
Qualified Dividends

Offer Members Qualified Rates on Checking Accounts

INTRODUCTION

If your credit union is thinking about getting into reverse-tiered rates and qualifying members for dividends based on certain behavior, then CU*BASE Qualified Dividends might be just the thing!

In a nutshell, you can configure a checking dividend application with specific eligibility requirements, then set up two rate schedules: the **qualified** rate schedule, which can have multiple ranges for regular or reverse tiers (i.e., lower rate at higher balances) and the **base** rate for non-qualified accounts, which can even be set to 0% if you wish. When dividends are posted at the end of the month, CU*BASE will automatically evaluate the membership for enrollment in products your credit union selects such as eStatements and transaction activity on the member's account configured for the Qualified rate. It will then calculate dividends according to the appropriate rate schedule.

When dividends are posted, the Qualified Dividend Scoring report is archived in CU*SPY. Use this report to monitor reasons members failed to qualify for the qualified dividend to gauge the effectiveness of your program. Two reports, one of members who qualified and one of those who did not, are also created at that time, along with export-ready files you can use to communicate to the members via Member Connect tools.

In addition to marketing these products online to your members on your loan rate board, you can also provide members who purchase them with up-to-date information on their status toward earning the higher rate.

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For an updated copy of this booklet, check out the Reference Materials page of our website:
<https://www.cuanswers.com/resources/doc/cubase-reference>
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BEING AN INTERNET RETAILER

Internet retailers utilize all online banking tools at their disposal to maximize the targeted exposure of their products.

This section covers the Qualified Dividend tools built right into CU*BASE and **It's Me 247** your credit unions can use to be more effective in selling products online. Use them as part of your arsenal to provide special pricing and discounts, and to create meaningful differentials between what is offered via other channels and what is offered via online banking.

What is the member experience online?

When you sell Qualified Dividend products on your rate board, members see the difference since the product will be presented with a special “QD” button. This gives easy access to learn more about the special requirements to receive the higher rate. Once the member opens this checking account, they can use a special tracking page in online banking to watch their progress toward the higher rate.

See page 21 for examples of what the member sees.

How does the member see the DIFFERENCE in participating with you online?

The member sees the difference in participating with your credit union online when this results in a higher dividend payment on qualified accounts. It is more likely that they will open the Qualified Dividend checking account due to the special rate board features. Also, if they return to online banking to monitor their progress, it is more likely that they will receive the higher rate.

Who can I turn to for more assistance?



Don't have time to set it up? Engage the Earnings Edge team to help you design and execute this initiative.

What is a breakdown of the steps for my credit union?

- Create a checking account dividend product and use the Qualified Dividend configuration to set up qualifiers for the higher rate. These might include membership-level requirements such as enrollment in eStatements or bill pay. Additionally you can require transaction activity on the account configured for the Qualified rate, for example a minimum dollar amount of ACH transactions or minimum number of debit card transactions. *See page 7 for examples of screens that help you configure a Qualified Dividend product.*

- Activate the feature that allows members to use online banking to track their progress (real-time) toward the higher rate. *This is also in the configuration section.*
- Enter the sales text the member will see online that explains these qualifiers and any other marketing text you want the member to see. This is done in the Member Sales Text information screen, accessed from Rate Maintenance. *See Page 11 for more information.*
- Activate this product so that it will show on the rate board for purchase. *See page 18 for setting this product up on the rate board.*

FEATURES AND SPECIAL NOTES

FEATURE HIGHLIGHTS

- Set general membership-level qualification parameters including e-Statement enrollment, bill pay enrollment, minimum online banking logins, and/or minimum audio response calls.
 - For general qualifying factors that affect the entire membership, including those above, the member is evaluated across the membership to determine if they qualify for the higher rate.
- Set transaction requirements activity on the account configured for the qualified rate. These are configured either by number of transactions or total dollar amount. Transactions are specified by origin code and can be separated by debits and credits, so you could, for example, require the member to receive at least one ACH or Payroll deposit per month in order to be eligible for the qualified rate schedule.
 - For this qualifier, a member qualifies for the Qualified rate based only on the activity for the individual sub account configured for the higher rate. Activity on other sub accounts is not counted.
- Includes flexible controls for ATM/PIN-based and debit card/signature-based transactions made on the account configured for the qualified rate, since every ATM/Debit card vendor handles these transactions a little bit differently.
 - For this qualifier, a member qualifies for the Qualified rate based only on the activity for the individual sub account configured for the higher rate. Activity on other sub accounts is not counted.
- When dividends are posted, a new Qualified Dividend Scoring report will be generated showing which members received which rate, and why, to help you answer member inquiries. Two database files will be created in your QUERYxx library so you can use Member Connect tools for further marketing, if desired – such as congratulating members who received a dividend, and encouraging members who did not to review the program requirements so they will get a dividend next month.
- You can even run this same scoring report as a “simulation” during the month, prior to actual dividend posting, to keep an eye on how members are falling within your rate tiers.
- You may also use the member’s use of a Qualified Dividend product to determine eligibility for ATM Surcharge Rebates. See Page 13 for more details.
- You may sell these products on your loan rate board and explain the details for qualifying for the higher rate in the loan information text.
- Members can log on to **It’s Me 247** to track their progress toward qualifying for the higher rate. **See Page 23.**

PRODUCT REQUIREMENTS

Only checking products (Application Type SD) can be configured to have Qualified rates. Those Dividend Applications used for Qualified rates must meet certain conditions:

- The product must have **monthly** dividend payments using the **Average Daily Balance** dividend calculation method. Products with daily accruals (simple daily or compound daily) are problematic since in this case, dividends are accrued throughout the month (with corresponding G/L expense accruals)—which would conflict with the final posting of a qualified rate, resulting in the need for reversals, and lead to complications with calculating APY for the account.

*NOTE: If this is the first time you will be offering an Average Daily Balance product, make sure you understand how the calculation works! In CU*BASE GOLD online help, search for keyword “Average Daily Balance” and familiarize yourself with how this dividend calc. method determines the member’s average balance for the dividend period and uses this when calculating dividend amounts.*

- The Dividend Period must be monthly. Members are scored monthly and the resulting dividend must also be posted monthly.
- Because the split rate structure is used to control the qualified vs. the non-qualified rate, the Dividend Application must be set up as a **plateau rate**. The rate you pay to qualified members can also have additional split levels if you wish, or just pay a single rate for all qualified members, but in any case it must be set up as a plateau (blended) rate. See Pages 7 and 16.

CONFIGURING THE QUALIFIED DIVIDEND PRODUCT

Configuring a dividend product with a Qualified Rate involves working with three screens in CU*BASE: the Share Account Setup screen, the Configure Conditions for Qualified Dividends screen, and, if transaction requirements are desired, the Required Activity by Delivery Channel. Although setup is minimal, good planning is necessary for a successful deployment of this feature.

Only checking accounts can be configured with Qualified Dividend controls.

CONFIGURING THE DIVIDEND APPLICATION

“Share Products” on the Savings Products (MNCNFA) menu, then “Dividend Information” tab

Dividends used for Qualified Dividend programs must be use a Plateau tiered rate structure, which allows for different rates to be paid for different portions of the member’s balance (a *blended* rate). This box must be checked to allow for this feature in Rate Maintenance.

The screenshot shows the 'Share Account Setup' window for 'ABC CREDIT UNION'. The 'Dividend Information' tab is active. Key fields include:

- Start date: Oct 01, 2013
- Next pay date: Nov 01, 2013
- Calc date: Oct 17, 2013
- Pay frequency: Monthly
- Dividend calculation type: Simple daily (accrual)
- Minimum balance to earn a dividend: 0.00
- Minimum balance penalty code: None
- Dividend pay code: Addback
- Allow change on account open:
- Plateau dividend:
- Base rate: 0.00
- Qualified dividend processing: A (A = use config, or enter 3rd-party code)

 A red circle highlights the 'Qualified dividend processing' field, and an arrow points from it to the 'Plateau dividend' checkbox.

IMPORTANT: A checking product that has Qualified Dividends must have a plateau rate tiered structure. There will be a single rate for non-qualified members, and one or more tiers for members who qualify, based on their period-ending average balance. Be sure to check the *Plateau dividend* checkbox to allow this feature.

While on this configuration screen for your Qualified Dividends checking product, indicate that a qualifying rate attached to it by entering an “A” for “use config” in the Qualified Dividend Processing field (on the Dividend Information tab). Once this code is entered, press Enter or use the *Qualified Dividends* button (F9) to move to the Configure Conditions for Qualified Rate Dividends screen, shown below.

CONFIGURING THE QUALIFYING CONDITIONS

Use this screen to set the specific parameters a member must meet to receive the benefit of the qualified rate. The configuration allows for a great deal of flexibility so you can design a program that fits your specific requirements.

Qualified Rate Configuration Screen

Use the *Transaction description if not qualified* field if you wish to generate a zero dollar transaction record when the member fails to qualify for the configured dividend.

Check the *Allow members to see current status via online banking* box to allow members to use online banking to real-time tracking of their progress toward the qualified rate. See **Page 23** for more details.

Qualified Dividends can be used to determine whether a member can receive ATM surcharge rebates. More information on this feature is available in the *ATM Surcharge Rebate* booklet.

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION
File Edit Tools Help

Configure Conditions for Qualified Dividends Update

Dividend application: BUSINESS CHECKING
Transaction description if not qualified:

Allow members to see current status via online banking

Apply surcharge rebates to: No members selected All members with this account Qualified members only

Miscellaneous Conditions

Require e-statement enrollment Minimum audio response calls: 00
 Require bill pay enrollment Minimum online banking logins: 00

Required Activity on Qualified Account by Delivery Channel

Description	Minimum # of Transactions	Minimum Transaction Amount	Transaction Types

Change Delete View

If transaction activity in this section is required for the Qualified rate, CU*BASE only evaluates the activity on the Qualified account to determine whether the member qualifies for the higher rate.

Add Condition

FR (3789) 11/25/15

Use the *Transaction description if not qualified* field if you wish to generate a zero dollar transaction record when the member fails to qualify for the configured dividend. By including a permanent record in their transaction history, visible on statements and in online banking, you can notify members of the dollar amount they did not receive in the previous month to remind them of the value of the program. If no text is entered in this field, a zero dollar transaction is not created.

If the member fails to qualify for the special rate when dividends are calculated, the text entered in this field will appear as a \$0 transaction, along with the amount for which the member failed to qualify.

Example: **“DIVIDENDS FORFEITED \$8.49”**

(CU*BASE calculates the difference between what the member received and what the member could receive for this dollar amount.)

In the example below, the text “FORFEITED DIVIDENDS” was entered in this field.

SHARE DRAFT ACCOUNTS								
070: SHARE DRAFT								
							** Draft Recon **	
Date	Transaction_Type	#/ID	Transfer_Acct	Deposit	Withdrawal	Balance	Dft_#	Amount
1/01/09	* Beginning Balance *					2,862.41	863	2,200.00
1/02/09	ACH/US TREASURY 310			1,048.00		3,910.41		
	SOC SEC							
1/02/09	ACH WDR TRANSFER		XXXXXXXX10-070		630.00	3,280.41		
	JOHN MEMBER							
1/16/09	DRAFT 00206000800	863			2,200.00	1,080.41		
1/31/09	FORFEITED DIVIDENDS			.00		1,080.41		
	\$8.49							
1/31/09	** Ending Balance **					1,080.41		

Below this transaction description (on the screen on the previous page) is the *Allow member to see current status is online banking* checkbox. Check this box to allow members to see their current status toward meeting the requirements to receive the higher rate. (These are configured in the sections below.) See **Page 23** for what the member views online.

The next two areas of the configuration screen (on the screen on the previous page) allow you to set the requirements for receiving the dividend. These selected items are AND conditions. All requirements must be met for the member to receive the qualified dividend.

Final qualification for these dividends is calculated at End-of-Month, although a Simulation Report allows you to preview members that do not qualify during the month. (See following sections on the report and on posting dividends.)

The middle section of the screen allows you to select the “Miscellaneous Conditions” (membership-level qualifiers) that apply, including:

- eStatement enrollment (that the member is enrolled at the time the dividend is assessed)
- Bill payment enrollment (that the member is enrolled at the time the dividend is assessed, as opposed to activity which is not assessed)
- Minimum number of online banking logons (during the current month, as of the time the dividend is assessed)
- Minimum number of audio banking calls (during the current month, as of the time the dividend is assessed)

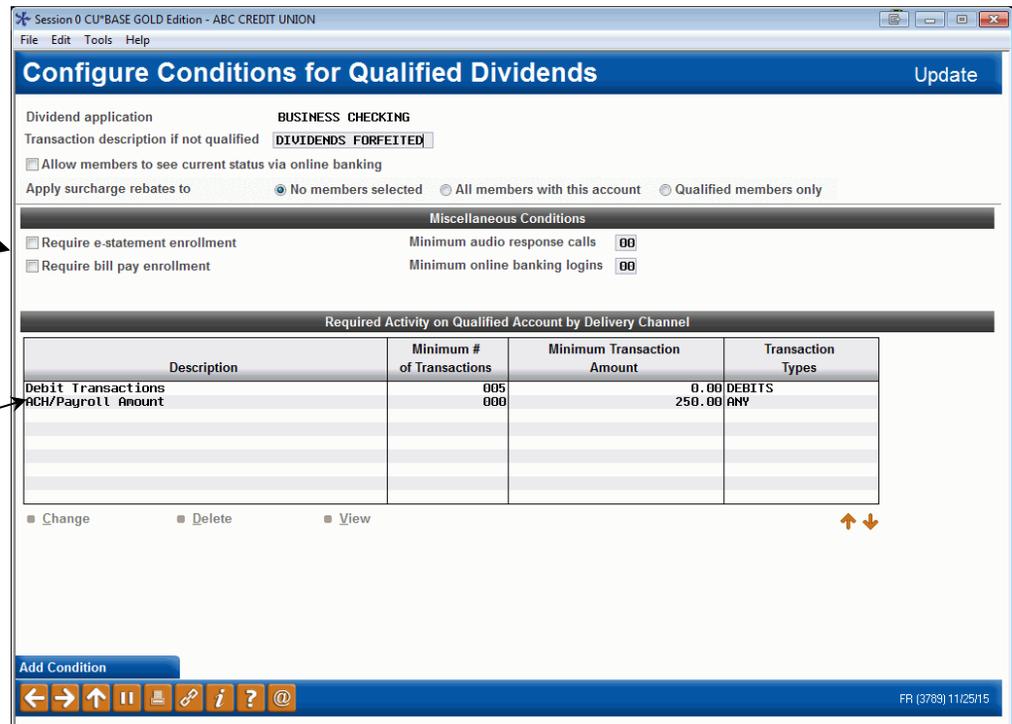
Finally, the bottom section of the screen allows you to require a specific number or specific dollar amount of transactions of selected transaction origin type, or to create a combination of requirements for several origin types. These are qualifiers that are used to evaluate activity on the sub account configured to receive the qualified rate.

To add the qualifying requirements listed at the bottom of the screen, select **Add Condition** (F6). You will move to the Required Activity by Delivery Channel screen (shown on Page 11), which allows you to set the qualifying activity for a specific origin code or group of origin codes.

Example of screen with Qualifying Conditions

With these items, the membership status is used to determine whether the member qualifies for the rate.

With these items, the activity on the sub account configured for the qualified rate determines if the member receives the higher rate. Activity on other sub accounts is not counted toward qualifying for the higher rate.



The sample above is a common configuration used by credit unions with whom we have worked to set up Qualified Dividend programs.

Notice that members must be enrolled for bill pay and eStatements. **For these items, qualification is based on the status of the membership.**

Notice also that and they must also perform at least 5 Debit Card transactions every month, and have their paycheck of at least \$250 direct-deposited into their account. **This activity must occur on the sub account configured for the Qualified rate for the member to receive the higher rate.**

CONFIGURING CONDITIONS FOR SPECIFIC ORIGIN CODES

Required Activity by Delivery Channel (“Add Condition” (F6) from previous screen)

This required field allows you to select to count all transactions, only debit transactions or only credit transactions.

Session 0 CU*BASE GOLD Edition - Required Activity by Delivery Channel

Description

Origin code

- Or - Origin code

Minimum # of transactions required

- Or -

Minimum transaction amount required

Transaction types that qualify Any Credits Only Debits Only

Navigation icons: back, forward, up, down, print, refresh, help, search, @

FR (3506)

This screen allows you to set qualifying activity by transaction origin. Enter a description of the qualifying event in the field at the top of the screen. Then select the origin codes assessed with this condition (up to six can be included). If only one origin code is selected, then only one will be assessed; if two or more are selected, then activity on all origin codes combined will be evaluated to determine if this condition is met.

For example, you might create a condition that evaluates the total amount of ACH AND Payroll transactions, if you want to make sure members have set up direct deposit of their paycheck to their credit union account.

Additionally, you can select from the OR conditions at the bottom of this screen. Select either to count the number of transactions OR the transaction amount. You are required to designate whether to assess only credits, only debits, or both credits and debits.

The activity must occur on the sub account configured for the Qualified rate for the member to receive the higher rate.

Note on Configuration with ACH Transactions Counted

If your Qualified Dividends configuration includes ACH deposits, the system will count both incoming deposits to that checking account, as well as ACH distributions from ACH deposits made elsewhere and transferred into the applicable checking account. Only the deposits made to the applicable checking account will be considered when determining the member's status.

The activity must occur on the sub account configured for the Qualified rate for the member to receive the higher rate.

Note on the Configuration of Conditions with Origin Code 13

If you select **origin code 13**, ATM payment transactions, additional fields appear on the top right of the screen, allowing you to specify whether to count PIN based Point-of-Sale transactions, PIN-based ATM or both. How this is calculated will depend on how your vendor processes your transactions. Check your transaction record if you are unsure.

For origin 13, include	<input type="radio"/> Pin-based POS
	<input type="radio"/> Pin-based ATM
	<input type="radio"/> Both

*CU*TIP: How a transaction is counted is based on the first three letters of the transaction description: **ATM** or **POS**.*

The activity must occur on the sub account configured for the Qualified rate for the member to receive the higher rate.

Note on the Configuration of Conditions with Origin Code 20

If you select origin code 20, CU*Easy Pay*, please note that this origin code is only for Easy Pay powered by iPay. Easy Pay powered by Fiserv comes in as either ACH (Origin code 11) or Drafts (Origin code 02) with other processes, so it cannot be used for conditions by origin code.

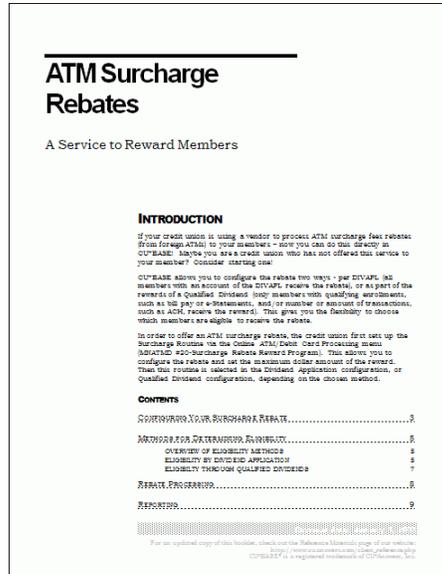
The activity must occur on the sub account configured for the Qualified rate for the member to receive the higher rate.

USING QUALIFIED DIVIDENDS FOR ATM SURCHARGE REBATE

Qualified Dividends can be used as a determinant for members to receive a rebate up to a certain dollar amount of their ATM Surcharge fees. (You can also configure ATM Surcharge Rebates so that all members with an account of the configured Dividend Type receives the ATM Surcharge Rebate).

Apply surcharge rebates to No members selected All members with this account Qualified members only

This involves configuring the surcharge routine and selecting it on the entry screen of the Dividend Application configuration. See Page 8 for details on setting this flag.



For more information on this feature, refer to the *ATM Surcharge Rebates* booklet available on the CU*BASE Reference Page.

SAMPLES OF QUALIFIED DIVIDENDS PROGRAMS (IN RATE INQUIRY)

Dividend applications with a Qualified Rate will look slightly different in Rate Inquiry since there will be a base rate followed by the Qualified Rate. See the example below:

Rate Inquiry of Dividend with a Qualified Rate

Session 1 CU*BASE GOLD Edition - Share Account Dividend Rate

Corp ID 01 ABC CREDIT UNION
 Share dividend type BU BUSINESS CHECKING
 Next pay date Nov 01, 2013
 Daily calculation type Average Daily
 Plateau

Dividend Level	Balance Range		Rate	APY Range	
	Low	High		Low	High
Non-Qualified	0.00	9,999,999.99	0.10	0.10	0.10
Split Level 1	0.00	25,000.00	3.07	3.11	3.11
Split Level 2	25,000.01	9,999,999.99	0.50	3.11	0.51
Split Level 3	0.00	0.00	0.00	0.00	0.00
Split Level 4	0.00	0.00	0.00	0.00	0.00
Split Level 5	0.00	0.00	0.00	0.00	0.00
Split Level 6	0.00	0.00	0.00	0.00	0.00

Skip

Navigation icons: back, forward, up, down, print, link, info, help, search. FR (414)

The first line here indicates the interest the member will receive if they are not qualified. The following "Split Level" lines indicate the interest the member will receive for each segment of their balance, assuming they qualify for dividends at all.

The first line is always the non-qualified rate, meaning what the member would be paid if they fail any of your conditions. This can even be a rate of 0% if you wish. Subsequent "Split Levels" indicate the interest at different balance amounts.

In the example above, a qualifying member would receive a rate of 3.07% on the first \$25,000 of his or her balance* if he or she qualified for the rate, and then 0.50% on any balance above \$25,000. If the member did not qualify for the Qualified Dividend rate, he or she would receive a rate of 0.10% on the entire balance.

You might also create a split rate where members earn a qualified rate on a lower balance and then no interest on a higher amount. Or you might create a low interest rate for the entire balance if the member is qualified.

**Remember that in this context, the "balance" used to determine which rate to use is the member's calculated Average Daily Balance (ADB) at the end of the period. Nothing is done with these rates on a daily basis, only at the end of the month using the ADB for that month (remember that QD products must use a monthly payment frequency, too).*

Below are some other samples showing typical configurations. For instructions on how to set up your rate structure, see Page 16.

Sample Configuration B

Session 0 CU*BASE GOLD Edition - Share Account Dividend Rate

Corp ID 01 ABC CREDIT UNION
 Share dividend type BU BUSINESS CHECKING
 Next pay date Nov 01, 2013
 Daily calculation type Average Daily
 Plateau

Dividend Level	Balance Range		Rate	APY Range	
	Low	High		Low	High
Non-Qualified	0.00	9,999,999.99	0.00	0.00	0.00
Split Level 1	0.00	2,000.00	4.78	4.89	4.89
Split Level 2	2,000.01	9,999,999.99	0.00	4.89	0.00
Split Level 3	0.00	0.00	0.00	0.00	0.00
Split Level 4	0.00	0.00	0.00	0.00	0.00
Split Level 5	0.00	0.00	0.00	0.00	0.00
Split Level 6	0.00	0.00	0.00	0.00	0.00

Skip

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With this configuration, members who qualify would receive 4.78% on their first \$2,000 and no interest on any greater amount.

Sample Configuration C

Session 0 CU*BASE GOLD Edition - Share Account Dividend Rate

Corp ID 01 ABC CREDIT UNION
 Share dividend type BU BUSINESS CHECKING
 Next pay date Nov 01, 2013
 Daily calculation type Average Daily
 Plateau

Dividend Level	Balance Range		Rate	APY Range	
	Low	High		Low	High
Non-Qualified	1.00	9,999,999.99	0.10	0.10	0.10
Split Level 1	0.00	9,999,999.99	1.98	2.00	2.00
Split Level 2	0.00	0.00	0.00	0.00	0.00
Split Level 3	0.00	0.00	0.00	0.00	0.00
Split Level 4	0.00	0.00	0.00	0.00	0.00
Split Level 5	0.00	0.00	0.00	0.00	0.00
Split Level 6	0.00	0.00	0.00	0.00	0.00

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With this configuration, members who qualify would receive 1.98% on their entire balance over the first dollar and .10 if they did not qualify.

CONFIGURING TIERED RATES FOR QUALIFIED DIVIDENDS

To create a split rate product, use the Rate Maintenance screen (*Member Rate Maintenance* on the Management Processing/Active Beta Tests (MNMGMT) menu), selecting *Share Rate Update* to access your savings and checking account products.

“Rate Maintenance” on the Management Processing/Active Beta Tests (MNMGMT) menu)

DV AP	Description	Next Pay Date	PC	Current Base Rate	* Split Rate	APY	Current Rate Effective Date	New Rate	Effective Date [MMDDYYYY]
BC	BUSINESS CLUB	Nov 01, 2013	00	0.10	*	0.10	Apr 01, 2010		
BE	BUSINESS ESCROW	Apr 01, 2013	00	0.00		0.00			
BS	BUSINESS/ORG SAVINGS	Nov 01, 2013	00	0.10	*	0.10	Apr 01, 2010		
BU	BUSINESS CHECKING	Nov 01, 2013	00	0.10	*	0.10	Nov 21, 2013		
CC	CHRISTMAS CLUB	Jan 01, 2014	05	0.02	*	0.02	Jul 01, 2012	5	Jan 01, 2014
EC	ESCROW	Jan 01, 2014	00	0.02	*	0.02	Jul 01, 2011		
ED	COVERDELL SHARES	Nov 01, 2013	00	0.10	*	0.10	Jun 01, 2009		
ES	EDUCATION SAVINGS	Nov 01, 2013	00	0.95	*	0.95	Jul 01, 2003		
ET	ETA	Jan 01, 2014	00	0.02	*	0.02	Jul 01, 2011		
FA	ESCROW FANNIE MAE	Jan 01, 2014	00	0.00		0.00			

If you wish to offer a rate for members who do not qualify for the Qualified Rate (your “base” rate), enter that percentage on this screen. To create a split rate, first select the item in the list and use the Split Rates option to move to the Dividend Rate screen:

Split Lvl	Balance Range		Current Rate	APY Range		Change Date	New Rate	Effective Date
	Minimum	Maximum		Min	Max			
0	0.00	9,999,999.99	0.10	0.10	0.10	Nov 21, 2013	0.00	
1								
2								
3								
4								
5								
6								

To add rates for members who do qualify, first use *Change Ranges* (F14) and enter the balance ranges:

Session 1 CU*BASE GOLD Edition - Split Rate Balance Change

Level	Amount	Rate	Level	Amount	Rate
0 Greater than	0.00	= 0.10	4 Greater than	0.00	= 0.00
1 Greater than	0.00	= 3.07	5 Greater than	0.00	= 0.00
2 Greater than	25,000.00	= 0.50	6 Greater than	0.00	= 0.00
3 Greater than	0.00	= 0.00			

Save
Skip

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Then use Enter to enter the rates for each range. After pressing Enter from the configuration screen, you will come to the screen where you can enter the rates for each tier:

Session 1 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Share Account Dividend Rate

Corp ID 01 ABC CREDIT UNION
Share dividend type BU BUSINESS CHECKING
Next pay date Nov 01, 2013
Calc type D Plateau

Split Lvl	Balance Range		Current Rate	APY Range		Change Date	New Rate	Effective Date
	Minimum	Maximum		Min	Max			
0	0.00	9,999,999.99	0.10	0.10	0.10	Nov 21, 2013	0.00	
1	0.00	25,000.00	3.07	3.11	3.11	Nov 21, 2013	0.00	[MMDDYYYY]
2	25,000.01	9,999,999.99	0.50	3.11	0.51	Nov 21, 2013	0.00	[MMDDYYYY]
3								
4								
5								
6								

Skip
Change Balance Ranges

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Use Enter to save and return to the initial screen, then remember to use *Save* to record your changes.

CONFIGURING QUALIFIED DIVIDEND PRODUCTS TO SHOW IN ONLINE BANKING

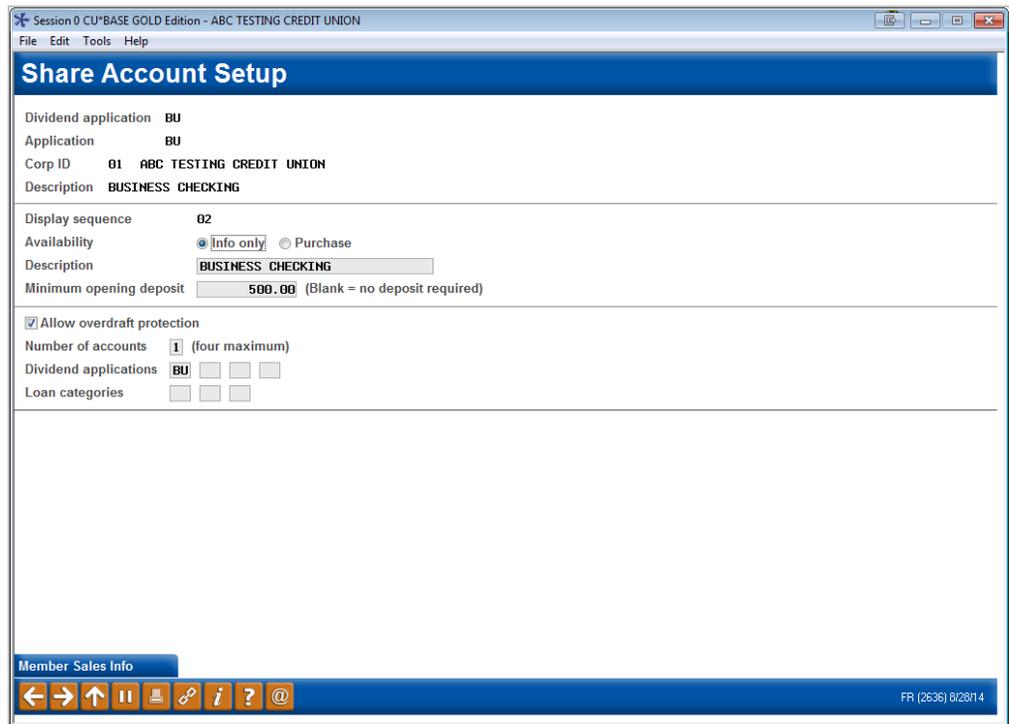
As mentioned on Page 21, Qualified Dividend products can be configured so that they can be sold online. This configuration is accessed from the Rate Maintenance screen.

“Rate Maintenance” on the Management Processing/Active Beta Tests (MNMGMGT) menu)

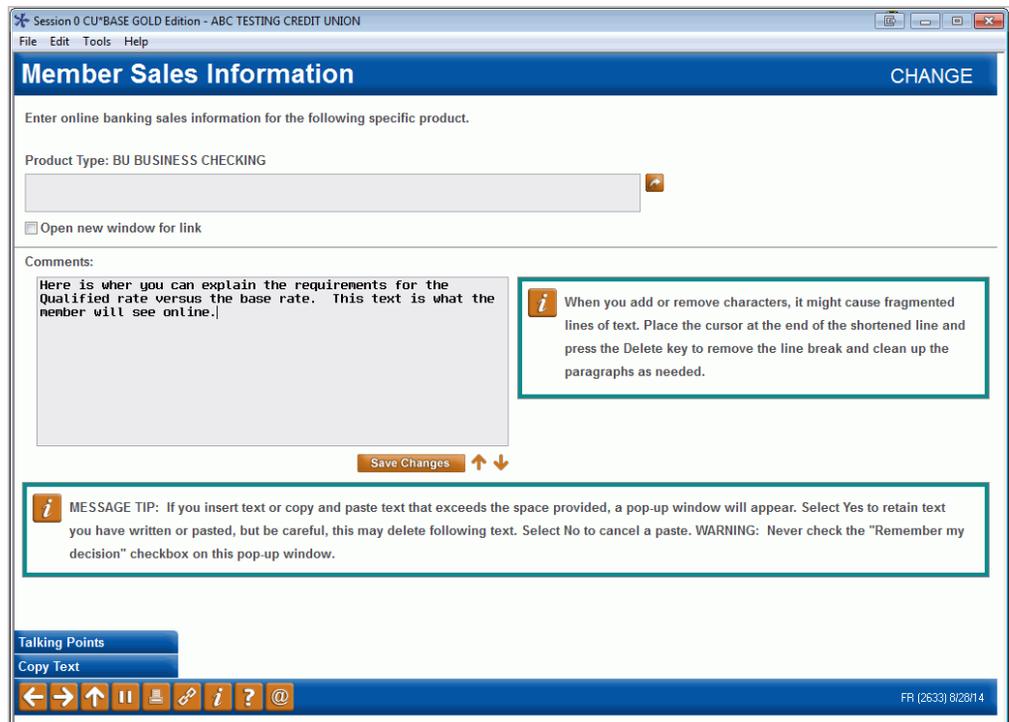
DV AP	Description	Next Pay Date	PC	Current Base Rate	* Split Rate	APY	Current Rate Effective Date	New Rate	Effective Date [MMDDYYYY]
BC	BUSINESS CLUB	Jul 01, 2014	00	0.10	*	0.10	Apr 01, 2010		
BE	BUSINESS ESCROW	Apr 01, 2013	00	0.00		0.00			
BS	BUSINESS/ORG SAVINGS	Jul 01, 2014	00	0.10	*	0.10	Apr 01, 2010		
BV	BUSINESS CHECKING	Jul 01, 2014	02	0.02	*	0.02	Jul 01, 2012		
CC	CHRISTMAS CLUB	Jul 01, 2014	05	0.02	*	0.02	Jul 01, 2012		
EC	ESCROW	Jul 01, 2014	12	0.02	*	0.02	Jul 01, 2011		
ED	COVERDELL SHARES	Jul 01, 2014	00	0.10	*	0.10	Jun 01, 2009		
EE	EVERHOME ESCROW	Jul 01, 2014	00	0.00		0.00			
ES	EDUCATION SAVINGS	Jul 01, 2014	00	0.95		0.95	Jul 01, 2003		
ET	ETRA	Jul 01, 2014	00	0.02	*	0.02	Jul 01, 2011		
FA	ESCROW FANNIE MAE	Jul 01, 2014	00	0.00		0.00			
FC	FCU ESCROW	Jul 01, 2014	00	0.00		0.00			
FE	SAFE N EASY CHECKING	Jul 01, 2014	00	0.00		0.00			

APY Calculator
 Split Rates
 Rate History
 Procedures
 Marketing Tips
 Online Banking

In order for you to add a product to your online rate board, you first must enter a sequence number in the PC column on the screen shown above. This number is used to determine the order that the product will display in online banking. To select the product and use *Online Banking* (F23) to move to the screen below.



At this point use *Member Sales Info* to move to the screen below.



Enter your description of the product, including the requirements to receive the qualified rate versus the base rate. The member will see this text in online banking when they click the **More Info** button. **For an example of what the member will see, refer to Page 21.**

Then return to the online banking configuration screen and configure the settings to use for purchase (or viewing) this product.

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION
 File Edit Tools Help

Share Account Setup

Dividend application BU
 Application BU
 Corp ID 01 ABC TESTING CREDIT UNION
 Description BUSINESS CHECKING

Display sequence 02
 Availability Info only Purchase
 Description BUSINESS CHECKING
 Minimum opening deposit 500.00 (Blank = no deposit required)

Allow overdraft protection
 Number of accounts 1 (four maximum)
 Dividend applications BU
 Loan categories

Refer to the CU*BASE online help for assistance with the fields on this screen.

MEMBER-FACING SIDE OF QUALIFIED DIVIDENDS

Your Qualified Dividend configuration determines where your members will see reference of these product. Additionally, members will see them referenced on their statements.

OFFERING QUALIFIED DIVIDEND PRODUCTS ON YOUR ONLINE RATE BOARD

Qualified dividends rates are not typical because they include a base rate in addition to the special rates offered for participation, often times with different rates being offered at different balance amounts. For example, you may offer a qualified rate of 1.0% rate on the first \$10,000.00 of the balance, with a lower rate (or even a 0% rate) on the balance greater than that set amount.

Because of these differences these checking products are shown differently on the **It's Me 247** online banking rate board (as shown below).

Description	Balance	Current Rate	Annual Yield	Minimum Deposit	Available Online
REGULAR SHARES	\$5.00	0.150%	0.150%	\$5.00	
SAVINGS	\$0.00			\$0.00	
CHRISTMAS CLUB	\$0.00			\$0.00	Open
IRA SAVINGS	\$0.00			\$25.00	
CHECKING	\$0.00	3.070%	QD 3.110%	\$0.00	Open
	\$25,001.00	0.500%	QD 0.500%		

Page will timeout in 5:24

Rate board will show just the qualified rate tiers

Hover over the QD button to see the non-qualified rate and link to CU-defined sales info

When your member goes to the rate board to open a qualified dividend account online, the member will view the Qualified rate, and can hover over a “QD” button (next to the rate) to view a pop up window that says that they will “Earn xxx APY on the entire balance when qualifications are not met.”

Below this text will be a “More Info” button that will take the member to your sales info text where you can explain the rates and qualifications. (NOTE: Tiered rates are supported on the rate board. In this case, each tier has a “QD” button.)

Use **Member Rate Maintenance** on the Management Processing/Active Beta Tests (MNMGMT) menu to display these accounts for purchase in online

banking. **Be sure to add updated Sales Information your member sees to explain what they need to do to qualify for the higher rate.** Refer to Page 18 for more information.

Qualified dividend products will only be shown in the online banking rate board. Coming soon these accounts will also be available in mobile web banking's rate board.

If a Tiered Rate is used for Qualified Dividends, only the "QD" graphic will be shown. The rate information will then need to be disclosed in the "More Info" area. See graphic below.

Description	Balance	Current Rate	APY*	Minimum Deposit	Available Online
<u>BENEFITS CHECKING</u>	\$0.01	4.890%		\$0.00	Open
	\$5,000.01	1.000%		\$0.00	
	\$10,000.01	0.010%		\$0.00	
<u>MONEY MARKET</u>	\$0.00	0.000%	0.000%	\$0.00	Open
	\$2,500.00	0.100%	0.100%	\$0.00	
	\$10,000.00	0.150%	0.150%	\$0.00	
	\$25,000.00	0.200%	0.200%	\$0.00	
	\$50,000.00	0.250%	0.250%	\$0.00	
	\$100,000.00	0.300%	0.300%	\$0.00	
	\$250,000.00	0.350%	0.350%	\$0.00	
<u>CHRISTMAS SAVINGS</u>	\$0.00	0.100%	0.100%	\$0.00	Open
<u>SPECIAL SHARES</u>	\$0.00	0.100%	0.100%	\$0.00	Open
<u>FREE CHOICE CHECKING</u>	\$0.00	0.000%	0.000%	\$0.00	Open
<u>SIMPLIFIED CHECKING</u>	\$1,000.00	0.050%	0.050%	\$0.00	Open
*Annual Percentage Yield					

MEMBERS CAN TRACK PROGRESS TO QUALIFY FOR HIGHER DIVIDEND RATE

Credit unions who offer Qualified dividends using the CU*BASE configuration can provide status updates to members via **It's Me 247**. Members will be able to log in and see live, real-time updates showing how their monthly activity is tracking towards the requirements for the higher rate.

- It is important to note that these updates are real time. If a member uses their debit card, this will be reflected the next time they log into online banking.

Activate this feature by checking the *Allow members to see current status via online banking* box in the configuration screen. Refer to Page 8.

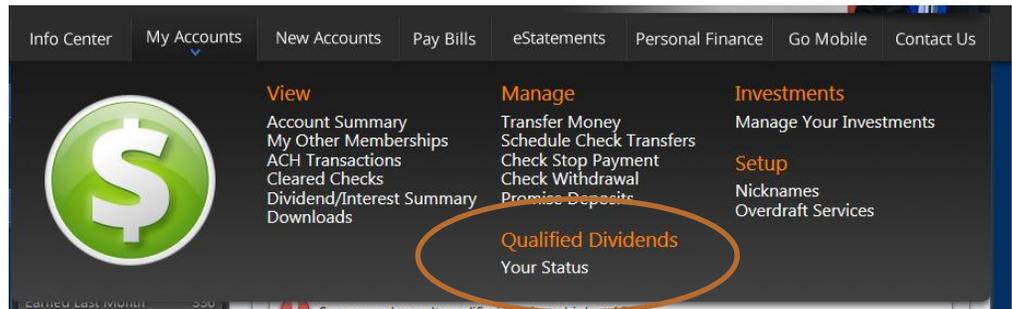
Once the online tracking feature is activated, members will see a  indicator on the Account Summary page. From there they can select to view the status of the account.



The screenshot shows the 'ACCOUNT SUMMARY | I'M A BASIC MEMBER' page. It features a table with columns for Account, Name, Available Balance, Actual Balance, and Last Transaction. A 'QD' icon is visible next to the 'SWEET CHECKING' account. A tooltip indicates that the account is enabled for Qualified Dividends.

Account	Name	Available Balance	Actual Balance	Last Transaction
000	OWNERSHIP SHARE	\$54.20	\$59.20	10/9/2009
004	SWEET CHECKING	\$1,447.99	\$1,477.94	6/4/2010

Members can also access this status page by selecting “Your Status” in the “Qualified Dividends” section, as shown below. *(This section only appears if the member has a qualifying account and the credit union allows tracking online.)*



Once the member selects an access point they are moved to the status page, which tells them what they still need to do to qualify for the rate (or if they already have qualified).

Member Who Has Not Yet Qualified for Rate

The screenshot shows a member's account page. On the left, there is a navigation menu with 'My Account', 'Rewards', 'Messages', and 'Members'. The 'Rewards' section shows the member is a 'SILVER' member with 1,680 Reward Points and 336 earned last month. The main content area is titled 'QUALIFIED DIVIDENDS | I'M A SILVER MEMBER' and 'Qualified Dividends Status'. It includes a message: 'Make sure you are earning the best rate! Check below to see what you need to do to qualify for the highest possible APY on your Qualified Dividends accounts.' Below this is a section titled '004 - REWARDS CHECKIN' with 'Current Monthly Requirements as of 1/16/2015'. A red exclamation mark icon indicates that the member has not qualified for a higher APY. A list of requirements follows: 'eStatement enrollment' (checked), 'Bill pay enrollment' (not checked, with a link 'Enroll for online bill pay now!'), 'You currently have 10 Debit Card Transactions (minimum of 12 required)' (not checked), and 'You currently have \$1000.00 Direct Deposits (minimum of \$100.00 required)' (checked). A button labeled 'How to qualify for a higher APY' is at the bottom.

This member shown above has not yet qualified for the higher rate. The conditions that are met appear checked. Conditions without a check still need to be met. In the example above, the member is not enrolled in bill pay, which is a required condition. An “Enroll for online bill pay now!” link will take this member directly to the enrollment page.

- Because this credit union is selling the Qualified Dividend product on its rate board, the member also sees the “How to qualify for higher APY” button. If the member clicks this button, they are taken to the sales text for this product which outlines in full detail the requirements. If the credit union did not offer the product on the rate board, this “How to qualify...” button would be absent.

Member Who Qualifies for Rate

The screenshot shows a member's account page. On the left, there is a navigation menu with 'My Account', 'Rewards', 'Messages', and 'Members'. The 'Rewards' section shows the member is a 'BASIC' member with 350 Reward Points and 175 earned last month. The main content area is titled 'QUALIFIED DIVIDENDS | I'M A BASIC MEMBER' and 'Qualified Dividends Status'. It includes a message: 'Make sure you are earning the best rate! Check below to see what you need to do to qualify for the highest possible APY on your Qualified Dividends accounts.' Below this is a section titled '004 - REWARDS CHECKIN' with 'Current Monthly Requirements as of 1/16/2015'. A green exclamation mark icon indicates that the member has qualified for a higher APY. A list of requirements follows: 'eStatement enrollment' (checked), 'Bill pay enrollment' (checked), 'You currently have 12 Debit Card Transactions (minimum of 12 required)' (checked), and 'You currently have \$100.00 Direct Deposits (minimum of \$100.00 required)' (checked). A button labeled 'How to qualify for a higher APY' is at the bottom.

The member shown above has checks in all boxes mean that they have met all of the requirements. The congratulatory text appears at the top of the listing letting the member know they have qualified for the higher rate.

QUALIFIED DIVIDEND INFORMATION ON STATEMENTS

Below are a few details about what members will see on their statements and eStatements.

- Accounts that are included in Qualified Dividend rate programs will not display any rates. This is to avoid displaying rates that may not apply to every account, based on the specialized rate structure used by these products.
- For members who don't qualify during any particular period, you can choose to generate a zero dollar transaction record with a description such as "DIVIDENDS FORFEITED" showing the amount of dividends that *would* have been paid to the member if they had qualified. Members will see this on their statement and encourage them to increase their participation during the next dividend period. This will also appear in the member's transaction record.

QUALIFIED DIVIDENDS SCORING REPORTS

You can run a simulation scoring of your projected dividends during the month by running the Simulated Qualified Dividends Report. This allows you to view at different times of the month members who have qualified dividends but fail to qualify, along with each reason that the member is disqualified. You can also use this report to help you project the number of members who will not qualify at the end of the month, or to help members determine if they have satisfied the qualifying requirements.

ON DEMAND

“Qualified Div Scoring Simulation” on the Reports B (MNRPTB) menu

Use this report to view why members are not qualifying for the special qualified dividend. A listing of members, with each reason that they were disqualified will print on demand.

Select to print all disqualified members for a given month. Or select a specific dividend application to view members who not qualify for it, or a specific member to see why he or she was disqualified. The resulting Qualified Dividend Scoring Report “Simulation” will print.

- Check *Export detail to file* to create a listing of members who have not qualified for use with Member Connect.

The information on this report is broken down by Dividend Application. Only Dividend Applications with configured Qualified Dividends will appear on this report.

1/31/09 15:56.25	CU*BASE TEST CREDIT UNION	PQDPRT	PAGE 1
RUN ON 2/09/09	QUALIFIED DIVIDEND SCORING REPORT		USER SAMANTHA
	SIMULATION		
MEMBERS NOT MEETING QUALIFICATION REQUIREMENTS			
DIVAPL	ACCOUNT	MEMBER NAME	REASON/S NOT QUALIFIED
DIVIDEND APPLICATION: SD SHARE DRAFT			
SD	6000-070	MARY MEMBER	ATM TRANSACTIONS 13 & 16
SD	12000-070	JOHN MEMBER	ATM TRANSACTIONS 13 & 16 E-STATEMENT ENROLLMENT
**	3,666	TOTAL ACCOUNTS NOT QUALIFIED	

CU*SPY (SHARE ACCOUNT ACTIVITY)

When the dividends are posted a final version of this report entitled "Posting Qualified Dividends Report" is sent to CU*Spy in the Share Account Activity Category. As with the simulated report, this reports name is Qualified Dividend Scoring Report (PQDPRT). Its title will include the word "Posting" to differentiate it from the On Demand report mentioned previously. Use this report to explain to members why they failed to qualify for the special rate or to analyze your offering. Perhaps more marketing is needed to encourage members to take action to qualify the next month, such as using their debit card more.

1/31/09 15:56.25	CU*BASE TEST CREDIT UNION	PQDPRT	PAGE 1
RUN ON 2/09/09	QUALIFIED DIVIDEND SCORING REPORT		USER SAMANTHA
	POSTING		
MEMBERS NOT MEETING QUALIFICATION REQUIREMENTS			
DIVAPL	ACCOUNT	MEMBER NAME	REASON/S NOT QUALIFIED
DIVIDEND APPLICATION: SD SHARE DRAFT			
SD	6000-070	MARY MEMBER	ATM TRANSACTIONS 13 & 16
SD	12000-070	JOHN MEMBER	ATM TRANSACTIONS 13 & 16
SD	19000-070	FRED MEMBER	ATM TRANSACTIONS 13 & 16
SD	22000-070	MARY AMEMBER	ATM TRANSACTIONS 13 & 16
SD	22001-070	JOHN TESTPERSON	ATM TRANSACTIONS 13 & 16
**	3,666	TOTAL ACCOUNTS NOT QUALIFIED	

FINAL SCORING AND POSTING OF DIVIDENDS

At End-of-Month, members are scored to see if they qualify for the qualified dividend rate. For each DivApl where the Qualified Dividend Processing is set to "A," the members' account is reviewed to see if the member qualifies. This scoring is processed based on reviewing transaction history files, as well as other files recording things like e-Statement enrollment or online/audio banking usage. At this time, the final "Post" version of the simulation report is archived in CU*Spy recording that the member did not qualify, as well as listing all the disqualifying reasons.

When dividends are posted, generally either End-of-Month or Beginning-of-Month, the dividend posting program is run. If a member does not qualify for the qualified rate, the member receives the base rate on their full balance. The rate they would have received if they had qualified is calculated, and the system looks for a Transaction Description on the Qualified Rate screen. If one exists, a zero dollar transaction record is posted. Qualifying members are given the qualified rate based on the tier (if one exists).

When the posting is run, two files are sent to the QUERYxx file recording members who have qualified. Both files end with the Dividend Application Code (in this case this code is noted as xx).

- ◆ File **QDQSDxx** includes the members who qualified.
- ◆ File **QDUSDxx** contains those that did not.

Use these files with **Member Connect** or Label Generator to correspond with members about their results.