Share Dividend Payment Options

INTRODUCTION

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

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

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

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STEP BY STEP INSTRUCTIONS

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

   > *Remember to update your online Marketing Tips or Procedures for these products to help staff sell and explain these products to members.* (***Member Rate Maintenance** on the Management Functions/Active Beta Tests (MNMGMT) menu, then use "Marketing Tips" and/or "Procedures" to update text)*

2. Modify the Dividend Application configuration to set the defaults for new accounts. *See Page 3 for details.*

3. Create accounts, updating the member's preferences (if allowed in the configuration). *See Page 5 for details.*

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

4. Each month (quarter, year, etc.) as dividends are paid to member accounts, print dividend checks using the Auto/Mail Printing System (***Print Auto/Mail Checks** on the Member Communications (MNPRTC) menu. See Page 7 for details.*

5. Update member preferences as necessary using Account Information Update. *See Page 8 for details.*

CONFIGURING DIVIDEND PAYMENT DEFAULTS FOR SHARE PRODUCTS

"Share Products" on the Savings Products (MNCNFA) menu

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

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

Field Descriptions

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

Field Name	Description
If 0, Transfer to DIVAPL	If the *Dividend pay code* for this product is set to 0 (Transfer), enter a Dividend Application code here. This is used to determine the default account that will receive dividends paid on this account. The teller will be able to change this share at teller processing.
Allow change on acct open	Currently not available. Checking this box or unchecking this box will allow a teller to change the DIVAPL.

OPENING ACCOUNTS: SETTING UP DIVIDEND PAYMENT PREFERENCES

Open/Maintain Memberships/Accts" on the Member Service (MNSERV) menu, then "Add New Sub-Account"

When creating a new share or share draft account, fields will be displayed showing the dividend payment code and other details. If allowed by the configuration, the user may be able to modify these settings according to the member's preferences.

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

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

- **Primary** - This option creates dividend checks using the member's name and master address. This is the default choice and will be used automatically unless a change is made in this window.

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

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

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

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

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

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

PRINTING DIVIDEND CHECKS

"Print Auto/Mail Checks" on the Member Communication (MNPRTC) menu
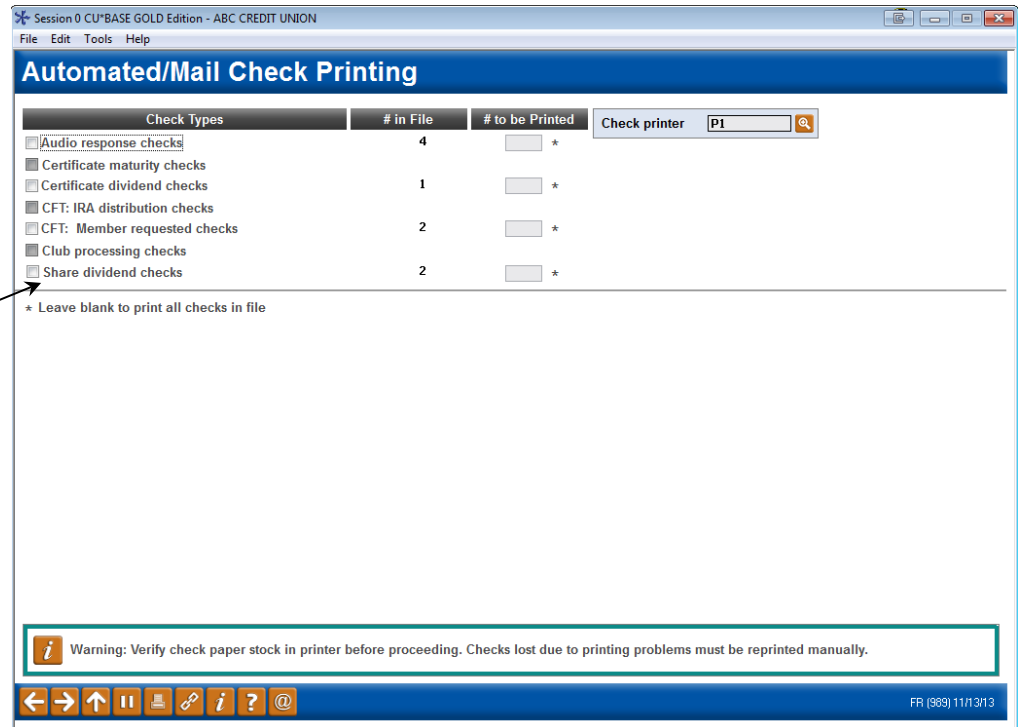
If any of your accounts are set up to receive share dividends via a check, checks will be listed here.

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

> *Remember you can use "Print Auto/Mail Check Audit List" on the Member Communication (MNPRTC) menu to print a list of checks before printing them.*

UPDATING DIVIDEND PAYMENT OPTIONS FOR EXISTING ACCOUNTS

"Update Account Information" on the Update Functions 1 (MNUPDT) menu

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

ACCOUNT INQUIRY

Inquiry (F1)

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