Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, refer to the booklet, “File Transfers: Downloading Data from iSeries to PC” for instructions on transmitting the file created in Step 7 to your vendor. Also, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU*Answers Client Service Representative if you need assistance in complying with your vendor’s required format. **If your vendor will not accept the IRS format, custom programming may be required.**

Also remember that even though 1098 data now includes property tax amounts (in this vendor format, not the IRS format), it is still between you and your print vendor to decide whether or not that amount will be printed on your 1098 forms.

5498 Forms

This procedure must be followed before **May 7** if Sage Direct is printing your 5498 forms.

1. Navigate to OPER Tool #5152 *Prepare 5498/5498-SA File*
2. Enter your credit union’s Corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** to proceed to the following screen:

The screenshot shows the CU*BASE operator edition interface. The title bar indicates 'Session 0 - ABC CREDIT UNION - 16:06:15'. The main window has a menu bar (File, Edit, Tools, Help) and a title bar (Create IRS File in Tape Format for 5498's). Below the title bar, there is a subtitle bar (Subtitle). The main content area displays the 'Report Options' and 'Response' for the 'Year to process' (2023). The options include:

- ☒ Process IRA 5498s
 - Plan types to process: ☒ All plans, ☐ Education only, ☐ Exclude Education IRA
- ☐ Select accounts with previous year contributions only
- ☒ Process 5498-SAs
- Create file for IRS reporting or vendor printing: ☒ IRS reporting, ☐ Vendor printing
- ☒ Create transmitter record
- File type: ☒ Original, ☐ Test

The bottom of the screen features a navigation bar with icons for back, forward, up, down, print, search, and help. The CU*BASE operator edition logo is visible in the bottom right corner.

CU*TIP: The main differences between the Vendor format and the IRS format; the Vendor format uses both of the ADDR1 and ADDR2 30-byte fields, whereas the IRS format concatenates the address to the maximum of 40 characters allowed by the IRS.

4. Complete all fields (described below) according to your credit union’s situation and use Enter to continue.

<i>Field Name</i>	<i>Description</i>
Year to process	Enter 2023 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	Choose All Plans (blank). NOTE: If you use this screen for printing a file required by a third-party print vendor, choose Education Only (E) when printing in April and Exclude Education IRA (X) when printing in May. Contact your print vendor for instructions.
Select accounts with previous year contributions only	Since IRA contribution information is detailed on your year-end statements, if you are self-administered you may check this flag if you would like to generate 5498 forms only for members who make a 2023 contribution during January through April, 2024. IMPORTANT: Applies <u>only</u> if your IRA/HSA programs are self-administered.
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. This could be done separately from IRA 5498 data if required by your vendor; if Sage Direct is printing your HSA forms, check both of these Process... flags to include both types of records in the same file.
Create file for IRS reporting or vendor printing	If Sage Direct is printing your forms, choose V = Vendor Printing .
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.

5. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
6. If the *Create transmitter record* option is checked, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
7. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**.
8. The file **IRHSCØ1 (IRA/HSA Contributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready.
9. If Sage Direct is printing your forms*, send the file directly using the same methods for sending Sage statement files.
10. 🚫 **IMPORTANT:** Send the reports from Step 6 to your print vendor.
11. **If you have an e-DOC in-house server**, you can download this data for archival purposes. Follow the steps on Page 73.

Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.

Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, refer to the booklet, “File Transfers: Downloading Data from iSeries to PC” for instructions on transmitting the file created in Step 7 to your vendor. Also, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU*Answers Client Service Representative if you need assistance in complying with your vendor’s required format. **If your vendor will not accept the IRS format, custom programming may be required.**

Downloading Tax Data to your In-house eDOC Server

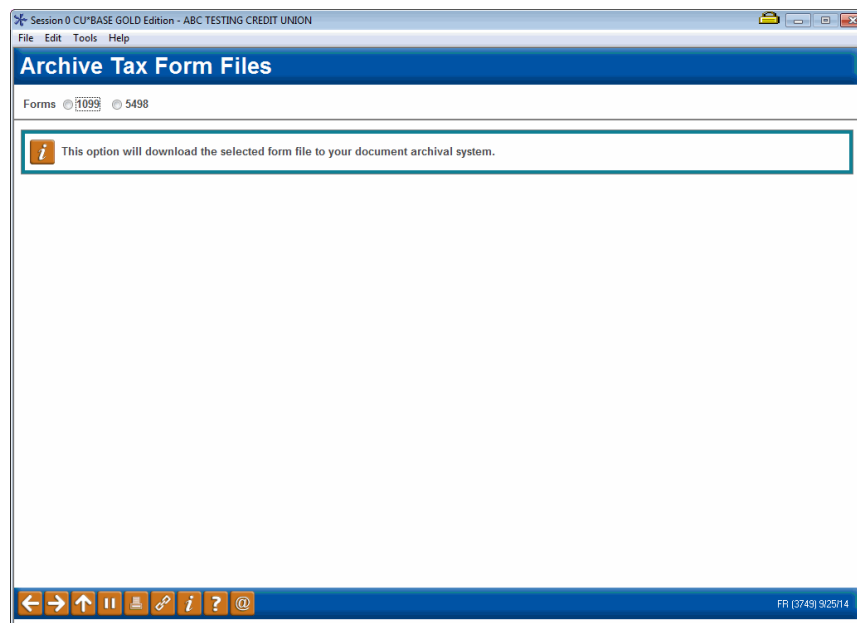
→ **DEADLINE: Any time after tax forms have been generated**

If you have an in-house Imaging Server powered by eDOC Innovations, there is an option on the IRS Forms Printing menu you can use to download tax forms to your Imaging server for archival purposes.

1. If you have signed up for the tax forms service and are not an Imaging Solutions Release Management client, please contact eDOC to make sure your server is prepared to receive the file. Custom programming and/or configuration may be required.
2. Next, if you have never downloaded tax data to your in-house eDOC server, **contact Operations** to ensure that the proper script changes have been made to accommodate your particular situation. This will ensure that when you use the CU*BASE menu command, the system knows what to do and where to send the data.

Assuming steps 1 and 2 have already been handled, after you have generated the data according to the IRS procedures outlined on Pages 74 and 70, proceed with the remaining steps.

3. **OPER Tool #5331 Download Tax Forms to eDoc Server**



4. Choose either **1099, MISC** (1099-MISC), or **5498**.
 - a. If you are sending the 1099 file you sent to the printer (and used the Vendor format) the 1099-MISC forms will be included in the transmitted file.
5. Use Enter to proceed.

Downloading Tax Data for CU*Archives

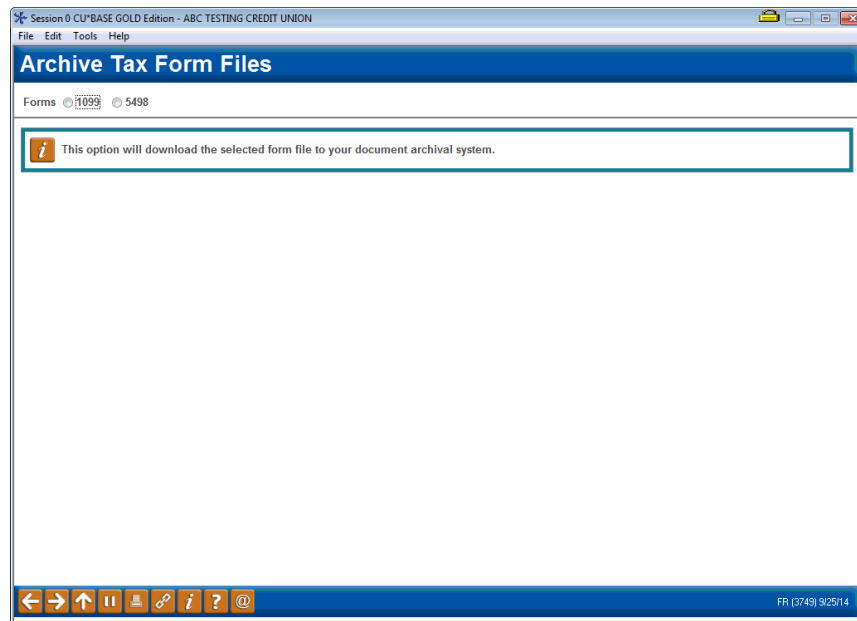
→ **DEADLINE: January 19**

If you have requested a Tax Forms CD from CU*Archives, there is an option on the IRS Forms Printing menu that you must take to download tax forms to CU*Answers' CU*Spy server.

1. If you have never requested a Tax Forms CD, **contact Operations** to ensure that the proper script changes have been made to accommodate your particular situation. This will ensure that when you use the CU*BASE menu command, the system knows what to do and where to send the data.

Assuming step 1 has already been handled, after you have generated the data according to the IRS procedures outlined on Pages 74 and 70, proceed with the remaining steps. CU*Archives also required the vendor format as outlined on Pages 66-69.

2. **OPER Tool #5316 Download Tax Forms for CU*Archives**



3. Choose either **1099, MISC** (1099-MISC), or **5498**.
 - a. If you are sending the 1099 file you sent to the printer (and used the Vendor format) the 1099-MISC forms will be included in the transmitted file.
4. Use Enter to proceed.
5. You will receive a confirmation email if the file is successfully transmitted.

Form 1099-R/1099-SA Instructions: Ascensus-Administered

→ **DEADLINE:** Report to Ascensus by **January 9**

If your credit union's IRA and/or HSA programs are administered by Ascensus, you can choose to report 1099-R/1099-SA distribution data (for HSAs and for non-education IRAs) to Ascensus during January.

NOTE: 1099-Q information (Coverdell Education IRAs) cannot be submitted to Ascensus via a file.

Before reporting to Ascensus, perform a final verification of IRA distribution data. Use **Tool #1014 1099/1098 Tax Information Report** and select the *Print 1099-R information* and *Print 1099-SA information* options. If the information shown on these reports is incorrect, you may either change the appropriate IRA Code associated with the transaction (**Tool #918 Update Trans Desc & IRA/HSA Post Codes**) or update the IRA Balance File (**Tool #896 Update IRA Balance Information**). See Pages 59 and 62 for additional instructions.

Before reporting to Ascensus, your credit union must also perform a final verification of HSA distribution data. Use **Tool #941 Verify HSA Balances Report** to review the information. If the information shown on this report is incorrect, you may either change to the appropriate HSA Code associated with the transaction via **Tool #918 Update Trans Desc & IRA/HSA Post Codes** or update the HSA Balance File via **Tool #893 Update HSA Balance Information**. See Pages 59 and 62 for additional instructions

Follow the steps below to create the file to send to Ascensus.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections! **Ascensus does charge a fee if you send the wrong information and need to resend later.**

To create the 1099 data file to be submitted to Ascensus

1. Navigate to OPER **Tool #5237 Prepare 1099-R/1099-SA File**
2. Enter your credit union's Corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** to proceed to the following screen:

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION - 17:10:25

File Edit Tools Help

Create IRS Format File for 1099Qs, Rs and SAs

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Process 1099-Qs	
<input checked="" type="checkbox"/> Process 1099-Rs	
<input type="checkbox"/> If yes, include only with state withholding	
<input checked="" type="checkbox"/> Process 1099-SAs	
<input checked="" type="checkbox"/> Create transmitter record	
<input type="radio"/> Test <input checked="" type="radio"/> Original	

4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2023 here.
Process 1099-Qs	Leave this flag <u>unchecked</u> (Ascensus will not accept distribution information for Education IRAs in a file).
Process 1099-Rs	<p>Check this if you want to include distribution information for all non-education IRAs (all other plan types) in the file.</p> <p>NOTE: Ascensus may require you to submit IRA and HSA data separately. (Contact Ascensus for instructions.) If so, you will need to repeat all of these steps, checking only one of these flags at a time. Remember that the process uses the same file name (see Step 6) no matter what data you include, so make sure to complete all steps, including downloading the file, before repeating.</p>
Process 1099-SAs	Check this if you want to include distribution information for HSAs in the file. (See the NOTE above.)
Create transmitter record	This should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.

5. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
6. If the *Create transmitter record* option is checked, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
7. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports.**
8. The file **IRHSDØ1 (IRA/HSA Distributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.

Submitting 1099/1098 Data to the IRS

→ DEADLINE: March 31

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline is **March 31**.

TIP: For our online clients, we use an earlier date as the due date to submit this data to the IRS. This ensures we have adequate time to respond to any problems with the transmission or data format, etc., well in advance of the final IRS deadline.

Also, even though CU*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at www.irs.gov.

To create the 1099/1098 IRS file to be submitted to the IRS

1. Navigate to OPER Tool #5153 *Prepare 1099/1098 File*
2. Enter your credit union's Corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** (F5) to proceed to the following screen:

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION - 17:17:08

File Edit Tools Help

Create IRS File

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input type="checkbox"/> Include mortgage interest less than \$600.00	
<input checked="" type="checkbox"/> Include mortgage fines/late fees with mortgage interest	
<input checked="" type="checkbox"/> Process 1099-R's and 1099-Q's	
<input checked="" type="checkbox"/> Process 1099-SAs	
Create file for	I = IRS Reporting
<input checked="" type="checkbox"/> Create transmitter record	
File type	0 = Original

The "I" option for IRS Reporting does NOT include 1099-MISC. See page 80 for more information regarding submitting 1099-MISC forms to the IRS.

4. Complete all fields (described below) and use Enter to continue.

Field Name	Description
Year to process	Enter 2023 here.
Include mortgage interest less than \$600	If you wish to print a 1098 form for all members, even those whose mortgage interest is under \$600, check this flag. Leave it unchecked (the default) to produce forms only for members where the interest exceeds \$600 (by individual mortgage). See Page 26 for more details.
Include mortgage fines/late fees with mortgage interest	Check here if you want to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. (A total of interest paid + delq. fines paid would be reported in box 1 of the form.) IRS instructions for form 1098 say that interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service. So the setting you choose it will depend on how this requirement applies in your credit union's situation.
Process 1099-Rs and 1099-Qs	Check this flag if your IRA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Process 1099-SAs	Check this flag if your HSA program is self-administered; if Ascensus-administered, leave the flag unchecked.

<i>Field Name</i>	<i>Description</i>
Create file for	Choose I = IRS Reporting to produce a file for tax reporting. This will <i>include</i> members for whom a substitute 1099-INT was produced and will use the required address format which concatenates the address 1 and address 2 fields to a maximum of 40 characters. For 1098 forms, this format does <u>not</u> include property tax paid amounts.
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.

5. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
6. If the *Create transmitter record* option is checked in Step #3, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
7. Reports (P1099x or P1098x) will be generated automatically for each form type; **print and keep these reports for your records**. If you want to archive these reports, move reports to DAILYxx or MONTHxx.
8. The file **IRSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be transmitted to the IRS. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

Submitting 1099-NEC Data to the IRS

→ **DEADLINE: January 31**

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline for 1099-NEC forms is **January 31**.

Even though CU*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at www.irs.gov.

To create the 1099-NEC IRS file to be Submitted to the IRS

1. Navigate to OPER **Tool #5236 Prepare 1099-NEC File**
2. Enter your credit union's corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** (F5) to proceed.
4. Complete all fields (described below) and use Enter to continue.

Report Options	Response
Year to process	2023
<input checked="" type="checkbox"/> Create transmitter record	
Original or test	<input checked="" type="radio"/> Original <input type="radio"/> Test

Field Name	Description
Year to process	Enter 2023 here.
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.

9. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
10. If the *Create transmitter record* option is checked in Step #3, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
11. Reports P1099N will be generated automatically; **print and keep this report for your records**. If you want to archive this report, move the report to DAILYxx or MONTHxx.

The file **IR1099NC01** in your FILExx library (where 01 represents your corporation ID) is now ready to be transmitted to the IRS.

Submitting 1099-MISC Data to the IRS

→ DEADLINE: March 31

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline for 1099-MISC forms is **March 31**.

Even though CU*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at www.irs.gov.

To create the 1099-MISC IRS file to be Submitted to the IRS

1. Navigate to OPER Tool #5235 *Prepare 1099-MISC File*
2. Enter your credit union's corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** (F5) to proceed.
4. Complete all fields (described below) and use Enter to continue.

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Create transmitter record	
(O)original or (T)est	<input checked="" type="radio"/> Original <input type="radio"/> Test

Field Name	Description
Year to process	Enter 2023 here.
Create transmitter record	Should be checked in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted.

5. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
6. If the *Create transmitter record* option is checked in Step #3, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
7. Reports P1099M will be generated automatically; **print and keep this report for your records**. If you want to archive this report, move the report to DAILYxx or MONTHxx.
8. The file **IR1099MS01** in your FILExx library (where 01 represents your corporation ID) is now ready to be transmitted to the IRS.

Form 5498/5498-SA/5498-ESA

Instructions: Ascensus-Administered

→ **DEADLINE: Final changes to the IRA/HSA balance file by April**

- 5498-ESA forms to Ascensus by **April 22**
- 5498-ESA forms to members by **April 30**
- 5498 forms to Ascensus by **May 7**
- 5498 forms to members by **May 31**

Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2023. Form 5498-SA is used to report HSA plan contributions.

Before generating 5498 data, be sure to verify IRA contribution data. Use **Tool #413 IRA Govt. Report/5498**, if the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction or update the IRA Balance File. See Pages 59 and 62 for additional instructions.

Your credit union must also perform a final verification of HSA contribution data. Use **Tool #398 HSA Govt. Report/5498**. If the information shown on this report is incorrect, you may either change the appropriate HSA Code associated with the transaction or update the HSA Balance File. See Pages 59 and 62 for additional instructions.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections! **Ascensus does charge a fee if you send the wrong information and need to resend later.**

To create the 5498 data file to be submitted to Ascensus

1. Navigate to OPER **Tool #5152 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update** (F5) to proceed to the following screen:

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION - 17:20:42

File Edit Tools Help

Create IRS File in Tape Format for 5498's

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Process IRA 5498s	
Plan types to process	<input checked="" type="radio"/> All plans <input type="radio"/> Education only <input type="radio"/> Exclude Education IRA
<input type="checkbox"/> Select accounts with previous year contributions only	
<input checked="" type="checkbox"/> Process 5498-SAs	
Create file for IRS reporting or vendor printing	<input checked="" type="radio"/> IRS reporting <input type="radio"/> Vendor printing
<input checked="" type="checkbox"/> Create transmitter record	
File type	<input checked="" type="radio"/> Original <input type="radio"/> Test

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4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2023 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	If Ascensus requires you to submit ESA and non-ESA data separately, use this option to choose Education or Non-Education. Otherwise you can choose All Plans to combine all data into one file. Please contact Ascensus for specific instructions.
Select accounts with previous year contributions only	This flag should remain unchecked (N). It is important to report <i>all</i> data to Ascensus then work with them if you wish to specify which members should receive a form.
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. NOTE: Ascensus may require you to submit IRA and HSA data separately. (Contact Ascensus for instructions.) If so, you will need to repeat all of these steps, checking only one of these <i>Process...</i> flags at a time. Remember that the process uses the same file name (see Step 6) no matter what data you include, so make sure to complete all steps, including downloading the file, before repeating.
Create file for IRS reporting or vendor printing	Choose I = IRS Reporting . The IRS format concatenates the address 1 and address 2 data according to IRS requirements (the Vendor format uses both fields).
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.

5. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file

creation.

6. If the *Create transmitter record* option is checked in Step #3, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
7. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**. If you want to archive these reports, move report to DAILYxx or MONTHxx.
8. The file **IRHSCØ1 (IRA/HSA Contributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.

Form 5498/5498-SA/5498-ESA

Instructions: Self-Administered

→ **DEADLINE: Final changes to the IRA/HSA balance file in April**

→ 5498-ESA forms to members by **April 30**

→ 5498 forms to members by **May 31**

Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2023.

Before generating 5498 forms, be sure to verify IRA contribution information. Use **Tool #413 IRA Govt. Report/5498**, if the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction or update the IRA Balance File. See Pages 59 & 62 for additional instructions.

Your credit union must also perform a final verification of HSA contribution data. Use **Tool #398 HSA Govt. Report/5498**. If the information shown on this report is incorrect, you may either change the appropriate HSA Code associated with the transaction or update the HSA Balance File. See Pages 59 and 62 for additional instructions.

Printing 5498 Forms

If Sage Direct is printing your forms:

Send the file directly using the same methods for sending Sage statement files.

Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU*Answers Client Service Representative if you need assistance in complying with your vendor's required format. **If your vendor will not accept the IRS format, custom programming may be required.**

Reporting 5498 Data to the IRS

All 5498 contribution data must be reported to the IRS by **May 31**.

1. Navigate to OPER **Tool #5152 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (01) and press Enter.
3. A warning message will appear; press **Add/Update (F5)** to proceed to the following screen:

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION - 17:20:42

File Edit Tools Help

Create IRS File in Tape Format for 5498's

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018

☒ Process IRA 5498s

Plan types to process ☒ All plans ☐ Education only ☐ Exclude Education IRA

☐ Select accounts with previous year contributions only

☒ Process 5498-SAs

Create file for IRS reporting or vendor printing ☒ IRS reporting ☐ Vendor printing

☒ Create transmitter record

File type ☒ Original ☐ Test

4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

<i>Field Name</i>	<i>Description</i>
Year to process	Enter 2023 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	Choose All Plans (blank).
Select accounts with previous year contributions only	This flag must be unchecked (N).
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. For reporting to the IRS, both of these <i>Process...</i> flags should be checked to include both types of records in the same file.
Create file for IRS reporting or vendor printing	Choose I = IRS Reporting . The IRS format concatenates the address 1 and address 2 data according to IRS requirements (the Vendor format uses both fields).
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use T = Test for a test run, and O = Original for the actual file to be submitted to the IRS.

5. On the following screen, enter **G1** for your Group Provider and use Enter to proceed to file creation.
6. If the *Create transmitter record* option is checked in Step #3, an additional screen will appear. Verify all fields contain your credit union's current and correct reporting information, then use Update/Enter to generate the file.
7. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**. If you want to archive these reports, move report to DAILYxx or MONTHxx.
8. If you are reporting to the IRS electronically, the file **IRHSCØ1 (IRA/HSA Contributions)** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

How many tax files were sent to the IRS?

Each year, CU*Answers receives this question from credit unions who are researching for both their own benefit, as well as at the behest of auditors.

The reports that list total tax form numbers are P1099x, P1098x, and P5498x. These reports are sent to CU*Spy and/or your in-house archive server when the tax files are submitted to the IRS, bundled with the reports for that day (verify the date the files are submitted via the CU*Answers Alerts website, where a notification is posted). Please note that these reports are also sent to the in-house eDOC server, if that applies to your credit union.

If the P1099x and P1098x reports are no longer in CU*Spy, you may need to review your archive CD of March reports. The P5498x reports will be on the May reports CD.

Additionally, the Tax CD contains the LTAXx reports, as well as the LGVIRA and LGVHSA reports to assist in determining the number of tax forms submitted to the IRS.

Tax Forms Archival Instruction Form

→ **DEADLINE:** Return form to CU*Answers by **November 14**

The following page within this guide is your Tax Form Handling Instructions form, to be completed and returned to CU*Answers as part of your year-end processing requirements. Please refer to previous pages for specific instructions.

Fill in the form online! Save paper and use the fillable PDF attached, or on the Reference Page on the website as [Tax Forms Archival Instructions](#), and return to CU*Answers by the deadline.

2023 Tax Forms Archival Instructions

Self-Processing Credit Unions



Revised 10/19/2023

Credit Union Name	<input type="text"/>		
Contact Name	<input type="text"/>	Phone	<input type="text"/>

IRA and HSA Administration

IRA Administration	Self-Administered	Third-Party Administered
HSA Administration	Self-Administered	Third-Party Administered

CD-ROM Copies of Tax Forms & Reports

If you would like CU*Archives to archive your tax forms on CD-ROM, please follow the steps and fill out the options below. Your credit union will need to send the file to CU*Archives; information on how to do so is located in the Year-End Processing guide.

To ship the CDs in a timely manner the CDs will be shipped on two timeframes. Each timeframe will include a different set of data as stated below; **please indicate the # of copies** you would like to receive.

Price: \$50.00 processing fee + \$10.00 per CD-ROM

CD	Item to be Included	Will Be Produced	# of Copies Desired
# 1	1099 and 1098 Tax Forms	No later than March 15, 2024	
# 2	1099/1098 Tax Information Report 5498 Tax Forms 5498 Report(s)	No later than June 4, 2024	

NOTE: If you are interested in displaying tax statements in **It's Me247** Online Banking for your members, or archiving tax statements on your eDOC server, please contact the Imaging Solutions team at imaging@cuanswers.com. *While offering tax forms online for members is a valuable service, we do not recommend using them as a replacement for the CDs, which are a long-term resource for your credit union.*

Complete form and return to Imaging Solutions at imaging@cuanswers.com
NO LATER THAN NOVEMBER 14