
Dividend Donations

Setting up a Plan for Your Members

INTRODUCTION

Referred to as the “Save the Whales” program at the Leadership Conference last year, this new automated dividend payment feature allows members to donate a portion (or all) of their share product dividends to a charity via a new dividend payment code. Members can select what percentage of their dividend they want to donate, and your credit union can set up multiple charities from which the member can choose.

Dividends are paid to the member’s account as usual, including updating the member’s YTD dividend amounts for later tax reporting. Then the designated portion is simply transferred back out of the account to the designated G/L payable account to be sent by the credit union to the appropriate charity. The transaction description on the member’s account will include the G/L account description (such as “HABITAT FOR HUMANITY CHARITY DONATIONS”) on the transfer transaction.

It is important to note that members will continue to be responsible for paying taxes on all dividends, even the dividends they contribute to the selected charity.

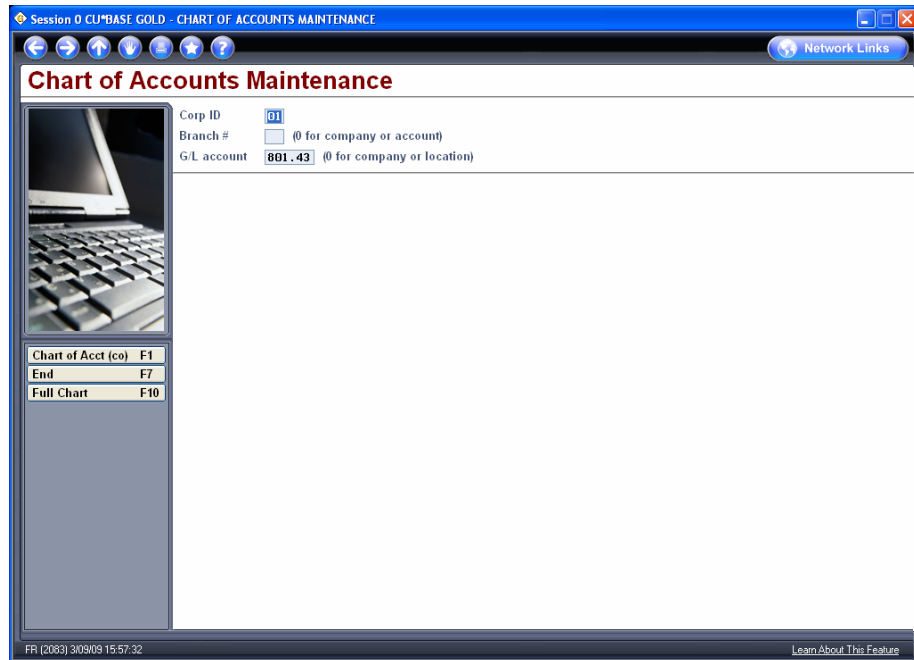
CONTENTS

<u>SETTING UP THE G/L FOR THE CHARITY</u>	<u>2</u>
<u>CONFIGURING THE PRODUCTS AND OPENING THE ACCOUNTS</u>	<u>4</u>
OPTION #1 ALLOWING CHANGE OF THE PAYMENT TYPE	4
OPTION 2: ALLOWING THE TELLER TO SELECT THE G/L FOR TRANSFER	7
<u>UPDATING AN ACCOUNT</u>	<u>9</u>
<u>ACCOUNT TRANSACTION DETAILS</u>	<u>10</u>

SETTING UP THE G/L FOR THE CHARITY

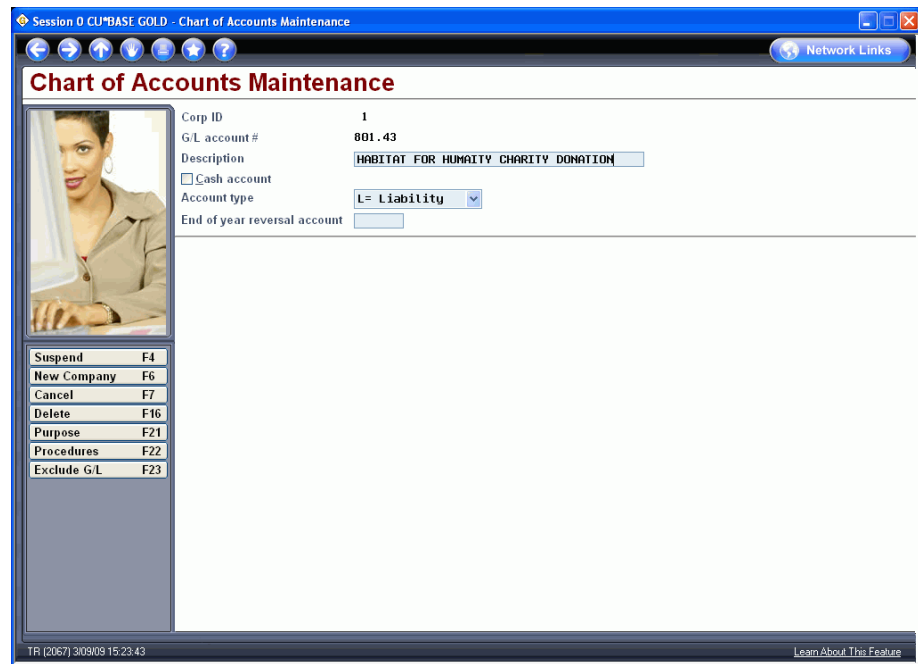
In order to offer a Dividend Donation program, you must first set up a G/L that is associated with each charity. This way, the members dividends can be transferred into the G/L.

MNGELE #2-Chart of Accounts Maintenance



Fill in the G/L account associated with the charity and press Enter.

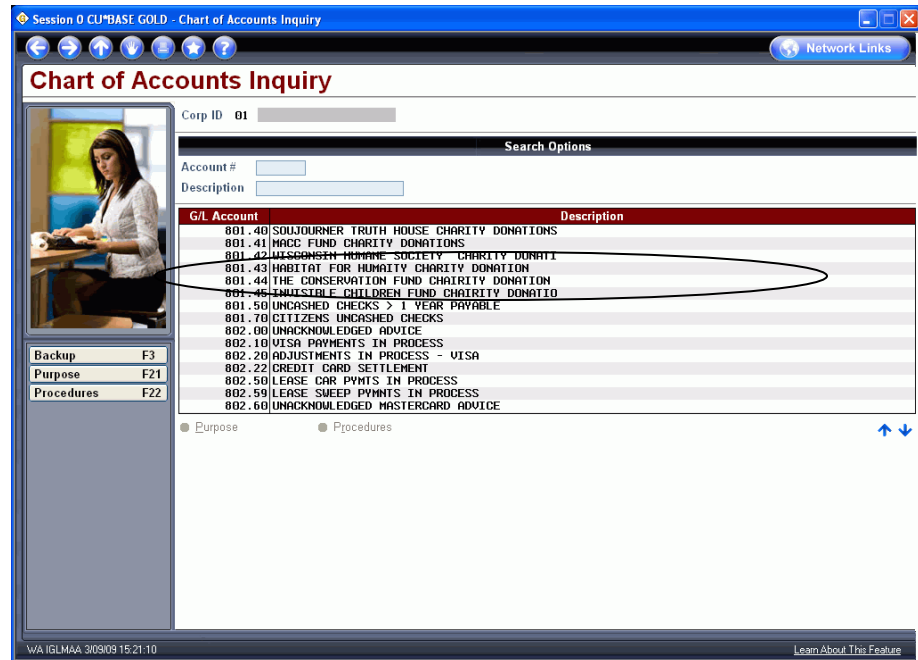
Screen 2



On this screen, enter the Description. This text will be used as a secondary transaction description for all dividend transfers made to this G/L, and will appear in Phone Operator transaction inquiry and Inquiry in CU*BASE. The members will see this text in **It's Me 247** online banking as well as on their statement. Select an Account Type of Liability.

Once you have added this G/L, it will appear in your Chart of Accounts Inquiry.

Chart of Accounts Inquiry



CONFIGURING THE PRODUCTS AND OPENING THE ACCOUNTS

There are a couple of ways you could set up a dividend donation program for your members:

- ♦ For *any* savings or checking product, if you check the **Allow change on account open** flag on the dividend application configuration (MNCNFA #1), then when opening a new account the member service representative can simply select this dividend payment code to transfer the funds to a G/L account and then indicate the G/L account to receive the transfer and the % of dividends to be transferred.
- ♦ You could also configure a special savings product that is automatically configured to denote dividends this way. On the dividend application configuration, you would choose Dividend pay code 4=Transfer to G/L account. (You would probably turn off the *Allow change on account open* flag in this case.) Then when opening a new account, the member service representative would enter the G/L account that represents the charity the member has selected.

OPTION #1 ALLOWING CHANGE OF THE PAYMENT TYPE

MNCNFA #1 Share Products (Dividend Information Tab)



The screenshot displays the 'Share Account Setup' window for 'ISABELLA COMMUNITY CREDIT UNION'. The 'Dividend Information' tab is active, showing the following configuration:

- Start date: Dec 31, 2008
- Next pay date: Mar 31, 2009
- Calc date: Jan 22, 2009
- Pay frequency: Q = Quarterly
- Dividend calculation type: S = Simple daily (accrual)
- Minimum balance to earn a dividend: 0.00
- Dividend pay code: 1 = Addback
- Minimum balance penalty code: None
- Plateau dividend:
- Create Secured Shares Record: 0000000
- HSA:
- Base rate: 0.50
- Qualified dividend processing: (A = use config, or enter 3rd-party code)
- Allow change on account open

A sidebar on the left contains a list of actions: Suspend (F4), Bypass (F8), ARU/Online Bank (F15), and Qualified Div (F21). A green banner at the bottom of the window reads: 'Dividend rates are entered using Member Rate Maintenance on menu MRMGMT.'

This option allows the teller to select the Payment type of “Transfer to G/L” when the account is opened. Then the teller continues, by entering the G/L and the percentage the member wishes to transfer. To configure this option,

you will need to check the option “Allow changes at account open” on the screen when the dividend is configured.

Opening an Account

When the teller or member service representative opens the account for the member, he or she will select the 4 = Transfer to G/L payment code.

Selecting the Transfer to G/L Dividend Payment Code

Session 0 CU*BASE GOLD - New Account Creation

Individual

Corp ID 01 Member branch 01

New Account Creation

Name MATT L MEMBER Joint Owner/Beneficiary

Date opened Feb 26, 2009

New account # 004

New account type PREMIUM SHARES

Dividend Payment Options

Dividend pay code

- 1 = Addback
- 0 = Transfer
- 1 = Addback
- 2 = Check
- 4 = Transfer to G/L

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

FR (2416) 2/26/09 11:55:00

The Transfer to G/L account and Transfer % fields will then appear.

Session 0 CU*BASE GOLD - New Account Creation

Individual

Corp ID 01

New Account Creation

Name JOHN L MEMBER Joint Owner/Beneficiary

New account # 70

New account type SHARE DRAFT

Date opened Mar 09, 2009

Share draft check digit 0

Dividend Payment Options

Dividend pay code 4 = Transfer to G/L

Transfer to G/L account Transfer % 000

Maximum negative balance 0.00 (Only if eligible)

Lock this limit so it will not be changed by automated scoring

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

FR (2417) 3/09/09 16:12:43

The G/L associated with the member’s selected charity is entered along with the percentage of dividends the member wishes to contribute. Any dividends

that are not transferred will remain in the original account. In the example below the member has selected to transfer 50 percent of her dividends to the charity attached to the G/L account 801.43.

Session 0 CU*BASE GOLD - New Account Creation

Network Links

New Account Creation

Individual

Corp ID 01

Account Information

Name JOHN L MEMBER

New account # 70

New account type SHARE DRAFT

Date opened Mar 09, 2009

Share draft check digit 0

Joint Owner/Beneficiary

Overdraft protection

Print starter checks

Dividend Payment Options

Dividend pay code 4 = Transfer to G/L

Transfer to G/L account 801.43 Transfer % 050

Maximum negative balance 0.00 (Only if eligible)

Lock this limit so it will not be changed by automated scoring

Backup F3

Create F5

Cancel F7

Bypass F8

Procedures F21

Pay To F22

FR (2417) 309/09 16:11:50

OPTION 2: ALLOWING THE TELLER TO SELECT THE G/L FOR TRANSFER

The other option is to pre-select for the dividends to transfer to a G/L and simply allow the teller or member service representative to enter the G/L and percentage of the amount transferred at the time the account is opened.

In this case, leave the “Allow change when account open” checkbox unchecked and select the dividend payment code to be 4 = Transfer to G/L.

Session 0 CU*BASE GOLD - Share Account Setup

Share Account Setup Update

Dividend application PS Corp ID 01 ISABELLA COMMUNITY CREDIT UNION

General Account Information **Dividend Information**

Start date Dec 31, 2008 [MMDDYY] Pay frequency Q = Quarterly
Next pay date Mar 31, 2009 [MMDDYY] Dividend calculation type S = Simple daily (accrual)
Calc date Jan 22, 2009 [MMDDYY]

Minimum balance to earn a dividend 1,000.00 Dividend pay code 4 = Transfer to G/L
Minimum balance penalty code X = Daily compare Allow change on account open
 Plateau dividend
Create Secured Shares Record 0000000
 HSA
Base rate 0.60
Qualified dividend processing (A = use config, or enter 3rd-party code)

Suspend F4
Bypass F8
ARU/Online Bank F15
Qualified Div F21

Dividend rates are entered using Member Rate Maintenance on menu MNMGMT.

FR (2749) 2/26/09 12:09:06 [Learn About This Feature](#)

Opening an Account

In this case when the teller or member service representative opens the account for the member, the only option will be to transfer the dividends to a selected G/L.

Session 0 CU*BASE GOLD - New Account Creation

New Account Creation Individual

Corp ID 01 Member branch 01

Account Information

Name MATT L MEMBER Joint Owner/Beneficiary

Date opened Feb 26, 2009

New account # 004

New account type PREMIUM SHARES

Dividend Payment Options

Dividend pay code 4 = Transfer to G/L

Transfer to G/L account Transfer % 000

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

FR [2416] 2/26/09 12:17:57 [Learn About This Feature](#)

The G/L associated with the charity is then entered, along with the percentage of the G/L the member wishes to contribute. Any dividends that are not transferred remain in the original account.

Session 0 CU*BASE GOLD - New Account Creation

New Account Creation Individual

Corp ID 01 Member branch 01

Account Information

Name MATT L MEMBER Joint Owner/Beneficiary

Date opened Feb 26, 2009

New account # 004

New account type PREMIUM SHARES

Dividend Payment Options

Dividend pay code 4 = Transfer to G/L

Transfer to G/L account 801.43 Transfer % 050

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

FR [2416] 2/26/09 12:17:57 [Learn About This Feature](#)

UPDATING AN ACCOUNT

If the member chooses to change their contribution percentage or the charity to which they want to contribute, you can adjust this using MNUPDT #2-Account Update.

If you allow adjustment to the Dividend Payment Code this field will be a drop-down menu. Here you can also change the transfer to G/L and percentage amount.

Session 0 CUMBASE GOLD - Account Information Update

Account Information Update

Share Draft

Account # 070
JOHN L MEMBER
123 EASY STREET
ANCITY MI 49000

Last maintenance date Mar 09, 2009
Current balance 2,830.12
Account opened by MSR [P]
Date opened Mar 09, 2009 [MMDDYY]

Last accrued date Mar 08, 2009
Dividend post code
Accrued dividend 0.00
Dividends paid: 01 0.00
02 0.00
03 0.00
04 0.00
Accum balance 0.00

Dividend application SD G/L account 903.00
of withdrawals 00 # of transfers 00
Joint Owner #1
Joint Owner #2
of Joint Owners 0 # Beneficiaries 0
Secured balance 0.00
Minimum balance 0.00
Annual backup W/H 0.00
Uncollected amount 0.00
1st date negative 00000000
Negative bal limit 0.00 Locked
ATM network ID # 0000000000
ATM overdraws 00 # ATM withdrawals 000
Freeze 0 = All Activity Allowed

Dividend pay code 4 = Transfer to G/L
TRANSFER TO G/L ACCT
Dividend transfer G/L 801.43 Transfer % 050
Accrued club benefit 0.00
YTD club benefit 0.00

Set Div Checks Pay To/Address

FR (2450) 3/09/09 16:24:14 [Learn About This Feature](#)

If a member Share/Share Draft account is maintained from one DIVAPL to another the transactions for that account that were done prior to the change will have the old DIVAPL in the TRANST or TRANSZ file. This will affect the Service Charge amount that will post to the member's account at the end of the month.

ACCOUNT TRANSACTION DETAILS

Using Transaction History in either Phone Operator or Inquiry, you can see the record of the dividend transfer. Use the Toggle Description button to view the Description of the G/L.

If you click Toggle Description, the secondary description, or the configured Description of the G/L will be shown.

Transaction Inquiry GREEN CHECKING

Account # 8056-054 GREEN CHECKING Current balance 2,630.68
 Name MEGAN E CROATT Available 2,566.89

Search by: Date 000000 [MMDDYY] - OR - Check #

Debits Only Credits Only All **Toggle Description** Checks Only

Date	Amount	Check #	Balance	Description	Transfer Acct	ID
Feb 25, 2009	20.08-		1,866.68	DBT/UDR 905520739054		99
Feb 28, 2009	0.76		1,867.44	SHARE DIVIDEND		90
Feb 28, 2009	0.76-		1,866.68	DIVIDEND TRANSFER		90
Mar 02, 2009	29.52-		1,837.16	DBT/UDR 906026845091		99
Mar 03, 2009	5.29-		1,831.87	DBT/UDR 906220020010		99
Mar 03, 2009	279.43-		1,552.44	ACH/GAP DUAL CARD		-J
Mar 04, 2009	7.26-		1,545.18	DBT/UDR 906326020012		99
Mar 04, 2009	25.00-	1106	1,520.18	CHECK 838197290		-J
Mar 06, 2009	1,293.29		2,813.47	ACH/COMMUNITY HEALTH		-D
Mar 06, 2009	150.10-	1109	2,663.37	CHECK 831352020		-J
Mar 07, 2009	23.81-		2,639.56	DBT/UDR 906625673132		99
Mar 09, 2009	8.88-		2,630.68	DBT/UDR 906722355467		99

Rows highlighted in blue indicate transactions that have been suppressed from the statement.

Below is a view of the Transaction Detail record.

Session 0 CU*BASE GOLD - Additional Transaction Information

Backup F3

Seq # 02213
 Account -054 MEGAN

Description HABITAT FOR HUMANITY CHARITY DONATION

Date	Amount	Check #	Balance	Description	Transfer Acct
Feb 28, 2009	0.76-		1,866.68	DIVIDEND TRANSFER	