
Share Dividend Payment Options

INTRODUCTION

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

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

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

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For an updated copy of this booklet, check out the Reference Materials page of our website:
http://www.cuanswers.com/client_reference.php
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STEP BY STEP INSTRUCTIONS

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

Remember to update your online Marketing Tips or Procedures for these products to help staff sell and explain these products to members. (MNMGMT #2 “Member Rate Maintenance” then use the Marketing Tips and/or Procedures functions to update text)

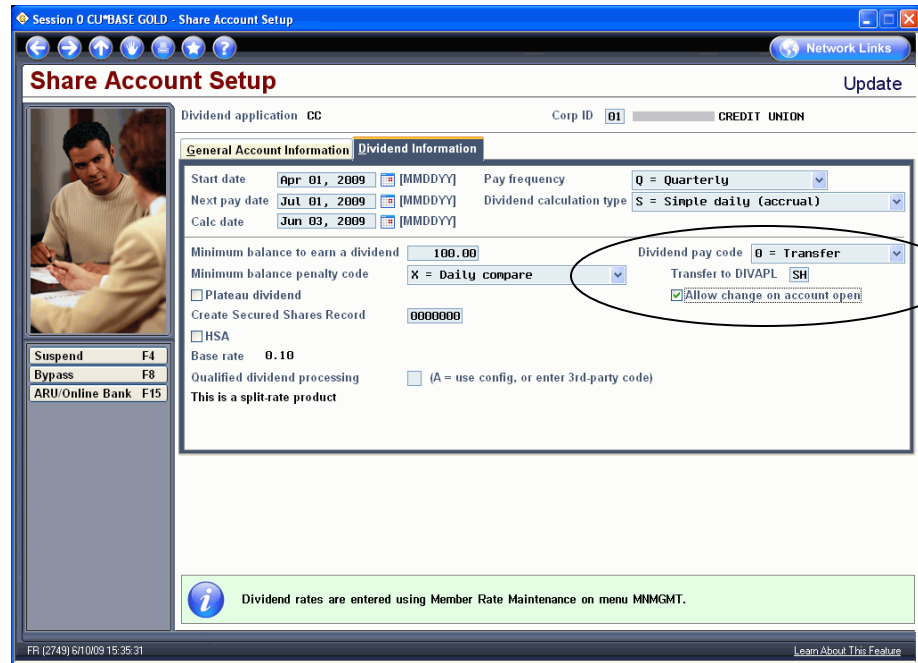
2. Modify the Dividend Application configuration to set the defaults for new accounts. *See Page 3 for details.*
3. Create accounts, updating the member’s preferences (if allowed in the configuration). *See Page 5 for details.*

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 (MNPRTC). *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

MNCNFA #1 "Share Products"



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

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

Field Descriptions

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

<i>Field Name</i>	<i>Description</i>
If 0, Transfer to DIVAPL	<p>If the <i>Dividend pay code</i> for this product is set to 0 (Transfer), enter a Dividend Application code here. This is used to determine the default account that will receive dividends paid on this account.</p> <p>BE CAREFUL: If the member doesn't have one of these types of accounts when the new account is being opened, and the <i>Allow change on acct open</i> is unchecked, it will not be possible to open the account. Therefore, either enter the dividend application code for your base share product (SH) here (since all members will have one of these types), OR make sure the <i>Allow change on acct open</i> flag is checked so the MSR can specify the transfer account when opening the account.</p>
Allow change on acct open	<p>Check this flag if you wish to allow members to choose how dividends are paid for their individual accounts. When accounts are opened, the defaults you specified will be filled in for the new account, and the MSR will be allowed to set that individual account up according to the member's wishes.</p> <p>BE CAREFUL: When paying dividends by transferring to another account, if the <i>If 0, transfer to DIVAPL</i> field is set to anything other than your base share account, this flag should be checked.</p> <p>ONLINE BANKING NOTE: This setting controls only accounts opened in CU*BASE by a credit union representative. Accounts that can be opened in online banking will automatically use your default settings.</p>

OPENING ACCOUNTS: SETTING UP DIVIDEND PAYMENT PREFERENCES

MNSERV #13 Open/Maintain Memberships/Accts” then “Add New Sub-Account”

Session 0 CU*BASE GOLD - New Account Creation

Network Links

New Account Creation

Individual

Corp ID 01 Member branch 01

Account Information

Name MARY Q MEMBER Joint Owner/Beneficiary

Date opened Jun 10, 2009

New account # 1075 001

New account type BUSINESS/ORG SAVINGS

Dividend Payment Options

Dividend pay code 2 = Check

Backup F3
Create F5
Cancel F7
Bypass F8
Procedures F21
Pay To F22

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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 the **Specify Dividend Checks Pay To/Address** button to enter the Pay To name and address to be printed on the checks themselves.

Session 0 CU*BASE GOLD - Share Dividend Checks

Backup F3

Name/address to send checks 0 = Other

If other, please specify

Pay to ACH BROKERAGE SERVICES (leave blank for member name)

Address 123 MAIN STREET

City ANYCITY State MI Zip 49000 1110

Reference ACCT 1234567

FR (2409) [Learn About This Feature](#)

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** (blank) - 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

MNPRTC #22 "Print Auto/Mail Checks"

If any of your accounts are set up to receive share dividends via a check, checks will be listed here.

Check Types	# in File	# to be Printed
<input type="checkbox"/> Audio response checks		
<input type="checkbox"/> Certificate maturity checks		
<input type="checkbox"/> Certificate dividend checks		
<input type="checkbox"/> CFT: IRA distribution checks		
<input type="checkbox"/> CFT: Member requested checks		
<input type="checkbox"/> Club processing checks		
<input type="checkbox"/> Share dividend checks	12	

* Leave blank to print all checks in file

Warning: Verify check paper stock in printer before proceeding.
Checks lost due to printing problems must be reprinted manually.

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 the "Print Auto/Mail Check Audit List" option (MNPRTC #21) to print a list of checks before printing them.

UPDATING DIVIDEND PAYMENT OPTIONS FOR EXISTING ACCOUNTS

MNUPDT #2 "Update Account Information"

Session 0 CU*BASE GOLD - Account Information Update

Account Information Update Regular or Sub-Share Account

Account # 050
MARY Q MEMBER
123 ANYSTREET
ANYCITY MI 40000

Last maintenance date Dec 13, 2005
Current balance 0.03
Account opened by MSR 34
Date opened Dec 13, 2005 [MMDDYY]

Last accrued date Jun 03, 2009 [MMDDYY]
Dividend post code
Accrued dividend 0.00
Dividends paid: 01 0.00
02 0.00
03 0.00
04 0.00
Accum balance 1.92
Accrued club benefit 0.00
YTD club benefit 0.00

Dividend application US G/L account 902.00
of withdrawals 00 # of transfers 00
Joint owner #1
Joint owner #2
of joint owners 1 # beneficiaries 0
Secured balance 0.00
Minimum balance 0.03
Annual backup W/H 0.00
Uncollected amount 0.00
1st date negative 00000000 [MMDDYYYY]

Dividend pay code 2 = Check
PRINT CHECK FOR DIVI
Set Div Checks Pay To/Address

ATM network ID # 0000000000
ATM overdraws 00 # ATM withdrawals 000
Freeze 0 = All Activity Allowed
Club check Club transfer
Misc charge 0 Passbook process ID 0
Statement indicator 0

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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

F1-Inquiry or F2-Phone Software

The screenshot shows a 'Member Account Inquiry' window for a 'MAY Q MEMBER' account. The account type is 'VACATION SAVINGS' and the current balance is 300.03. A sidebar on the left lists various menu options, with 'Div Pay To' (F16) circled. The 'Dividend Information' section shows a dividend payment code of '2 PRINT CHECK FOR DIVI' and a transfer account of 'PAY TO OTHER ADDRESS'. The transaction inquiry date is 'Jun 16, 2009'.

Dividend Information			
Dividend payment code	2 PRINT CHECK FOR DIVI	Quarter 1	0.00
Dividend transfer account	PAY TO OTHER ADDRESS	2	0.00
		3	0.00
		4	0.00
		Total	0.00
		Accrued	0.00

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, **F16-Div Pay To** will display the Pay To name and address information for the account.