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# “Bump” Rate Certificates

## Changing the Rate of a Certificate During its Term

### INTRODUCTION

A new product is now available for a credit union’s savings arsenal. “Bump” rate certificate products allow members to change the rate of their certificates (a configured number of times) when it is at their advantage – when the current rate is better than the existing rate. Members will be intrigued by this option to get better returns, and you have a marketing tool to sell more certificates, even when interest rates are low!

To offer this product credit unions simply configure Certificate Types to allow the rate to be “bumped” a specific number of times. When a certificate is opened the Certificate Type is used to determine the number of times a member can use this feature. It is easy for employees to assist the member to “bump” the rate via CU\*BASE or even for the member to make the change themselves via online banking.

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For an updated copy of this booklet, check out the Reference Materials page of our website:  
[http://www.cuanswers.com/client\\_reference.php](http://www.cuanswers.com/client_reference.php)  
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# CERTIFICATE TYPE CONFIGURATION

An “Allow member to bump the current rate XX times during the CD term” field on the Certificate Type configuration screen controls how many times a rate can be “bumped” during the term of the certificate. Credit unions may wish to create a new Certificate Type specifically to market this service as a special offering to members. Or credit unions may decide to change the configuration of an existing certificate product so that all newly opened certificates with this Certificate Type have this feature.

## MNCNFA #2 – Certificate Products – Certificate Type

Session 0 CU\*BASE GOLD - Certificate of Deposit Maintenance

**Certificate of Deposit Maintenance**

Certificate type **03** Application **CD**  
 Corp ID **01** CREDIT UNION Description **6 MONTH CERTIFICATE**  
 Allow principal distributions **N = Blocked**

Certificate Length		Certificate Penalty		General Ledger	
Days		Penalty code		Certificate	<b>908.02</b>
- Or -		Days		Premium penalty	<b>131.00</b>
Months	<b>6</b>	Penalty grace	<b>10</b>	Accrued dividend	<b>830.20</b>
				Dividend expense	<b>340.50</b>

**Options**

IRA CDs flag  
 Add funds to CDs  
 Report dividends to IRS  
 Laser certificate form **CD02**

**Renewal**

Default renewal code **1 = Auto Renew**  
 Default renewal CD type  (blank = same CD type)  
 Allow member to change renewal code on existing account via online banking  
 Allow member to bump the current rate **02** times during the CD term

Dividend Rates			
Minimum	500.00	Maximum	99,999.99
Rate		Rate	0.050
Minimum	100,000.00	Maximum	9,999,999.99
Rate		Rate	0.050
Minimum	0.00	Maximum	0.00
Rate		Rate	0.000
Minimum	0.00	Maximum	0.00
Rate		Rate	0.000
Minimum	0.00	Maximum	0.00
Rate		Rate	0.000
Minimum	0.00	Maximum	0.00
Rate		Rate	0.000

FR 3956 1/03/11 10:01:26 [Learn About This Feature](#)

This indicates how many times a certificate of this Type can be “bumped.” The changes to the certificate are recorded for the term of the certificate.

Allow member to bump the current rate **02** times during the CD term

# "BUMPING" THE RATE VIA CU\*BASE

Employees can assist a member and use "Bump CD Rate" option in Phone Operator to change the certificate rate for the member if:

- The certificate allows the rate to be "bumped"
- The current rate is higher than the original rate of the certificate
- The member has not exceeded the allowed number of "bumps"

The screenshot shows the 'Individual Account' page for MARY J MEMBER. The account details include SSN/TIN, birthdate, address, and contact information. A table of certificates is displayed with columns for Description, Loan Payoff/Current Balance, Loan Payment/Net Available, and Next Payment/Last Trans/CD Maturity. The table lists three certificates: 000 REGULAR SAVINGS, 000 GROWTH SAVINGS, and 301 CERTIFICATE. The 301 CERTIFICATE has a current balance of 20,485.54 and a net available amount of 485.54. Below the table, a menu of options is visible, including 'Bump CD Rate', 'Check', 'History', 'Inquiry', 'List', 'Misc Rcpts', 'Nicknames', 'Payoff', 'Stop', 'Transfer', and 'Wire'. An arrow points from the text 'The employee selects the account and the Bump CD Rate option.' to the 'Bump CD Rate' option in the menu.

If a rate change is allowed, the employee selects the certificate from the list and uses the "Bump the Rate" option.

The following screen informs the employee on the rates, how many times the rate has been "bumped," and how many times it is allowed for it to be changed. If the rate cannot be "bumped," that is indicated in the Note column.

## CD Selected From the List

Session 0 CU\*BASE GOLD - BUMP CD RATE

Account base 2002 MARY MEMBER

Account	CD Type	Description	Existing Interest Rate	Current (Bump) Interest Rate	# of times Bumped	# of times Allowed	Note
2002 302	03 6	MONTH CERTIFICATE	.200	.250	0	2	

Bump the Rate

Backup F3

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After selecting the certificate, the employee selects the Bump the Rate option.

## Bump the Rate Option Selected

Session 0 CU\*BASE GOLD - BUMP CD RATE

Account base 2002 MARY MEMBER

Account	CD Type	Description	Existing Interest Rate	Current (Bump) Interest Rate	# of times Bumped	# of times Allowed	Note
2002 302	03 6	MONTH CERTIFICATE	.200	.250	0	2	

Session 0 CU\*BASE GOLD - Confirm

Add/Update F5 The interest rate on the certificate will be bumped to the current rate.

Bypass F8

FR (32)

Bump the Rate

Backup F3

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A confirmation screen appears once the Bump the Rate option is selected. The employee selects F5-Add/Update to confirm the change.

## Rate Change Updated

The rate is now updated and the screen indicates that one more rate change is allowed.

Account	CD Type	Description	Existing Interest Rate	Current (Bump) Interest Rate	# of times Bumped	# of times Allowed	Note
2002 302	03 6	MONTH CERTIFICATE	.250	.250	1	2	

- The change in rate and the number of rate changes is recorded on the screen as well as in the MEMBER3 file. This change is also written to CUFMNT.

## POSSIBLE SCENARIOS FOR CERTIFICATES

### Rate Can Be "Bumped"

Account	CD Type	Description	Existing Interest Rate	Current (Bump) Interest Rate	# of times Bumped	# of times Allowed	Note
302	03 6	MONTH CERTIFICATE	.200	.250	0	2	

This certificate can be "bumped" to a new rate. The current rate is greater than the rate attached to the existing rate of the certificate. The certificate has been "bumped" zero times and two times are allowed.

### Rate Change Not Allowed

Account	CD Type	Description	Existing Interest Rate	Current (Bump) Interest Rate	# of times Bumped	# of times Allowed	Note
301	14 20	MONTH CERTIFICATE	1.980	1.000	0	0	Rate cannot be bumped

The rate of this certificate cannot be changed. The Note indicates that the "Rate cannot be bumped." This message will appear if the Certificate Type does not allow a "bump" or if the maximum number of "bumps" have been taken.

## Current Rate Not Greater

Account	CD Type	Description	Existing Interest Rate	Current (Bump) Interest Rate	# of times Bumped	# of times Allowed	Note
300	03	6 MONTH CERTIFICATE	.050	.050	0	2	

The rate of this certificate cannot be changed. The current rate is equal to the rate of the certificate. Even though a change is allowed by the Type, the employee cannot “bump” the rate at this time. Attempts to “bump” the rate will result in the following messaging:

**1857 - Bump Rate must be greater than Existing Rate**

## TRANSACTION HISTORY

Once the “bump” is performed, the change is recorded in the transaction history of the certificate:

### Transaction Description of a Rate Change

Date	Amount	IRA CD	Balance	Description	Transfer Acct	ID	Print Receipt
Jan 05, 2011	1,000.00		1,000.00	C/D ACCOUNT TRANSFER	-080	;v	
Jan 05, 2011	0.00		1,000.00	RATE BUMPED		;v	

### Secondary Transaction Description

Date	Amount	Balance	Description	Transfer Acct
Jan 05, 2011	0.00	1,000.00	RATE BUMPED	

## MEMBER ACCOUNT INQUIRY

The Inquiry screen includes information on the number of times a rate has been “bumped.” Using F13-Renewal History from this screen will also show the number of times the rate has been “bumped.”

### Inquiry

Inquiry lists the number of time the rate has been bumped and how many times are allowed.

The screenshot displays the 'Member Account Inquiry' window for a 'MARY MEMBER'. The account is a '302 CD CERTIFICATE' with a '6 MONTH CERTIFICATE' CD type. The current balance is 1,000.00, and the rate has been bumped 1 of 2 times. The screen includes a navigation menu on the left with options like 'New Account F5', 'Renewal History F13', and 'Tracker Review F21'. A table on the right shows account details such as 'Original purchase' and 'Current maturity'. At the bottom, there is a 'Transaction inquiry date' field set to 'Jan 05, 2011'.

Account #	Account type	CD type	IRA plan type	Rate bumped	Current balance	Current rate	Daily accrual	Original purchase	Last rollover balance	Partial renewal amount	Principal distribution amount	Renewal code	Term dividend earned	Term dividend withdrawn	Available dividend
MARY MEMBER	302 CD	CERTIFICATE		1 of 2 times	1,000.00	0.250	0.00	1,000.00	0.00	0.00	0.00	1 Auto Renewal	0.00	0.00	0.00

# OPENING A NEW CERTIFICATE

When a new certificate is opened, the credit union employee will see the number of times the member can “bump” the rate of the certificate. This way the employee can educate the member of this feature.

- NOTE: If the certificate type does not allow the rate to be “bumped,” this text will not appear on the screen. (The text is conditional.)

This conditional text appears if the Certificate Type allows the rate to be “bumped.”

Session 0 CU\*BASE GOLD - Create/Open New Certificate

### Create/Open New Certificate

Account # [ ] - [003]      MARY MEMBER  
123 MAIN STREET  
ANYCITY MI 49000

CD type 03 6 MONTH CERTIFICATE  
CD amount 500.00  
Issue date Jan 11, 2011  
Maturity date Jul 11, 2011 [IMMDDYY]      Rate can be bumped 02 times per term

Joint owner/beneficiaries

#### How Should the Dividends be Paid?

Dividend disburse code I = Addback  
Dividend payment/transaction frequency M = Monthly  
Dividend rate 0.250 %  
Dividend variable rate code [ ]

#### Should the Member Receive a Principal Distribution?

Yes, the member should receive a principal distribution

#### How Should the Certificate be Handled at Maturity?

Renewal code 1 = Auto Renew  
Renewal CD type 03  
Renewal incentive 0.000 %  
Renew only this amount 0.00 and put the rest in [ ] - 000

FR (1511) 1/11/11 11:20:37      Learn About This Feature

# ADAPTING AN EXISTING CERTIFICATE TO A BUMP RATE CERTIFICATE

Some credit unions may want to change a certificate that does not allow a “bump” in rate, to allow it. In these cases, both the Certificate Type attached to the certificate, as well as the individual certificate need to be adjusted. During the term of the current certificate, the employee must use Account Update to update the data on the individual certificate (stored in the MEMBER3 file). The credit union must also updates the Certificate Type attached to this certificate, thereby ensuring a smooth transition at certificate renewal. Once the certificate is renewed it will use the updated Certificate Type configuration, which will automatically allow “bumps” in rate, both through Phone Operator and via **It’s Me 247**.

## MNUPDT #2 - Account Update

Update allows maintenance on the number of rate changes, as well as the number of allowed changes. (This is subject to Tier 2 security.)

- Changes made to the “bump” fields in Account Update are recorded to the File Maintenance Report (CUFMT).

Account Update can also be used in rate situations where a rate is manually changed for a member via another method and the number of “bumps” needs to be updated.

# "BUMPING" THE RATE VIA "IT'S ME 247"

The member can also "bump" the rate of a certificate via online banking if the following conditions are met:

- The certificate allows the rate to be "bumped"
- The current rate is higher than that rate of the certificate
- The member has not exceeded the number the allowed number of "bumps"
- Online banking is not in Stand-in mode.

If all of these conditions are met, the member will view a "BUMP to this rate" link next to the Available New Rate line.

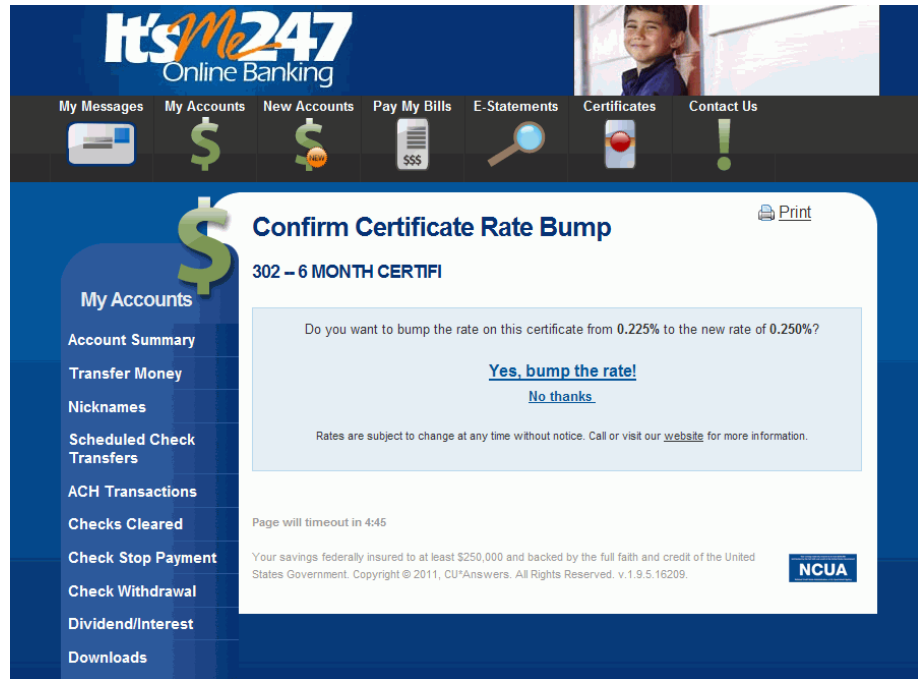
## "Bump" Allowed Online

The screenshot shows the TCS Online Banking interface. The top navigation bar includes links for My Messages, My Accounts, New Accounts, Pay My Bills, E-Statements, Certificates, and Contact Us. The main content area is titled "Certificate Information" and displays details for a "302 - 6 MONTH CERTIFI". A table lists various certificate attributes, including Value if redeemed now, Annual Percentage Yield, Renewal Option, Maturity Date, Last Renewal Date, Actual Balance, Available Balance, Last Transaction Date, Accrued Dividends, Dividends Paid YTD, Dividend Payment Method, Dividend Payment Frequency, Current Rate, Available New Rate, and Bump History. A blue link labeled "BUMP to this rate" is positioned next to the Available New Rate. A callout box on the left points to this link with the text: "If a rate 'bump' is allowed, the member will see this link."

Attribute	Value
Value if redeemed now:	\$1,000.00
Annual Percentage Yield:	0.230%
Renewal Option:	Will automatically renew upon maturity.
Maturity Date:	7/5/2011
Last Renewal Date:	1/5/2011
Actual Balance:	\$1,000.00
Available Balance:	\$0.00
Last Transaction Date:	1/5/2011
Accrued Dividends:	\$0.00
Dividends Paid YTD:	\$0.00
Dividend Payment Method:	Add dividends back into this certificate.
Dividend Payment Frequency:	Monthly
Current Rate:	0.225%
Available New Rate:	0.250% as of 01/03/2011 <a href="#">BUMP to this rate</a>
Bump History:	Rate has been bumped 1 of 2 times

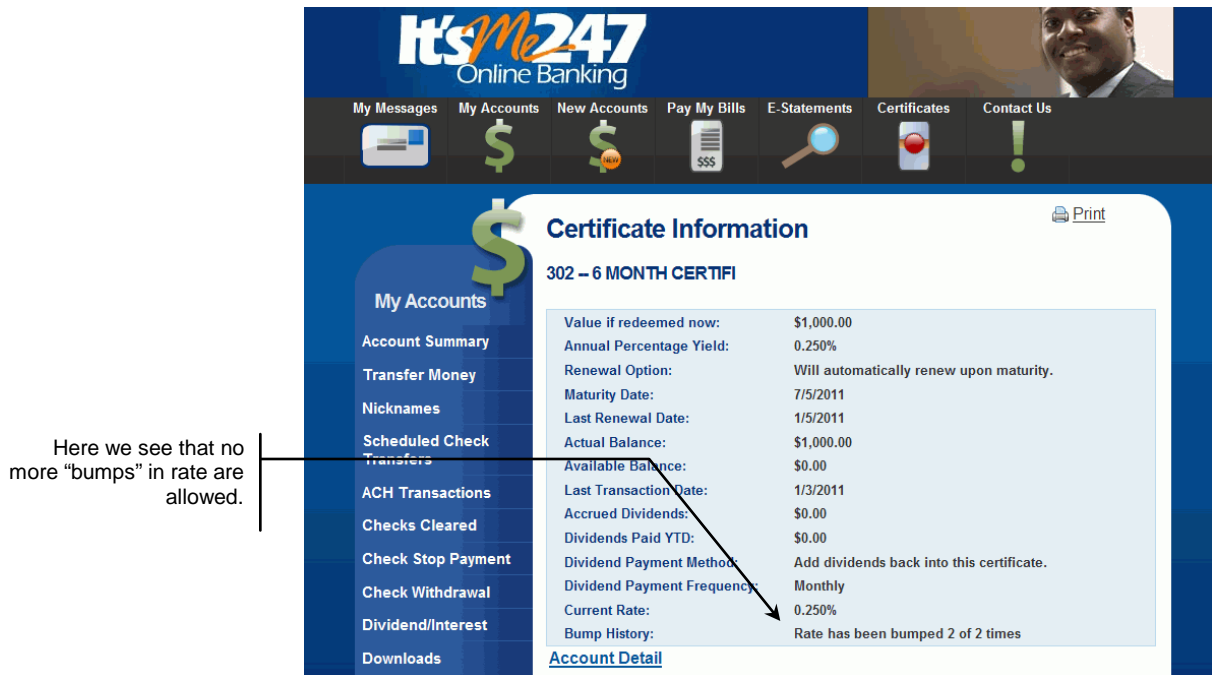
After selecting the link, the member will be presented a new window listing the original and new rates. The member can select to make the change or not at this point. If the member selects, "Yes bump the rate!" the account details screen will note the change in the Bump History line.

Confirmation of "Bump"



The change is noted in the Certificate Information screen.

Final Screen



Here we see that no more "bumps" in rate are allowed.

By selecting Account Detail from the Information screen (previous image), the member can see the details of the “bump” in the account history. (NOTE: This example uses a different account.)

Account Details Show “Bump”

Here the change is noted in the Transaction History.

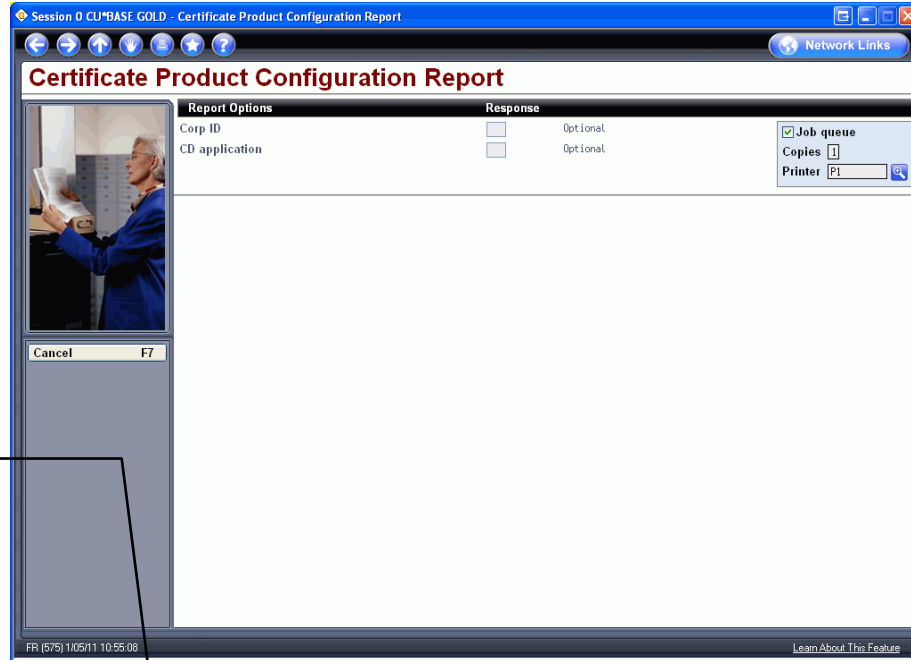
The screenshot displays the 'My Accounts' interface. On the left is a navigation menu with options like 'Account Summary', 'Transfer Money', 'Nicknames', 'Scheduled Check Transfers', 'ACH Transactions', 'Checks Cleared', 'Check Stop Payment', 'Check Withdrawal', 'Dividend/Interest', and 'Downloads'. The main content area features a 'Transaction Filter' section with dropdowns for 'Select an account' (304 - TEST BUMP CD), 'Number of items' (50), and 'Transaction type' (Description - All). Below this is a 'Transaction History' table with columns for Date, Description, Amount, and Balance. The first row, dated 01/03/2011, is highlighted and has an arrow pointing to it from the text 'Here the change is noted in the Transaction History.' The description for this row is 'RATE BUMPED FRM 1.000 TO 1.025'.

Date	Description	Amount	Balance
01/03/2011	RATE BUMPED FRM 1.000 TO 1.025	\$0.00	\$1,000.86
01/10/2011	CD RENEWAL TERM 04	\$1,000.86	\$1,000.86
01/10/2011	CERTIFICATE MATURE	(\$1,000.86)	\$0.00
01/10/2011	CD RENEWAL TERM 03	\$1,000.86	\$1,000.86
01/10/2011	CERTIFICATE MATURE	(\$1,000.86)	\$0.00
01/10/2011	CD RENEWAL TERM 02 FROM: 000045000-304	\$1,000.86	\$1,000.86
01/10/2011	CERTIFICATE MATURE TO: 000045000-304	(\$1,000.86)	\$0.00
01/10/2011	DIVIDEND EARNED	\$0.86	\$1,000.86
01/10/2011	C/D ACCOUNT TRANSFER FROM: 000045000-000	\$1,000.00	\$1,000.00

# REPORTS

The Certificate Product Configuration Report lists the number of times Certificate Type allows the rate to be “bumped.” The bottom of the report lists the high and low value for the interest rate.

MNCNFA #20 – Print CD Configuration Report



The number of allowed rate “bumps” is listed here by Product.

1/05/11 10:56:40		TEST CREDIT UNION						LCDCFG				Page 1						
RUN ON 1/05/11		CERTIFICATE PRODUCT CONFIGURATION REPORT										User						
		AS OF 1/05/11																
Corporate ID - ALL CORPORATIONS																		
CD APPLICATIONS																		
APPL				DIV	PMT	DIV	CALC	FIRST	DIV	ACCOUNT	TYPE							
TY	CD	DESCRIPTION		FREQ		TYPE		PMT		LOW	HIGH							
01	01	CD		M		C		I		300	350							
02	01	CD		Q		C		F		300	325							
03	01	CD		R		C		I		400	450							
04	01	CD		M		C		I		400	450							
05	01	CD		Q		C		I		45	45							
06	01	CD		Q		C		I		46	46							
CD TYPES																		
TY	CO	APL	IRA	PR	DIST	DESCRIPTION	BUMP	-LENGTH-	----	PENALTY----	----	GENERAL	LEDGER----	ADD LAST				
01	01	CD		N		7 MONTH CERTIFICATE	03	7		10		90802	13100	83020	34050	Y	Y	CD07
02	01	CD		N		3 MONTH CERTIFICATE	01	3		10		90802	13100	83020	34050	Y	N	CD02
03	01	CD		A		6 MONTH CERTIFICATE	02	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
1/05/11 10:56:40													LCDCFG		Page 4			
RUN ON 1/05/11		TEST CREDIT UNION										User ALYCIAM						
		CERTIFICATE PRODUCT CONFIGURATION REPORT																
		AS OF 1/05/11																
Corporate ID - ALL CORPORATIONS																		
CD	TYPE	DESCRIPTION	RATE	MINIMUM	MAXIMUM													
71	3	MONTH IRA CERT	.050	500.00	99999.99													
72	6	MONTH IRA CERT	.050	500.00	99999.99													
73	9	MONTH IRA CERT	.100	500.00	99999.99													