

NOTICE OF REVISION (June 2020)

After a period of fluctuation, the IRS and subsequent related vendors have finalized deadlines for 5498 forms.

5498-ESA forms were due to members on April 30, 2020. The IRS did not modify this deadline.

Final verifications to the IRA/HSA balance file must be made no later than Thursday, July 30.

The 5498 and 5498-SA forms are now due to members by August 31, which is also the deadline to submit this information to the IRS. CU*Answers will process this file with the IRS by August 24 to ensure confirmed receipt by the deadline.

Ascensus clients, Ascensus has provided a FAQ sheet that can be viewed by [using this link](#).

2019 Year-End Processing Guide

For Online Credit Unions

INTRODUCTION

This guide is provided as a reference to the many tasks and procedures related to the end of the year and annual tax reporting. Start by carefully reviewing the 2019 Tasks and Deadlines shown on Page 8. Review tasks in advance and assign them to the appropriate team member to ensure that all preparations and processes are completed on time and in the proper order.

This booklet supersedes any year-end instructions you may have received from previous years.

If you have any questions on any of the topics or procedures covered in this Guide, please contact a CU*Answers Client Service Representative at 616-285-5711 or 800-327-3478.

Revision date: June 16, 2020

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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WHAT'S NEW FOR 2019?

- IRS has announced new HSA limits for 2020. The maximum **2020 HSA contribution will be \$3,550 for individuals** with self-only coverage, up from \$3,500 in 2019. The maximum **2020 HSA contribution will be \$7,100 for family coverage**, up from \$7,000 in 2019. The catch-up contribution limit for those over age 55 will remain at \$1,000.
- At the time of this publication, the IRS has not yet announced the 2020 IRA contribution limits.
- Remember when performing monthly verifications that **2020 is a Leap Year!**
- The 19.10 CU*BASE release introduced HSA Certificates. If your credit union has elected to use HSA Certificates, these are automatically included in the HSA balance file, and no additional processing is necessary for year-end.
- The vendor formatted file for IRS Forms (1099-INT, 1099-MISC, 1099-Q, 1099-R, 1099-SA, 1098, 1098-SA, 1098-E, 1099-A, 1099-C, 5498, 5984SA, and 5498E(SA)) have been expanded to allow for a longer last name. The vendor formatted file for the IRS Form 1042-S has also been expanded to allow for longer last name. Additionally, the wrong address and no mail fields are moved from positions 288-290 to positions 328-330. CU*Answers has sent notification to vendors of this change.
- **Tool #822 Smart Operator: Daily Ops Log** contains detailed information as it relates to data center tax processing. Simply access the tool and select one of the processes related to data center tax processing to view date and time information for various tax events. See page 65 for more information.

YEAR-END TRAINING INFORMATION

This year, CU*Answers will offer two sessions of training, combined for both Online and Self-Processing clients. Approximately 15 minutes at the end of each training will be dedicated to solely self-processor year-end tasks.

Wednesday, November 20 @ 2:30 – 4:00 PM ET

Tuesday, December 3 @ 2:30 – 4:00 PM ET

Register for Training:

<https://www.cuanswers.com/resources/edu/courses/syllabi/?course=3.95>

IMPORTANT YEARLY REMINDERS

- The deadlines noted in this Guide are critical to proper processing of your member data. CU*Answers will be adhering very strictly to the deadline dates stated in this Guide, and if data is received late or needs to be redone, **your credit union may incur a \$100 fee**. Do not wait until the last minute to assign these important tasks to appropriate staff!
- Some of the deadlines in this book relate to when we need you to have various verification tasks completed before we can compile data to send to third parties like Ascensus, Sage Direct, or the IRS. In these cases the deadline date assumes a time of **8:00 p.m. ET on the deadline day**. Because our Operations department is staffed 24x7 and much of our work is done during the overnight hours, if the deadline is November 8, that means that your task must be completed *before* 8:00 p.m. ET on November 8. As always though, the earlier bird gets the worm.
- As with every year, deadlines are tight. Beginning-of-Year/Tax File Verification reports should be reviewed on **January 2** to ensure all deadlines are met. See Page 43.
- Remember that the reporting due date for Form 1099-MISC with box 7 is January 31. Effective with tax year 2016, we use this deadline for ALL 1099-MISC forms, regardless of whether there is data in Box 7 (non-employee compensation).
- You can print individual reports in **Tool #1014 1099/1098 Tax Information Verification Report**. See page 57 for more information.
- We are aware that the 1099C Instructions has changes for tax processing as they relate to codes for various fields on the form 1099-C, etc. **The system is designed to allow for any code you've entered, so be sure to verify against the 1099C Instructions for further details.**
- Remember that we do NOT **verify dividend rate changes** for your credit union. It is your credit union's responsibility to keep an eye on any rate changes you scheduled by verifying the new rates are in place the morning after the scheduled change date (rate changes are processed during end-of-day). This should be a normal part of your routine all year long to avoid problems if a scheduled rate change doesn't happen as you expected! Refer to the *Month-End Verifications* booklet for more information.
- We will post routine **CU*BASE Alerts** to let you know when our Ops teams transmits various data to the IRS or other vendors on your behalf (if requested), so it is not necessary for you to call and ask.
- CU*Answers will not be supporting the postponed contribution code from Form 5498B, IRA contribution Information. Credit unions are required to handle these codes manually.
- The 18.10 CU*BASE release added the ability to record information about distributions to beneficiaries for Roth IRAs, including 1099 reporting to beneficiaries who receive distributions. **It's still up to your credit union to understand and use the appropriate posting codes**

based on the member's situation. New warning messages have been added to various screens and verification reports to help avoid duplicate or invalid entries wherever possible. Otherwise the process for recording the distributions is the same as for traditional IRAs, and 1099-R forms will be produced for primary and beneficiary owners who receive distributions. Refer to the IRA Processing booklet for complete details.

- In 2017 and 2018 we adjusted processing so that IRA balance file records created at the beginning of each tax year automatically include the catch-up amount when calculating contribution limits for members over age 50, as well as adding an upper age limit for Traditional IRAs (members who will reach age 70.5 during the tax year are given a contribution limit of \$0 when the balance file record is created during beginning-of-year processing). Just like with the catch-up contribution, remember that this is just a starting point. You are still able to manually adjust each individual member's contribution limit as needed using **Tool #896 Update IRA Balance Information**.
- As always, don't forget that you should already be **verifying your IRA and HSA balance file data** on a monthly or at least a quarterly basis. Don't wait until after year-end! The deadlines are very tight and you will not have time to do all of the work then. Keep up with it regularly and you'll make things a lot easier on yourself in January and April. See Pages 52 and 55 for more details.
- For information regarding creating the "Foreign Person's U.S. Source Income Subject to Withholding" tax Form (**1042-S**), visit the Reference Page and review the processing supplement, found here cuanswers.com/wp-content/uploads/Producing1042STaxForms.pdf

THIRD PARTY PROCESSORS

- **If your statement print vendor is not Sage Direct and you would like to use substitute 1099-INT forms**, call your vendor to verify whether they can process substitute 1099-INTs.
- If your **IRA program is Ascensus-administered**, as always it is your responsibility to contact Ascensus and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it and will charge you a fee if they have to make special correction arrangements after the fact!
- If you have chosen to archive your tax forms on your in-house eDOC server, please contact eDOC to make sure your server is prepared to archive the tax forms. If you're an Imaging Solutions Release Management client, no further action is necessary. Operations will work with eDOC and Imaging Solutions to setup the appropriate programs and make arrangements for the data to be downloaded.

STATE SPECIFIC INFORMATION

- It is important to verify that your State ID is configured in **Tool #202 Chart of Accounts/Budget Groups Maint.** as State ID # is included on the 1099-INT, 1099-MISC, and 1099-R for forms that are reporting Withholding information. Refer to page 25 for more information.

- Tax files used in combined state filing use the primary address in order to capture the correct state tax. **Remember that it is always your credit union's responsibility to inform CU*Answers if your state has a special rule.** Be sure to reach out as soon as possible to ensure that you are in compliance for the tax year.

MORTGAGE FORMS

- Tips for reporting collateral on 1098 forms for mortgage loans: If there is an address entered into the *address field* of the collateral record, we will use it and will report that in Box 8, otherwise we will report that the address is the same as the member's primary address from MASTER, marking the "same as" YES checkbox in Box 7. Also, if there is a Tax ID on the collateral record we will report that in box 9. **If needed, you must adjust collateral data prior to year-end!** See page 29 for more details and a sample form.
- Form 1098, Mortgage Interest Statement, has a field for *Number of Mortgaged Properties*. This is the number of properties in excess of 1 that secures a single mortgage.
- Beginning tax year 2017 the "*Send 1098 Tax Form*" flag on the loan category, specifically for mortgage loans, determines whether or not a tax form is generated. **It is crucial that you verify your loan categories prior to year-end!** See page 26 for more information.

2019 TASKS AND DEADLINES

The deadlines noted in this Guide are critical to proper processing of your member data. CU*Answers will be adhering very strictly to the deadline dates stated in this Guide, and if data is received late or needs to be redone, **your credit union may incur a \$100 fee**. Do not wait until the last minute to assign these important tasks to appropriate staff!

Every Month

Monthly IRA/HSA verification: verify/maintain IRA & HSA Balance File 5498 contribution data, including IRA death distributions to beneficiaries. **See Pages:** 52 & 55 & 62

Complete and verify additional tasks in the [Monthly Verifications](#) booklet.

<https://www.cuanswers.com/wp-content/uploads/MonthEndProcessingVerifications.pdf>

November

Due Date	Task	Page
November 8	Make a decision on whether or not you wish to print substitute 1099-INT forms on member statements	13
	Update the Tax Forms Handling Instructions screen in CU*BASE	20
Anytime in November		
	Verify State ID # in Chart of Accounts for reporting on 1099	25
	CUs offering e-statements and using substitute 1099-INTs: send “alert” email message <i>(can be done in Nov. or Dec.)</i>	17
	Update Federal Holidays/non-business days configuration	24

December

Due Date	Task	Page
December 6	Verify Equity Loan categories to ensure proper 1098 reporting	26
	Verify Share and Certificate configurations to ensure proper 1099-INT reporting; check settings on the credit union account	34
	Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting	37
	Order special envelopes for Auditor member account verification mailing <i>(if necessary)</i>	23
	Clear statement messages for December statements <i>(if using substitute 1099-INTs)</i>	41
	Modify statement messages/instructions	41

	Modify December e-statement notification message <i>(if using substitute 1099-INTs)</i>	17
December 27	Enter mortgage points paid and other 1098 data into the Tax File	30
	Statement inserts due at Sage Direct	41
December 31	End-of-Year Processing	<i>Handled by CU*Answers</i>

January		
Due Date	Task	Page
January 2	Review Beginning-of-Year/Tax File Verification Reports	43
January 6	Run Tax Information Reports	57
	Final verification of IRA Balance File data (distributions only for all IRA plan types, including death distributions to beneficiaries) and HSA Balance File data	52 & 55
	Verify Tax File and make adjustments where necessary	57
	Verify 1099-MISC amounts for Accounts Payable Vendors	37
January 10	Ascensus-Administered: CU*Answers will submit Fair Market Value and distribution (1099) data to Ascensus	<i>Handled by CU*Answers</i>
	Ascensus deadline for submitting 1099-R and 1099-SA file	<i>Handled by CU*Answers</i>
January 31	Deadline for filing 1099-MISC forms	<i>Handled by CU*Answers</i>
	Deadline for furnishing 1099 and 1098 forms to members	<i>Handled by CU*Answers</i>
Anytime in January		
Close the General Ledger for 2019 (must be completed prior to reporting January YTD figures)		47

March		
Due Date	Task	Page
March 9	Deadline for final adjustments to the Tax File	57
March 16	CU*Answers deadline for submitting 1099 and 1098 information to IRS (<i>exception: 1099-MISC, now submitted in January</i>)	<i>Handled by CU*Answers</i>

April		
Due Date	Task	Page
April 20	Final verification of Coverdell contribution (5498-ESA) data	52 & 55 & 62
April 23	Ascensus-Administered: Coverdell contribution (5498-ESA) data to be submitted by CU*Answers to Ascensus	<i>Handled by CU*Answers</i>
April 30	Deadline for submitting 5498-ESA (Coverdell contribution) forms to members	<i>Handled by CU*Answers</i>

July and August		
Due Date	Task	Page
July 15	Tax Day	
July 30	Final verification of contribution data (5498) data in IRA and HSA balance files, make modifications where necessary.	52 & 55 & 62
August 7	Ascensus deadline to submit 5498 and 5498-SA file	<i>Handled by CU*Answers</i>
August 31	Deadline to furnish 5498 forms to members and IRS	<i>Handled by CU*Answers</i>
END		

SUMMARY OF 2019 TAX FORMS

This information is provided as a quick reference for your convenience. For complete instructions and current regulations governing the use of these forms, refer to appropriate 2019 IRS publications.

<i>Form</i>	<i>Description</i>	<i>Due to Members</i>	<i>Due to IRS</i>
1098	Mortgage Interest Statement ¹	January 31	March 31
1098-E	Student Loan Interest Statement ²	January 31	March 31
1099-A	Acquisition or Abandonment of Secured Property	January 31	March 31
1099-C	Cancellation of Debt	January 31	March 31
1099-INT	Dividends & Interest ³	January 31	March 31
1099-MISC	Miscellaneous Income ⁴	January 31	January 31
1099-Q	Coverdell IRA Withdrawals	January 31	March 31
1099-R	IRA Withdrawals	January 31	March 31
1099-SA	HSA Withdrawals	January 31	March 31
5498-ESA	Coverdell IRA Contributions ⁵	April 30	May 31
5498-SA	HSA Contributions ⁵	August 31	August 31
5498	IRA Contributions ⁵	August 31	August 31

NOTE: If a member has an **alternate address** record that is in effect at the time tax forms are printed, the system will use the alternate *address* from that record, but will still use the member's name from his or her MASTER record, according to IRS guidelines. This is also true when reporting to the IRS. Also, **DBA names** are never used on tax forms or for IRS reporting, regardless of whether your CU normally prints DBA name on correspondence.

IRS Web Site: www.irs.gov

¹Will be sent to member only if over \$600. If you wish to send (and report to the IRS) even for amounts under \$600, please indicate on your Tax Forms Handling Instructions screen (see Page 20).

²See Page 11 for more information.

³Sent to member only if over \$10.

⁴If for non-employee compensation, sent to member only if over \$600. Other rules apply; refer to published IRS guidelines.

⁵Since year-end statements include information about IRA/HSA deposits and withdrawals made during the current tax year, if you wish, you can choose to print 5498 forms ONLY for members who make prior-year contributions for 2019 between January and April in 2020. (Applies only if your IRA/HSA programs are self-administered.) See Page 20.

2019 TAX FORMS PRICING

DEADLINE: November 8

Your tax forms will be laser-printed according to the pricing listed below. Ongoing CASS certification and efficient mail handling processes help to keep postage rates low. **Please use Tool #916 Update Tax Form Handling Instructions** no later than **November 8, 2019** (see Page 20 for instructions).

*Blank tax forms (for corrected copies) are NOT available through CU*Answers. If you need a supply of blank tax forms, they must be ordered directly from the IRS website at www.irs.gov.*

Prices are current as of November 2018. Credit Unions will be notified of any price changes that are effective for 2019 as they become available

Prices for Printed Forms

Form Name	Laser Forms Printed by CU*Answers
1098, 5498, and 1099-INT ¹	\$ 35.00 per 100 plus actual postage ³
1098-E ² 5498-SA and 5498-ESA 1099-B, 1099-C, 1099-MISC, 1099-Q, 1099-R, and 1099-SA	\$ 60.00 per 100 plus actual postage ³

If Using Substitute 1099-INT

Item	Price
Printing Substitute 1099-INT information on year-end statements	\$0.17 per form 1099-INT printed
Instruction inserts for substitute 1099-INT (see Page 19 for a sample)	Billed at actual cost (in the past has been \$0.01 ea.)
Statement envelopes printed with "Important Tax Information Enclosed" ⁴	Billed at actual cost (in the past has been \$0.04 ea.)

Archived Forms on CD-ROM

Pricing for archived tax forms on CD-ROM: single copy \$50.00 processing fee + \$10.00 per CD-ROM; additional copies \$10.00 per CD-ROM.

CD	Item to be Included	Will Be Produced
# 1	1099 and 1098 Tax Forms	No later than March 15, 2020
# 2	1099/1098 Tax Information Report 5498 Tax Forms 5498 Report(s)	No later than June 3, 2020

¹See Page 13 for important information about using year-end member statements as substitute 1099-INTs in place of standard 1099-INT forms.

²1098-E (Student Loan Interest Statement) forms will be produced for any loan categories with Process Type "P" (student loans in payout). Do not check the *Send 1098 tax form* flag in the Loan Category configuration (see Page 26).

³Postage is not included in this pricing. Postage will be billed separately based on the credit union's actual cost, without a CU*Answers markup.

⁴ If you are printing substitute 1099-INT forms, all statements will include this data and use this special envelope, even if all the amounts being reported are \$0.00.

USING MEMBER STATEMENTS AS SUBSTITUTE 1099-INTs

DEADLINE: Decide if you wish to print substitute 1099-INTs (indicate your preference in the Tax Forms Handling Instructions screen) by November 8
Modify statement messages/instructions by December 6

Your credit union can elect to use your year-end statements as substitute 1099-INTs, instead of mailing separate 1099-INT forms for all members. Here are some benefits:

- Because statements are produced immediately after year-end, tax information will be in members' hands much more quickly than with standard forms.
- Member statements are retained as part of the CU*Spy online retrieval system, making it much easier for credit union employees to view or reprint 1099-INT information for a member. If you offer e-statements through online banking, members themselves can view tax information included on their December statements for a full year.
- Postage savings and low printing costs make printing substitute 1099-INTs cost-effective for any size credit union.

PRINTING COSTS

The cost for printing substitute 1099-INT information on a member statement will be **\$0.17 per form 1099-INT printed**. This is compared to the \$0.35 per form price for separate 1099-INT forms.

Example: A 10,000-member credit union typically prints a 1099-INT form for approximately 40% of its membership.

Cost for printing separate 1099-INT forms:

10,000 members × 40% = 4,000 regular 1099-INT forms
4,000 forms × \$0.35 per form = \$1,400.00 cost for printing forms
4,000 forms × \$0.373 postage per form* = \$1,492.00 postage
\$1,400.00 printing + \$1,492.00 postage = **\$2,892.00** total cost for printing separate forms

*(*Represents the basic pre-sorted first-class rate. Actual rates will vary depending on quantity and other factors.)*

Cost for printing using statements as substitute 1099-INTs:

10,000 members = 10,000 substitute 1099-INT forms
10,000 forms × \$0.17 per form = \$1,700.00 cost for printing substitute forms
10,000 forms × \$0.01 each* = \$100.00 for 1099-INT instructions inserts
10,000 forms × \$0.04 each* = \$400.00 for special statement envelopes
\$1,700.00 printing + \$100.00 inserts + \$400.00 envelopes = **\$2,220.00** total cost for substitute 1099-INTs

*(*Prices for inserts and envelopes are based on rates from previous years and are subject to change. Postage is included as part of the year-end statement postage costs.)*

Net Savings:

\$2,892.00 (forms) - \$2,200.00 (statements) = **\$692.00 savings**

See Page 42 for a sample year-end statement which includes 1099-INT information.

POINTS TO REMEMBER

- **If your statement print vendor is not Sage Direct**, call your vendor to verify whether they can process substitute 1099-INT forms.
- According to IRS regulations for substitute 1099 forms, NO other marketing materials are allowed in these statement envelopes, including newsletters.
- NO marketing messages are allowed on the statements themselves. You will be required to clear out any marketing-related messages using the “Update Statement Message/Inserts” feature prior to the year-end statements being run.

■ *NOTE: See Page 16 for instructions.*

- All statement envelopes must be marked “Important Tax Information Enclosed.” In addition, special 1099-INT instructions must be included on a separate statement insert. The instruction insert and envelope notation will be handled by our statement processor, Sage Direct. (See Page 11 for estimated pricing.)

■ *Credit unions who use a different statement processor should contact Vanessa France (ext. 132) to coordinate the steps necessary to produce substitute 1099-INT forms.*

- Because statements are generated by account number, not SSN/TIN, a member who has two separate membership accounts under the same SSN will receive 1099-INT information separately for each membership. Because members will need to combine dividends earned on all credit union accounts in order to report taxable income properly, **1099-INT information will be printed for every member that receives a statement, regardless of the amount of dividends received (even \$0.00).**
- Substitute 1099-INTs will be printed only for memberships who have active accounts or who have closed accounts during your final statement period. In other words, only people who actually get year-end statements will get substitute 1099-INTs. Any membership that was closed prior to the final statement period (month, quarter, etc.), or non-members with reportable savings bond interest, will receive a standard 1099-INT form, subject to normal printing fees for laser tax forms.
- This option applies to substitute 1099-INTs only, not form 1098 or any other 1099 forms.
- The information must all print on the same page of the statement, so if the entire form cannot fit on the last page of the statement, another page will be generated for that membership.
- **For Credit Unions Offering E-Statements:** If your credit union also offers e-statements to your members, you will need to make sure that members understand they will not be receiving any forms in the mail and that they must view their year-end statement through online banking in order to see 1099-INT information. See Page 17 for details.

- **If your credit union converted to the CU*BASE platform during 2019, you may NOT use your year-end statements as substitute 1099-INTs.** Because statements are produced immediately after year-end processing, there will be no time to verify 1099-INT information before it is delivered to your members. If there are corrections needed due to the conversion of your member data, regular 1099-INT forms will give you some extra time to review and make modifications.
- **If your credit union began using CU*BASE in 2019 as a start-up credit union, please contact us for more information on using substitute 1099-INTs.**

For More Information: For more complete information on the rules and procedures governing the use of substitute 1099-INT forms, please refer to IRS Publication 1179 “General Rules and Specifications For Substitute Forms 1096, 1098, 1099, 5498, W-2G and 1042-S.” This document can be downloaded by visiting the IRS web site at www.irs.gov.

To specify that you wish to use your statements as substitute 1099-INTs, check the appropriate box on the Tax Forms Handling Instructions screen in CU*BASE. See Page 20 for instructions on completing this screen.

MODIFYING STATEMENT MESSAGES FOR USE WITH SUBSTITUTE 1099-INTs

Because IRS regulations prohibit the use of any marketing-related messages on statements used as substitute 1099-INT forms, you must adjust statement messages prior to year-end statements being run.

Update Statement Messages/Insert Instruc (Tool #914) - Screen 1

Fmt	Description	Fmt	Description	Fmt	Description
CM	Credit Card Monthly Statement				
MN	Monthly Statement				
QT	Quarterly Statement				
XX	Test Statement Format				

■ Select ■ Select ■ Select

Selective Insert Files

← → ↑ ↓ ⏏ 🔗 ? @

FR (3837)

Choose code QT for your quarterly statement instructions.

Screen 2

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Statement Message Maintenance Format ID: QT

General

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

New Member

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

Closed Member

Please keep this December year end statement for your tax records. Remember that your 1099-INT info is on this statement & no separate mailing will be sent. Also, the fair market value of your IRA & all tax information is being provided to the IRS.

Continue

To save and continue, press Enter.

← → ↑ ↓ ⏏ 🔗 ? @

FR (2796) 9/24/14

Either clear all messages or insert generic text ONLY about the substitute 1099-INT.

SPECIAL INSTRUCTIONS FOR CUS OFFERING E-STATEMENTS

DEADLINE: Preliminary "Alert" email message during November or December
Modify e-statement notification message for December statements during December

If your credit union has begun signing members up for e-statements through online banking, and you also plan to use statements as substitute 1099-INT forms, there are a few special tasks which must be performed to comply with IRS guidelines and ensure that your members understand how their tax information is being reported to them.

The following sample messages are suggestions only, based on our interpretation of the guidelines published in the 2019 "General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G" publication, IRS Cat. No. 27976F. Please refer to this publication for details and to ensure that your credit union complies with all requirements.

Message 1: Preliminary "Alert" Message

This message is intended to confirm that the member consents to receiving his/her tax information electronically via e-statements. This message should be sent to all members who have signed up for e-statements, prior to statements being generated on January 1. (Remember that if members sign up for e-statements after this initial batch message is sent, you must follow-up with those members to provide this same information.) A message like this should also be added to your web site.

If a member does not consent to receiving tax information electronically, simply un-enroll that member from receiving e-statements any time before December 31, 2019. The member will then receive a mailed copy of his or her December statement.

Member Connect Marketing Tools (Tool #497)

Instructions for creating the Query and sending the message are available in the booklet, "Marketing Campaigns with Member Connect", available on the CU*BASE Reference Page.

Did you know...? You can simply copy our standard message from the Master Library into your own list of messages, then adjust the text as you wish before sending it. Use **F9-Copy from Master** then choose message type **TX**.

Following is the text from this sample message:

This message is to alert you that the tax information that is being provided to the IRS will be reported on your December 2019 electronic account statement. No paper copy of the 1099-INT tax form will be mailed.

Because you have signed up for e-statements, your tax information can be viewed after January 1, 2020, by accessing your December statement in online banking as usual.

Please contact us if you wish to discuss deactivating e-statements prior to December 31, 2019. Thank you for choosing e-statements!

Message 2: With December Statement Notification Email

This message is intended to notify members that tax information is ready for them to view electronically. Since members will already receive an email from you stating that their December statement is ready, this message is the ideal vehicle for communicating that tax information is also ready.

In addition, IRS regulations state that when providing substitute 1099-INT forms, you must also provide the "Instructions for Recipient" information that appears on the back of a standard 1099-INT form. Formerly this was included as an insert in printed statements for credit unions using substitute 1099s. For e-statements, you must provide these instructions through another means. One method would be to add the instructions (see below) as a page on your web site, then direct members to the site via your notification email. (You could also add the contents of the instructions into your notification email, if desired.)

Configure Monthly eStatement Emails (Tool #262) - Screen 2

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Connect Message Maintenance

Corp ID 01
Message type ES Message subject Your E-Statement is ready

Message

Your December statement is now ready to be viewed from online banking. Remember that this statement also contains important tax information that is being reported to the Internal Revenue Service on your behalf. No paper copy of the 1099-INT tax form will be mailed.

To read the "Instructions for Recipient" information from the back of a standard 1099-INT form, visit our web site at www.abccu.org and click the "form 1099-INT instructions" link. These instructions explain how to read the tax information that will appear at the end of your December statement.

Page 1

Save Changes

Do NOT click Send without first saving your changes, or a BLANK email may be sent to your members!

MESSAGE TIP: When you add or remove characters, it might cause fragmented lines of text. Place the cursor at the end of the shortened line and press the Delete key to remove the line break and clean up the paragraphs as needed.

MESSAGE TIP: If you insert text or copy and paste text that exceeds the space provided, a pop-up window will appear. Select Yes to retain text you have written or pasted, but be careful, this may delete following text. Select No to cancel a paste. WARNING: Never check the "Remember my decision" checkbox on this pop-up window.

Save

FR (3163) 9/24/14

Following is the sample text shown on this screen:

Your December statement is now ready to be viewed from online banking. Remember that this statement also contains important tax information that is being reported to the Internal Revenue Service on your behalf. No paper copy of the 1099-INT tax form will be mailed.

To read the "Instructions for Recipient" information from the back of a standard 1099-INT form, visit our web site at www.abccu.org and click the "Form 1099-INT Instructions" link. These instructions explain how to read the tax information that will appear at the end of your December statement.

From the back of a standard 1099-INT form:

Instructions for Recipient

The information provided may be different for covered and noncovered securities. For a description of covered securities, see the instructions for Form 8949. For a taxable covered security acquired at a premium, unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize the premium under section 171, or for a tax-exempt covered security acquired at a premium, your payer generally must report either (1) a net amount of interest that reflects the offset of the amount of interest paid to you by the amount of premium amortization allocable to the payment(s), or (2) a gross amount for both the interest paid to you and the premium amortization allocable to the payment(s). If you did not notify your payer that you did not want to amortize the premium on a taxable covered security, then your payer will only report the gross amount of interest paid to you. For a noncovered security acquired at a premium, your payer is only required to report the gross amount of interest paid to you.

Recipient's taxpayer identification number (TIN). For your protection, this form may show only the last four digits of your TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)). However, the issuer has reported your complete TIN to the IRS.

FATCA filing requirement. If the FATCA filing requirement box is checked, the payer is reporting on this Form 1099 to satisfy its chapter 4 account reporting requirement. You also may have a filing requirement. See the Instructions for Form 8938.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows taxable interest paid to you during the calendar year by the payer. This does not include interest shown in box 3. May also show the total amount of the credits from clean renewable energy bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, qualified school construction bonds, and build America bonds that must be included in your interest income. These amounts were treated as paid to you during 2020 on the credit allowance dates (March 15, June 15, September 15, and December 15). For more information, see Form 8912. See the instructions above for a taxable covered security acquired at a premium.

Box 2. Shows interest or principal forfeited because of early withdrawal of time savings. You may deduct this amount to figure your adjusted gross income on your income tax return. See the Instructions for Forms 1040 and 1040-SR to see where to take the deduction.

Box 3. Shows interest on U.S. Savings Bonds, Treasury bills, Treasury bonds, and Treasury notes. This may or may not all be taxable. See Pub. 550. This interest is exempt from state and local income taxes. This interest is not included in box 1. See the instructions above for a taxable covered security acquired at a premium.

Box 4. Shows backup withholding. Generally, a payer must backup withhold if you did not furnish your TIN or you did not furnish the correct TIN to the payer. See Form W-9. Include this amount on your income tax return as tax withheld.

Box 5. Any amount shown is your share of investment expenses of a single-class REMIC. This amount is included in box 1. **Note:** This amount is not deductible.

Box 6. Shows foreign tax paid. You may be able to claim this tax as a deduction or a credit on your Form 1040 or 1040-SR. See your tax return instructions.

Box 7. Shows the country or U.S. possession to which the foreign tax was paid.

Box 8. Shows tax-exempt interest paid to you during the calendar year by the payer. See how to report this amount in the instructions for Forms 1040 and 1040-SR. This amount may be subject to backup withholding. See Box 4 above. See the instructions above for a tax-exempt covered security acquired at a premium.

Box 9. Shows tax-exempt interest subject to the alternative minimum tax. This amount is included in box 8. See the Instructions for Form 6251. See the instructions above for a tax-exempt covered security acquired at a premium.

Box 10. For a taxable or tax-exempt covered security, if you made an election under section 1278(b) to include market discount in income as it accrues and you notified your payer of the election in writing in accordance with Regulations section 1.6045-1(n)(5), shows the market discount that accrued on the debt instrument during the year while held by you, unless it was reported on Form 1099-OID. For a taxable or tax-exempt covered security acquired on or after January 1, 2015, accrued market discount will be calculated on a constant yield basis unless you notified your payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to make a constant yield election for market discount under section 1278(b). Report the accrued market discount on your income tax return as directed in the instructions for Forms 1040 and 1040-SR. Market discount on a tax-exempt security is includible in taxable income as interest income.

(Continued on the back of Copy 2.)

Instructions for Recipient (continued)

Box 11. For a taxable covered security (other than a U.S. Treasury obligation), shows the amount of premium amortization allocable to the interest payment(s), unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize bond premium under section 171. If an amount is reported in this box, see the Instructions for Schedule B (Form 1040 or 1040-SR) to determine the net amount of interest includible in income on Form 1040 or 1040-SR with respect to the security. If an amount is not reported in this box for a taxable covered security acquired at a premium and the payer is reporting premium amortization, the payer has reported a net amount of interest in box 1. If the amount in box 11 is greater than the amount of interest paid on the covered security, see Regulations section 1.171-2(a)(4).

Box 12. For a U.S. Treasury obligation that is a covered security, shows the amount of premium amortization allocable to the interest payment(s), unless you notified the payer in writing in accordance with Regulations section 1.6045-1(n)(5) that you did not want to amortize bond premium under section 171. If an amount is reported in this box, see the Instructions for Schedule B (Form 1040 or 1040-SR) to determine the net amount of interest includible in income on Form 1040 or 1040-SR with respect to the U.S. Treasury obligation. If an amount is not reported in this box for a U.S. Treasury obligation that is a covered security acquired at a premium and the payer is reporting premium amortization, the payer has reported a net amount of interest in box 3. If the amount in box 12 is greater than the amount of interest paid on the U.S. Treasury obligation, see Regulations section 1.171-2(a)(4).

Box 13. For a tax-exempt covered security, shows the amount of premium amortization allocable to the interest payment(s). If an amount is reported in this box, see Pub. 550 to determine the net amount of tax-exempt interest reportable on Form 1040 or 1040-SR. If an amount is not reported in this box for a tax-exempt covered security acquired at a premium, the payer has reported a net amount of interest in box 8 or 9, whichever is applicable. If the amount in box 13 is greater than the amount of interest paid on the tax-exempt covered security, the excess is a nondeductible loss. See Regulations section 1.171-2(a)(4)(ii).

Box 14. Shows CUSIP number(s) for tax-exempt bond(s) on which tax-exempt interest was paid, or tax credit bond(s) on which taxable interest was paid or tax credit was allowed, to you during the calendar year. If blank, no CUSIP number was issued for the bond(s).

Boxes 15-17. State tax withheld reporting boxes.

Nominees. If this form includes amounts belonging to another person(s), you are considered a nominee recipient. Complete a Form 1099-INT for each of the other owners showing the income allocable to each. File Copy A of the form with the IRS. Furnish Copy B to each owner. List yourself as the "payer" and the other owner(s) as the "recipient." File Form(s) 1099-INT with Form 1096 with the Internal Revenue Service Center for your area. On Form 1096, list yourself as the "filer." A spouse is not required to file a nominee return to show amounts owned by the other spouse.

Future developments. For the latest information about developments related to Form 1099-INT and its instructions, such as legislation enacted after they were published, go to www.irs.gov/Form1099INT.

This text was taken from the following PDF file available on the IRS web site: <http://www.irs.gov/pub/irs-pdf/f1099int.pdf>. (Sage Direct uses this same text for the instructions that will be inserted with your statements.)

TAX FORMS HANDLING INSTRUCTIONS

Deadline: November 8

All of the instructions CU*Answers needs to process your tax forms and other year-end related tasks is recorded via a CU*BASE tool. The feature retains your instructions from the previous year so all you need to do is verify that the instructions are correct and make any needed adjustments for the coming year-end. **Failure to complete this task by the deadline WILL result in a \$100 fee.**

No later than November 8, access the following screen in CU*BASE and confirm your instructions for this year-end:

Update Tax Form Handling Instructions (Tool #916)

Report Mortgage Fines and Late Fees: Check this flag if you would like to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. If this is checked, a total of *interest paid + delq. fines paid* will be reported in box 1 of the form. IRS instructions for form 1098 say that interest includes prepayment penalties and late charges unless the late charges are for a specific mortgage service. So your choice here will depend on how this requirement applies in your situation.

Refer to new pricing structure for CD-ROM archive copies; see Page

IMPORTANT: Make sure to use Confirm/Update (F5) even if you do not make any changes! This updates the record so we know that your CU has confirmed this year's instructions.

Refer to online help and other pages of this Guide for specific instructions on completing this screen. Even if you will not be making any changes, access this page and use F5 to Confirm the record to prevent a call from CU*Answers.

NOTE: Prior to **November 8** you may return to this screen as needed to make changes. However, after that deadline the screen will be locked, and you will see a notation that the record can no longer be maintained. You will then need to contact a Client Service Representative for assistance.

IF YOU HAVE AN EDOC IN-HOUSE SERVER

If you have chosen to archive your tax forms on your in-house eDOC server, please contact eDOC to make sure your server is prepared to archive the tax forms. If you're an Imaging Solutions Release Management client, no further action is necessary. Operations will work with eDOC and Imaging Solutions to setup the appropriate programs and make arrangements for the data to be downloaded.

BONUS DIVIDENDS / LOAN INTEREST REBATES

As before, credit unions can choose to process a special bonus share dividend or loan interest rebate for their members at the end of the year.

Using **Tool #823 Standard Bonus Div/Loan Interest Rebate**, credit unions can set up a bonus dividend/interest rebate program themselves.

As a tool is available within CU*BASE allowing credit unions to configure and test their own bonus dividend and loan interest rebate programs, CU*Answers will no longer take requests to complete this task for the credit union. See below for information on services available for purchase.

The bonus programs can now be set up easily, and include the ability to **run a simulation on your live files**, without actually posting. This allows you to expense prior to year-end.

The simulation will use live data as of the time it is run, so the closer to year-end you run it, the more accurate a prediction it will give as to your actual expense at year-end. Refer to Online Help for assistance in configuring your program:

<http://www.cuanswers.com/doc/cubase/cubase.htm#UBDIRCFG-01.htm>.

*An alternative you might also want to consider is the Patronage/Ownership Dividend program (available in **Tool #583 Patronage Dividend Configuration**) that you can use yourself to post a special reward dividend to the 000 base share account at any time, not just at year-end.*



If you need assistance with these options, the Earnings Edge team is ready to assist. Visit <http://www.cuanswers.com/catalog/patronage-bonus-dividend-configuration-tune-up/?cat=114> for more information.

VIEWING MEMBER TAX DOCUMENTS IN IT'S ME 27

This option is available for credit unions utilizing CU*Spy for sStatements, or to those who host their own statements but subscribe to CU*Answers Imaging Solutions Release Management.

Imaging Solutions can place member tax documents online so that members can view them from within **It's Me 247** Online Banking, good for three years of storage. When forms are available to send to the print vendors, they will also be placed online. This happens in late January with the exception of the 5498s, which are placed online at a later date. 1099MISC forms will not be available online.

For more information regarding this service, or to purchase, **visit the CU*Answers Store at**



store.cuanswers.com/product/member-tax-statements/ or contact the Imaging Solutions team at imaging@cuanswers.com to review pricing and sign up before the December 31, 2019 deadline.

ORDERING AUDITOR ENVELOPES FOR STATEMENTS

DEADLINE: Order envelopes by December 6
All statement inserts to Sage Direct by December 27

These instructions apply only if your credit union uses Sage Direct to print member statements. If you use a statement processor other than Sage Direct, contact your vendor for instructions.

If your credit union's auditor is planning to conduct a member account verification mailing for your December 2019 statements, special audit envelopes must be ordered for use by Sage Direct. Normal #10 window envelopes will NOT work for member statements printed by Sage Direct. Special auditor envelopes must be made to Sage's specifications.

Contact **Jennifer Zimelis** at Sage Direct (800-729-8310 or 616-940-8311) **no later than December 6** to order auditor envelopes, if needed. We must also receive a letter signed by either your auditor or your credit union with exact information about any special handling that is expected from Sage or CU*Answers, such as if you wish to use a special audit insert.

Inserts for year-end statements are due to Sage Direct no later than December 27, 2019. (This deadline also applies to any special inserts your auditor requests, if required.)

SPECIAL NOTE: You MUST order special envelopes for an audit return; it is not possible for us to change your return address in CU*BASE for a special statement run. Remember, that address is also used by many other CU*BASE features!

SETTING 2020 HOLIDAYS

During November or December, or any time prior to year-end

CU*BASE has a configuration where you can specify your credit union's business days and either use the standard list of Federal holidays (which CU*Answers updates each year) or enter your own holidays (or both). **This configuration is used to calculate hold days for uncollected funds, such as teller check holds.** (We may also contact you separately to ask for other details about your holiday hours for things like scheduling our Client Service and Ops activities, etc.)

Although you can enter dates as far into the future as you wish, it is a good idea to check this configuration each year and make sure any special holidays your credit union may observe have been entered for the following calendar year.

Configure CU Non-Business Days (Tool #243)

Session 0 CU*BASE GOLD Edition - Credit Union Non-Business Days

Options

Processing days ☐ Sunday ☒ Monday ☒ Tuesday ☒ Wednesday ☒ Thursday ☒ Friday ☐ Saturday

☒ Observe all standard Federal holidays from global configuration

Additional holidays for year 2020

Date	Description	Day of Week
Oct 17, 20	INTERNATIONAL CREDIT UNION DAY	Sat

Navigation bar: Back, Forward, Up, Down, Home, Print, Help, Search, etc.

For instructions refer to online help while working on this screen.

IMPORTANT: Remember that there is a difference between a holiday, when the credit union may be closed to members but still run daily processing as usual, and a non-business day, when daily BOD/EOD processing is not done on your files. **The Processing days fields at the top of the screen do NOT control when BOD/EOD is run, but they should generally be kept in synch with your business processing schedule. Contact a CSR for assistance if changes are needed.**

VERIFYING STATE ID

During November or December, or any time prior to year-end

As the State ID # is included on the 1099-INT, 1099-MISC, and 1099-R forms for those that are reporting withholding information, you must verify that your State ID # is properly configured in **Tool #202 Chart of Accounts/Budget Groups Maint.**

Simply access the tool, and enter to the correct screen, shown below, to verify your credit union's State ID #.

The screenshot shows the 'Session 0 CU*BASE GOLD Edition - Chart of Accounts Maintenance' window. It is divided into two main sections: 'Government ID #' and 'IRA Withholding'. The 'Government ID #' section contains fields for Federal ID # (987654321), Federal transmit code (12345), State ID # (0000032321588, which is circled in red), Payer name control, and CU routing/transit # (555254521). The 'IRA Withholding' section contains fields for Federal withholding G/L account (841.10) and State withholding G/L account (841.10). Below these sections is the 'New Member Processing' section, which includes several checkboxes and fields for configuring new member processing, such as 'Generate account #s', 'Allow member #s over six digits', and 'Use centralized checking/money orders'. At the bottom of the window is a 'New Company' button and a navigation bar with icons for back, forward, up, down, print, and help. The bottom right corner of the window displays 'FR (2075)'.

Government ID #		IRA Withholding	
Federal ID #	987654321	Federal withholding G/L account	841.10
Federal transmit code	12345	State withholding G/L account	841.10
State ID #	0000032321588		
Payer name control			
CU routing/transit #	555254521		

New Member Processing			
<input type="checkbox"/> Use corp # for first three digits			
<input checked="" type="checkbox"/> Generate account #s	If 'Y', last account used	000079949	Increment by 001
<input checked="" type="checkbox"/> Allow member #s over six digits			
<input type="checkbox"/> Use multiple corporate processing			
Regular share dividend application	SH		
<input checked="" type="checkbox"/> Use centralized checking/money orders			

New Company

Navigation icons: back, forward, up, down, print, help, etc.

FR (2075)

VERIFYING LOAN CATEGORIES FOR 1098 REPORTING

DEADLINE: Before December 6

The system uses a flag on the loan category to determine whether or not a 1098 Form should be generated for a particular loan. The *Send 1098 tax form* flag must be checked in order for them to be included in Form 1098 totals. In addition to your mortgage loan categories, this flag is also typically checked on your Home Equity LOC loan categories and other “mortgage-type” loans.

IMPORTANT: This flag is actually recorded both on the loan category as well as on the individual loan account records (MEMBER5/6). **It is imperative that you verify these flags prior to year-end!** To ensure that everything is kept in sync and forms are produced as expected, **please contact a CSR if you need to change the setting of this flag for any reason.**

See Page 27 for details about how 1098 information is reported for loans that have been rewritten to a new account suffix. A 1098 form is not printed or reported to the IRS for a loan if total interest is less than \$600.00.

As a courtesy to your members, you can choose to produce 1098 forms even for amounts under \$600. This may be helpful for members who have multiple mortgages or whose primary mortgage is with another institution, to make it easier for them to combine interest amounts for tax reporting. Be sure to indicate this option in your Tax Forms Handling Instructions (deadline is **November 8**; see Page 20).

Loan Category Configuration (Tool #458) - Screen 2

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Loan Category Definition

UPDATE

Category code 00 FIXED RATE MORTGAGE

General Ledger Interface	
Loan category	701.10
Interest earned	111.22
Accrued interest	751.10
Insurance rebate	
Loan category for write-offs	99

Fine amount	4
Principal	3
Misc. G/L	0
Over payment indi	
Miscellaneous G/L	
Miscellaneous G/L	
Miscellaneous G/L	

Additional Information

☒ Send 1098 tax form

Maximum loan disbursement 600,000

Mortgage Loans

☒ Allow tax-escrow accounts

Skip

End Update

Payment Controls

FR (2322) 9/24/14

For mortgage/equity loans, in order to be included in the 1098 interest total, this flag must be checked.

Process Type M (Mortgage) categories will **NOT** automatically be included in the 1098 interest total. The system will obey the flag on the loan category record, regardless.

IMPORTANT: If this setting is incorrect, and CU*Answers must run your forms again, there will be a fee charged for time and materials.

Remember this relates to form 1098, NOT form 1098-E for student loans. Do not check this flag on your Student loan categories; 1098-E forms will be produced automatically for any loan categories with Process Type “P” (in payout).

LOAN CATEGORY CONFIGURATION REPORT

To make it easy to verify all of your loan categories for the 1098 form flag, try printing the Loan Category Configuration Report, using **Tool #655 Print Loan Category Configuration Rpt.** This report prints a full page for each loan category, showing current configuration parameters:

10/15/19 9:21:14		CU*BASE TEST CREDIT UNION (FR) Loan Category Configuration As of 10/15/19		LLNCAT	Page 26 DAWNM

40 HELOC - TC					

Corporate ID:	1				
Process type:	L	OPEN END/LOC PAYMENT CHANGE CONTROL CONFIGURATION			
Account type range:	688 to 689	Automated payment changes: Y			
Interest rate range:	3.000 to 15.000	Print notices: Y			
Interest calculation type:	0	Change activated on Disburs/Any tran: D			
Payment calculation type:		Process payment changes I/D/M: I			
Next payment date/delinquency control:		If M, calc pmt from Curr/Last-On Day: /			
Use review date for disbursements:	Y	If M, next pmt calc month/year: 0000			
Allow teller disbursements:	N	Grace period (# of days): 15			
Warn teller if different pmt amt:	Y	Allow rate adj via Update VR Codes: N			
Include delq fine in partial pay:	Y	Round new payment up to whole dollar: Y			
AFT pmt date / delq control defaults:	N / N	Use Tiered Rates in payment recalc: N			
Allow loan insurance	Y	New payment based on R/P/F/M/T: R			
Use note number control:	N	Range method - use division factor of: 100.00			
Allow stock to secure loan:	N	and pay per factor: 1.30			
Use lease residual in payoff:	N	Percent method - pay % of balance: .000 %			
Student loan after-payout category:		Fixed method - # of payments: 0			
GENERAL LEDGER INTERFACE		Minimum pmt amt (all methods/except tiers): 25.00			
Loan category GL acct:	70141	TIERED RATES			
Interest earned GL acct:	11149	FROM TO RATE MIN PMT			
Accrued interest GL acct:	75143	A .00 .00 .000 .00			
Insurance rebate GL acct:	0	B .00 .00 .000 .00			
Student loan gov't interest GL acct:	0	C .00 .00 .000 .00			
Student loan gov't payable GL acct:	0	D .00 .00 .000 .00			
PAYMENT MATRIX		E .00 .00 .000 .00			
Fine Amount:	1	F .00 .00 .000 .00			
Principal:	3	Update increased payments only: N			
Interest Due:	2	Use Current or Last Disbursed balance: C			
Escrow:	0				
Miscellaneous GL:	0				
Overpayment indicator:	PRN				
Miscellaneous GL account:	00000				
Misc. GL transaction description:					
Misc. GL amount:					
Misc. GL percent:	.000 %				
Send 1098 tax form:	Y				
Maximum loan disbursement:	9,999,999.99				
INTEREST PAYMENT ONLY - SCHEDULED PAYMENT CALCULATION					
Update scheduled payment on day:	00				
Minimum payment amount:	.00				
MORTGAGE LOANS:					
Allow tax-escrow accounts:	N				
Tax-escrow account type range:	0 to 0				
STUDENT LOANS:					
Type of loan (gov't or USA funds):					
Guarantee agency column/code:					

Remember that if this setting is wrong and you have to change it for any reason, please contact a CSR for assistance ensuring your loan accounts are in sync.

SPECIAL NOTE: 1098 REPORTING FOR REWRITTEN LOANS

IRS reporting requirements specify that you must report interest and points paid on a mortgage *where the total exceeds \$600.** However, the reporting requirement is for *each mortgage*, even though the property may be secured for more than one mortgage. In other words, the rules are based on the mortgage, not the collateral.

Many CU*BASE clients currently include balloon notes in their mortgage portfolio. At the end of the balloon period the loans are rewritten rather than simply re-amortized using the same account suffix. There are 1098 ramifications for the tax year in which a mortgage balloons and is rewritten. The CU*BASE end-of-year 1098 processing system looks at the individual loans, not the collateral securing those loans. In the case where there are two mortgages secured by the same piece of real estate, and each shows interest paid under \$600, no 1098 will be generated, in accordance with IRS regulations.

If you would like a 1098 to be reported combining the interest on the old loan with interest on the new loan, you must manually update the *YTD Interest Paid* amount on the new loan using the CU*BASE Update Account Information feature, shown below.

***If your credit union has elected to produce 1098 forms even for amounts under \$600, this procedure is not necessary.** Make sure to check the appropriate box in the Tax Forms Handling Instructions screen (see Page 20).

Update Account Information (Tool #20)

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Account Information Update

Loans

Account # 705
JOHN G MEMBER
123 MAIN STREET
ANN ARBOR MI 48106

Loan category 46
Loan officer 01

Last maintenance date Jul 17, 2014
Current balance 69,344.66

Credit Reporting Information

G/L account 701.46
Purpose code 60
Security code 07
☐ Allow teller disbursement
☒ Member loan payment protection
ECOA 1
Date opened Aug 05, 2009 [MMDDYYYY]
1st payment Oct 01, 2009 [MMDDYYYY]
Day of next payment 01
Next payment Jul 01, 2014 [MMDDYYYY]
Interest date Jun 13, 2014 [MMDDYYYY]
Amort/maturity Sep 01, 2014 [MMDDYYYY]
Review date Sep 01, 2014 [MMDDYYYY]
Scheduled payment 409.52
Disbursement limit 75,000.00
Disbursed amount 75,000.00
Last disbursed bal 75,000.00
Partial payment 0.00

Loan type ☒ Close ☐ Open
Payment frequency M
of payments left 002 of 060
User defined code
Process type M
Interest rate 5.150
Interest payment code
Interest calc code 0
Variable interest 000
Next Interest Calc 0000 [MMYY]
Census Tract 000000
Delinq control Pay ahead
of times delinq 000
Delinq fine 2
of extensions 000
Delinq fine YTD amount 0.00
Delinq fine amount 0.00
YTD interest paid 1,190.07

Tax escrow acct 00000000 000
Insurance exp 00000000 [MMDDYYYY]
Original term 000 Remaining term 000
Original amount 0.00
Rebate amount 0.00
Delq fine date 00000000 [MMDDYYYY]
☐ Freeze placed by delinquency monitoring
1st date of delq 00000000 [MMDDYYYY]
☐ No delinquency notices printed
Freeze 0 = All activity allowed
Statement indicator 0
☐ Passbook process ID
Write-off ID 0

Imaging Solutions Scan e-Document View e-Document

Lease/Bal/ResVal Loan Coverages Payment History Credit Report Info

FR (2452) 9/24/14

Add in the amount of YTD interest paid from the old loan account into the figure for the new loan account when it is rewritten. Next, access the old loan account in your closed account files.

Update Closed Account Information (Tool #887)

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Closed Account Info Update

Loans

Member Information

Account # 1 610
Branch # 1
G/L account # 701.34
Current balance 0.00

Address JOHN G MEMBER
123 MAIN STREET
ANN ARBOR MI 48106

Account Information

Loan note # 00000000
Security code 36
1st delinquency 00000000 [MMDDYYYY]
of ext 000
CB comments
☒ Report to credit bureau
Teller disb
% calc date 00000000 [MMDDYYYY]
Loan process type E

Purpose code 02
Date open Mar 30, 2002 [MMDDYYYY]
Open/closed ID C
ECOA account code 1
Status 00
YTD interest 601.39
Loan category 15

Student Loans Only

Government reimbursement ID
Government int % before payout 000
Government int % before payout 000

Mortgage Loans

Tax escrow acct
Census tract

Indicators

Frozen disbursement Not frozen
Passbook process ID 0
Write-off ID 0
CUNA loan insurance
Statement indicator

Imaging Solutions Scan e-Document View e-Document

FR (530) 9/24/14

Remove any amount shown in the *YTD Interest* field. This will prevent the interest from being reported twice.

Now a 1098 will be printed for the combined total (assuming it is greater than \$600). Remember that this process could apply for any rewritten loan, but only where the new loan uses a *different* account suffix than the original loan. As always, be sure to carefully review IRS regulations as they apply to your situation.

*These same procedures would be used when consolidating **student loans** by rewriting multiple student loans into a single account.*

SPECIAL NOTE: COLLATERAL ON 1098 MORTGAGE LOAN FORMS

The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 contained new reporting requirements for recipients of mortgage interest. You must report the address or description of property securing the mortgage, the outstanding mortgage principal as of January 1, 2019, and the mortgage origination date. If there is an address entered into the address field of the collateral record, we will use it and will report that in Box 8, otherwise we will report that the address is the same as the member's primary address from MASTER, marking the "same as" YES checkbox in Box 7. Also, if there is a Tax ID on the collateral record we will report that in box 9. **If needed, you must adjust collateral data prior to year-end!**

Included on the form is the number of mortgaged properties.

Property tax paid, if any, will be reported in box 10 "Other".

8181 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-1380 2019 Form 1098		Mortgage Interest Statement	
RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Mortgage interest received from payer(s)/borrower(s) \$		Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.	
RECIPIENT'S/LENDER'S TIN	PAYER'S/BORROWER'S TIN	2 Outstanding mortgage principal \$	3 Mortgage origination date		
PAYER'S/BORROWER'S name		4 Refund of overpaid interest \$	5 Mortgage insurance premiums \$		
Street address (including apt. no.)		6 Points paid on purchase of principal residence \$			
City or town, state or province, country, and ZIP or foreign postal code		7 <input type="checkbox"/> If address of property securing mortgage is the same as PAYER'S/BORROWER'S address, check the box, or enter the address or description in box 8.		11 Mortgage acquisition date	
8 Address or description of property securing mortgage (see instructions)		9 Number of properties securing the mortgage			
10 Other		Account number (see instructions)			

Form 1098 Cat. No. 14402K www.irs.gov/Form1098 Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

UPDATING TAX FILE DATA

Deadline: By December 6 (if printing substitute 1099-INTs; otherwise all changes must be made no later than January 6)

Tax File data that is used for tax forms can be updated at various points throughout CU*BASE, as shown on the following pages (where appropriate, file names are provided for Query purposes). Remember that you can enter data for the current tax year at any time, even prior to **December 31**, but any final adjustments must be done before **January 6** in order to ensure that forms are correct for your members.

*EXCEPTION: If you printed 1099-INT information on year-end statements, any changes made to 1099-INT information in the Tax File after January 1 must be reported manually to the member using a corrected paper form. **Remember to take into account ALL of the accounts under the member's SSN/TIN!***

It is recommended that once all maintenance is completed on the Tax File, a final copy of the 1099/1098 Tax Information Report be created for historical purposes. If you would like CU*Answers to produce a CD-ROM copy of the final version of this report, be sure to indicate this in your Tax Forms Handling Instructions screen (see Page 20).

UPDATING 1099-INT AND 1098 DATA IN THE TAX FILE

CU*BASE has a tool that lets you manually update data in the Tax File, which contains the totals used for 1099-INT and 1098 reporting—dividends, mortgage and equity loan interest, backup withholding, mortgage points paid, etc.

Refer to Page 57 for a more detailed discussion of what the Tax File is and how to verify the data in this file.

You can update information for the 2019 tax year even before December 31, 2019. During year-end processing the system will simply *add* any additional amounts to whatever you have entered manually. You can also adjust the 2019 tax file after January 1, 2020 (even for non-members who have previous year savings bond activity). **Just be sure to enter 2019 as the tax year on the initial screen** so that the data is recorded for the proper tax period.

*CU*TIP: Although it is rare, you might have an occasion to create a tax file record for a savings account that was closed during the year, in order to correct the amount of paid dividends that will be reported to the IRS. But it is important to remember that **during year-end processing the system will add the dividends paid on the closed account record to any amount you have entered manually.** So if you want to reduce the amount of dividends being reported, you will need to wait until after January 1 and make the final adjustment, prior to forms being produced.*

Update IRS Tax Information (Tool #899) - File Name TAX Shares & IRA Shares

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File

CHANGE

Account # -000 JOHN G MEMBER

SSN/TIN Foreign citizen

Type SH SHARE ACCOUNT Reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Year-to-date dividends 0.00

Annual backup withholding 0.00

Certificates

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File

CHANGE

Account # -300 WILLIAM

SSN/TIN Foreign citizen

Type CD CERTIFICATE ACCOUNT Reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Year-to-date dividends 0.00

Annual backup withholding 0.00

CD penalties 0.00

Regular Loans/LOCs/Online Credit Cards

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File

CHANGE

Account # -610 JOHN G MEMBER

SSN/TIN Foreign citizen

Type LH LOAN ACCOUNT Non-reportable

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Non-reportable loan interest 0.00

Delinquent fines 0.00

Verification of Current Tax Reporting Status

Status of this tax record	Non-reportable
Tax record classification	N Non-reportable
Status of loan account	(MEMBERS) record Non-reportable
Status of 1098 flag on loan category	Non-reportable

Use F11=Unlock Fields if you need to change the **Tax record classification** setting on a specific account. "Non-reportable" means no form 1098 will be produced.

Mortgage Loans

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Member Tax File

CHANGE

Account # -705 JOHN G MEMBER

SSN/TIN Foreign citizen

Type LH LOAN ACCOUNT Mortgage/HELOC

IRS year 2014

Corp ID 01 ABC CREDIT UNION

Mortgage/HELOC interest 0.00

Delinquent fines 0.00

Mortgage points paid 0.00

Mortgage insurance premium paid 0.00

Property tax paid 0.00

Reimbursement of overpaid loan interest 0.00

Verification of Current Tax Reporting Status

Status of this tax record	Non-reportable
Tax record classification	N Non-reportable
Status of loan account	(MEMBERS) record Non-reportable
Status of 1098 flag on loan category	Non-reportable

Use this screen to enter **Mortgage points paid**. This will be reported to the IRS and printed in box 2 on the 1098 form (assuming one is produced for this member).

Remember that changes will affect this Tax File record ONLY. The status of the loan account and Loan Category configuration will be unchanged.

Any amount in the **Mortgage insurance premium paid** will go to box 5 and **Property tax paid** goes to box 11 on the 1098 form (assuming one is produced for this member), and will be reported to the IRS. See page 29 for a sample form.

The tax file has one record for each individual sub-account (account base and type). The specific “buckets” you fill in on this screen will vary depending on what type of account you are working with (savings vs. mortgage vs. regular loan, etc.). Some fields are used only for mortgage accounts while others are for savings or certificate accounts only. Refer to IRS regulations for guidelines on data you must report.

UPDATING OTHER 1099 FORM DATA

Update 1099-A, C and MISC Tax Form Data (Tool #922)

This tool lets you update the files used for other 1099 information such as savings bond information, payments to vendors, acquisition of secured property, cancelled, debts, etc., reportable on forms 1099-A, 1099-C, or 1099-MISC.

Form Type “A” - File Name TAXADD1

Session 0 CU*BASE GOLD Edition - 1099 File Maintenance

1099-A - Acquisition or Abandonment of Secured Property

IRS year: 2014
 Account #: MEMBER JOHN SSN/TIN: [REDACTED]
 Corp ID: 01 ABC CREDIT UNION

Date of lender's acquisition or knowledge of abandonment: 000000 [MMDDYY]
 Balance of principal outstanding: 0.00
 Fair market value: 0.00
☐ Borrower is personally liable for repayment of debt
 Description of property: [REDACTED]
 [REDACTED]

Delete [Buttons: Back, Forward, Up, Down, Print, Link, Info, Help, Search] FR (3020)

CU*Answers *will* print 1099-A forms for your credit union if any data has been entered via this screen.

Form Type “C” - File Name TAXADD3

Session 0 CU*BASE GOLD Edition - 1099 File Maintenance

1099-C - Cancellation of Debt

IRS year: 2014
 Account #: MEMBER JOHN SSN/TIN: [REDACTED]
 Corp ID: 01 ABC CREDIT UNION

Date of identifiable event: Apr 15, 2014 [MMDDYY]
 Amount of debt discharged: 5,000.00
 Interest included in the canceled debt: 675.00
 Description of origin of debt: DESCRIPTION Description of property: [REDACTED]
☒ Borrower was personally liable for repayment of the debt
 Identifiable event code: [REDACTED] (refer to IRS instructions for valid codes)
 Fair market value: 4,000.00

Delete [Buttons: Back, Forward, Up, Down, Print, Link, Info, Help, Search] FR (3022)

Form Type "MISC" - File Name TAXADD2

Session 0 CU*BASE GOLD Edition - 1099 File Maintenance

1099-MISC - Miscellaneous Income

IRS year: 2014
 Account #: MEMBER JOHN SSN/TIN: [REDACTED]
 Corp ID: 01 ABC CREDIT UNION

Rents	10,000.00	Sub payments in lieu of dividends or interest	0.00
Royalties	0.00		
Other income	0.00	Crop insurance proceeds	0.00
Federal income tax withheld	0.00		
Fishing boat proceeds	0.00		
Medical and health care payments	0.00	Excess golden parachute payments	0.00
Nonemployee compensation	0.00	Gross proceeds paid to an attorney	0.00

☐ Payer made direct sales of \$5,000 or more of consumer product to a buyer (recipient) for sales

Delete

Navigation icons: [Back] [Forward] [Up] [Down] [Print] [Save] [Help] [Search] [Refresh]

FR (3021)

UPDATING SAVINGS BOND INFORMATION

Update Savings Bond Information (Tool #913)

Use this to record or adjust the total amount of interest paid to members who redeemed savings bonds at the credit union. File names **SAVBND** (current year) and **SAVBNP** (previous year).

Session 0 CU*BASE GOLD - ABC TESTING CREDIT UNION

File Edit Tools Help

Savings Bond Redemption

Account: [REDACTED]
 Tax ID #: [REDACTED]
 Date: Sep 25, 2014
 Sequence #: 02

Principal paid	0.00	YTD Principal	100.00
Interest paid	0.00	YTD Interest	25.00
Total payout	0.00	YTD Payout	125.00

First name: JOHN
 Initial: G
 Last name: MEMBER

Address: 123 MAIN STREET
 City: ANYCITY
 State: MI
 ZIP code: 49000

Post
 YTD Inquiry
 Delete

Navigation icons: [Back] [Forward] [Up] [Down] [Print] [Save] [Help] [Search] [Refresh]

FR (5139) 9/25/14

IMPORTANT: If you modify savings bond transaction information after January 1, 2020, for transactions that occurred in 2019, **you must also update the 2019 tax file** using the instructions shown on Page 30.

VERIFYING SHARES AND CERTIFICATES FOR 1099-INT REPORTING

DEADLINE: Before December 6

Before the tax file is created during year-end processing, it is important to verify that all products are flagged correctly to ensure the correct accounts are included in 1099-INT reporting. Verification and any necessary adjustments to IRS reporting flags must be done before December 6, 2019.

VERIFYING SHARE DIVIDEND APPLICATIONS

To ensure that 1099-INT information is generated for all reportable share accounts, print the Dividend Configuration Report and check the status of the IRS reporting flag.

Print Share Dividend Appl Config Reports (Tool #680)

10/05/19 17:07.55		BETA TESTING CREDIT UNION DIVIDEND CONFIGURATION REPORT													LSYSDV		Page 1					
		DAWNM																				
Share	Div	Div	Div	Start	Next Pay	Rpt	Liab	Expns	Accrl	Min Bal	Min	---C U R R E N T			R A T E---		- P E N D I N G -					
Type	Apl	Apl	Typ	Div	Date	Div	Date	IRS	Acct#	Acct#	Acct#	Div	Cod	Div	Frq	Rate	Amount(>)	Split	Split	Eff	New	Eff

HOMETOWN	C	SD	HC	S	8/09/19	9/01/19	Y	90207	34047	83107	2000.00	X	N	M		.05					6/01/19	
HSB CHECKI	SD	HS	S	S	8/09/19	9/01/19	Y	90205	34105	83105				N	M							
INT PLUS	C	SD	IP	S	8/09/19	9/01/19	Y	90201	34045	83103		X	N	M		.05					7/01/19	
TRAD IRA	S	IR	IR	S	8/09/19	9/01/19	N	90300	34170	83052				N	M		.10					
																	9999.99	.20		6/01/19		
																	24999.99	.30		6/01/19		
																	99999.99	.40		6/01/19		

Verify that all share
Dividends are correct

Verify that all share Dividend Applications that should be reported on form 1099-INT show a "Y" in this column.

Exception:
CU*BASE will ignore this flag for IRA and HSA accounts, but for clarity it should be set to N in any case.

If any of the Dividend Applications listed have the wrong flag for IRS reporting, change the configuration as follows:

Savings/Checking Products Configuration (Tool #777)

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

Share Account Setup

Dividend application BU Corp ID 001

Update

General Account Information Dividend Information

Description BUSINESS CHECKING

Account range 110 to 115

Application type Share draft/checking products

IRA plan type

Reg D transaction account

Reg D transfers per month 00

Zero balance account option No action taken

Prompt for credit report on open

Allow account nicknames

Default negative bal limit 0.00

Report dividends to the IRS

Auto update member negative balance limits

Club processing allowed

Accounting Interface

Liability G/L account # 902.10

Expense G/L account # 341.10

Accrual G/L account # 831.10

Share Draft/Checking Only

Stop pay G/L # 153.20

Stop pay fee 35.00

Allow change of fee amount

Offer debit card round up program

Configure Negative Balance Processing

Dividend rates are entered using Tool #506: Member Rate Maintenance

Suspend Save Skip Qualified Dividends ARU/Online Banking Checklist

ANR Scoring Debit Card Round Up

12749

Adjust this flag as needed to control whether or not share accounts with this DivApl are reported on form 1099-INT.

NOTE: If you check the box to “Report dividends to IRS” on an IRA/HSA product, we will ignore that flag when generating 1099 forms since those dividends are not reportable.

VERIFYING CERTIFICATE TYPE CONFIGURATION

To ensure that 1099-INT information is generated for all reportable certificate accounts, print the Certificate Product Configuration Report and check the status of the IRS reporting flag.

Print CD Configuration Report (Tool #635)

9/22/19 10:37:37

RUN ON 9/22/19

SUCCESS CREDIT UNION

CERTIFICATE PRODUCT CONFIGURATION REPORT

AS OF 9/22/19

LDCCFG

Page

User DAWNM

Corporate ID - ALL CORPORATIONS

CD APPLICATIONS

APPL		DIV PMT	DIV CALC	FIRST DIV	ACCOUNT TYPE	
TYP	DESCRIPTION	FREQ	TYPE	PMT	LOW	HIGH
CD	SETH TEST	M	C	I	350	350
CQ	CERTIFICATES - TC	Q	C	F	300	325
CR	IRA MARKET INDEX CERTIFICATE	R	C	I	400	450
IR	IRA CERTIFICATE	M	C	I	400	450
SS	2009 SAVE TO WIN	Q	C	I	45	45
ST	2014 SAVE TO WIN	Q	C	I	46	46

CD TYPES

CD	CD	ALLOW		BUMP	-LENGTH-	----	PENALTY----		----	GENERAL LEDGER----		ADD LAST							
TY	CO	APL	IRA	PR	DIST	DESCRIPTION	TIMES	DAYS	MON	CODE	DAYS	GRACE	CERT	PNLT	ACCR	EXP	IRS	\$	FORM
01	01	CD		N	7	MONTH CERTIFICATE	00		7			10	90802	13100	83020	34050	Y	Y	CD07
02	01	CD		N	3	MONTH CERTIFICATE	00		3			10	90802	13100	83020	34050	Y	N	CD02
03	01	CD		N	6	MONTH CERTIFICATE	00		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
07	01	CD		N	24	MONTH CERTIFICATE	00		24			10	90802	13100	83020	34050	Y	N	CD02
08	01	CD		N	36	MONTH CERTIFICATE	00		36			10	90802	13100	83020	34050	Y	N	CD02
09	01	CD		N	48	MONTH CERTIFICATE	00		48			10	90802	13100	83020	34050	Y	Y	CD02
10	01	CD		N	60	MONTH CERTIFICATE	00		60			10	90802	13100	83020	34050	Y	N	CD02

Verify that all Certificate Types that should be reported on form 1099-INT show a "Y" in the column.

Verify that all Certificate Types that should be reported on form 1099-INT show a “Y” in this column.

If any of the CD types listed have the wrong flag for IRS reporting, use **Tool #194 Certificate Products Configuration** then choose “C” for Certificate Type:

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Certificate of Deposit Maintenance

Certificate type: 00
Corp ID: 01 ABC CREDIT UNION
Application: CD Description: 36 MONTH CERTIFICATE Allow principal distributions: Allowed Required Blocked

Certificate Length		Certificate Penalty		General Ledger	
Days	Penalty code	Certificate	908.02	Accrued dividend	830.20
Or	Days	Premium penalty	131.00	Dividend expense	340.50
Months	Penalty grace		10		

Options: ☐ IRA CDs flag ☐ Add funds to CDs ☒ Report dividends to IRS ☐ Allow member to change renewal code on existing account via online banking
Laser certificate form: CD02 Allow member to bump the current rate: 00 times during the CD term

Renewal: Default renewal code: Manual Auto Renew Transfer to Check
Default renewal CD type: (blank - same CD type)

Dividend Rate(s)			
Minimum	500.00	Maximum	99,999.99
Minimum	100,000.00	Maximum	9,999,999.99
Minimum	0.00	Maximum	0.00
Minimum	0.00	Maximum	0.00
Minimum	0.00	Maximum	0.00
Minimum	0.00	Maximum	0.00
Minimum	0.00	Maximum	0.00

Suspend Skip Delete Checklist

FR (395) 92514

Adjust this flag as needed to control whether or not certificates of this type are reported on form 1099-INT.

NOTE: If you check the box to “Report dividends to IRS” on an IRA/HSA product, we will ignore that flag when generating 1099 forms since those dividends are not reportable.

IMPORTANT: If the settings for your share or certificate products are incorrect, and CU*Answers must run your forms again, there will be a fee charged for time and materials.

VERIFY YOUR CREDIT UNION’S ACCOUNT

If your credit union has opened a membership (such as acct#999999) as the credit union’s own account, to avoid reporting dividends on this account to the IRS, perform these verifications prior to year-end:

☐ **Tool #15 Update Membership Information**

Make sure the *Foreign citizen* flag has been checked on the membership record.

☒ **Foreign citizen**

☐ **Tool #20 Update Account Information**

Set the *Dividend post code* on all sub-accounts under this membership to **X** so that the accounts will not earn dividends in the first place.

Dividend post code ☒

VERIFYING A/P VENDORS FOR 1099-MISC REPORTING

DEADLINE: Verify settings before December 6
Verify amounts between January 1 and January 6

If you wish to produce 1099-MISC Miscellaneous Income forms for your Accounts Payable vendors, verification is needed to ensure that the system calculates the amount paid to the vendor for the year and places it into the *Previous year 1099-MISC amount* field on the vendor record during year-end processing.

- **Before December 6, 2019:** Verify the setting of the *Create a form 1099-MISC year-end* flag. Print a copy of the Vendor Listing (**Tool #136 AP Vendor Listing**) and make sure that all of the vendors where this flag is set to Y have been configured with a Tax ID#.
- **Between January 1 and January 6, 2020:** Verify the amount shown in the *Previous year 1099-MISC amount* field.

CU*TIP: If you pay certain vendors only one or two times during the year and don't want to take the trouble to build a vendor record, you can use the feature described on Page 32 to manually enter data for a single 1099-MISC form at any time.

Tool #990 Work with AP Vendors

Use this feature to make any necessary modifications to 1099-MISC settings and amounts for your Accounts Payable Vendors. (File name **APVEND**.)

A Tax ID # is required if you will be printing a 1099-MISC form for this vendor.

If you have a contact name, use this field and not the first line of the address. You can then use the next tab to print contact name on checks.

Although this has no effect on processing, if you have any vendors that are actually individuals (SSN), you can adjust that flag so the IRS reporting file is more precise.

Line 3 of the Address fields will not be used for printing of 1099-MISC forms. Do not place any important information in this field.

Use lines 1 and 2 for address information only. While the vendor files can contain a large number of characters, the IRS character length limit is 40, so we recommend you abbreviate as much as possible (i.e. St, Ave, etc.).

NOTE: Due to limitations in the number of characters allowed in the IRS file, no more than 40 characters from the address lines of the vendor company information can be included in the file. Address lines 1 and 2 should only be used for address information and not contact name or the end of a long Company name—abbreviate address information as necessary to stay below the 40 character cap. If a contact name exists, use the associated field. In the Company Information tab, you can then select to print the contact name on checks. You can also use the “Use contact for IRS” flag to print the contact on 1099-MISC forms, although the contact name will replace the company name.

Create a form 1099-MISC year end

This flag controls whether or not the *Amount Paid Year to Date* will be moved into the *Previous Year 1099-MISC Amount* field during end-of-year processing. **This must be checked if you want to print 1099-MISC forms for this vendor.**

If checked, a *Tax ID#* will be required for this vendor so that the forms can be printed properly.

If left unchecked, at year end the system will not update the *Previous year 1099-MISC amount* field, and a form will not be generated.

Previous year 1099-MISC amount

This field shows the total amount reported on 1099-MISC forms for this vendor for the previous tax year. This amount is automatically calculated and recorded by the system during year-end processing, if the *Create A Form 1099-MISC Year End* field was checked. Otherwise, the field will be zero.

After forms are printed, it is no longer used but does show the figure that was used for 1099-MISC printing, assuming it was not changed manually later.

	Remember that after January 1 and before the tax forms are printed, if necessary you may update the contents of the <i>Previous year 1099-MISC amount</i> field calculated by CU*BASE during EOY processing.
1099-MISC box #	If this field is left blank, the amount will be reported in the non-compensation box on the 1099-MISC form. If you want the amount reported in a different box (to report the amount as rent, special attorney fees, etc.), enter the box number here. Refer to the IRS website for instructions.

Update 1099-MISC Info for Prev Year

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

Detail by Corporation / 1099 Reporting CHANGE

Corp ID	Corporation Name	Amount Paid YTD	Amount Paid Previous Year	Previous Year 1099 Amount
01	ABC CREDIT UNION	0.00	0.00	4,978.58
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
		0.00	0.00	0.00
Totals		0.00	0.00	4,978.58

FR (4773) 3/25/14

Any amount shown here was calculated during beginning-of-year processing, but can be manually changed here before forms are printed.

MONTH-END VERIFICATIONS

DEADLINE: After November EOM Processing, before November 8
After EOY Processing for December 31
After EOM Processing every month!

To ensure that all monthly processing is completed properly, your credit union is responsible for completing verifications of member data, including share and certificate dividends, loan interest, fee postings, and other miscellaneous file verifications on a monthly basis.

Refer to the separate *Month-End Processing Verifications* booklet for complete instructions and a checklist of tasks.

IF YOUR RATES WILL CHANGE AT YEAR-END

If you will be scheduling a rate change for any of your savings/checking products to occur as of December 31 (or January 1), it is your credit union's responsibility to verify that the change did occur as expected, by looking at your rates on the morning after the scheduled change. Our year-end verification teams will not be looking at your rate changes as part of our other verification processes.

Rate changes occur during end-of-day processing. So if you schedule a rate change to occur as of December 31, someone needs to verify as soon as possible on or after January 1 that the new rate took effect as expected.

Also refer to the *Month-End Processing Verifications* booklet for more instructions on making this a routine part of your rate change monitoring responsibilities.

ANNUAL STATEMENT PREPARATION

Nov: Statement messages/instructions modified by November 8

Inserts delivered to Sage Direct by November 28

Dec: Statement messages/instructions modified by December 6

Inserts delivered to Sage Direct by December 27

Year-end statement processing handled by CU*Answers after December 31

In order for annual statements to include appropriate year-end tax information, CU*Answers will be temporarily modifying your normal quarterly statement code instructions. **An annual statement will be generated for all members, regardless of activity.**

As in other months, following is a checklist of routine tasks to be completed during December:

- ☐ **Update statement messages** for December statements using **Tool #914 Update Statement Messages/Insert Instruc**

Remember that if you are using statements as substitute 1099-INTs, marketing messages must be removed. See Page 16 for instructions.

- ☐ **Complete statement insert/ mailing instructions** for any inserts to be included in December statements.

IMPORTANT: If using statements as substitute 1099-INT forms, your statement insert instructions should be blank as shown here. Sage will provide the 1099-INT instruction inserts for you. No additional marketing inserts (including newsletters) are allowed per the IRS.

- ☐ Order statement inserts for December statements (remember that inserts are not allowed if printing substitute 1099-INTs)

IMPORTANT: Because of the additional work involved with year-end statements and the tight deadlines involved, please alert the appropriate staff to make sure that statement inserts for year-end statements are **delivered to Sage Direct no later than December 27, 2019.**

Sample Final Statement Page Showing 1099-INT Information

The 1099-INT information must all print on the same page of the statement, so if the entire form cannot fit on the last page of the statement, another page will be generated for that membership.

YOUR CREDIT UNION NAME

Member # 99990 JOHN D SAMPLE

PAGE 5 OF 5

ANNUAL ACCOUNT INFORMATION FOR 2019

This section is intended to provide a general summary of your dividend and interest activity for the year, and is not intended to replace any standard IRS forms you receive for tax reporting purposes.

Individual Retirement Account (IRA) Summary

All Fair Market Values are as of 12/31/2019 and will be reported to the Internal Revenue Service.

IRA Plan Type: TRADITIONAL

Fair Market Value:

8,738.64

Total Deposits:

34.34

Total Withdrawals:

9,341.46

Health Savings Account (HSA) Summary

All Fair Market Values are as of 12/31/2019 and will be reported to the Internal Revenue Service.

HSA Account: FAMILY

Fair Market Value:

7,826.79

Total Deposits:

2,932.52

Total Withdrawals:

1,694.27

Loan Interest Paid

Account	Description	Amount
99991-610	USED VEHICLE LOANS	85.68
99991-693	OVERDRAFT PROTECTION	19.69
99991-790	FANNIE MAE LOANS	3,943.53
99991-811	VISA CLASSIC	801.23
	Total	4,850.13

Dividends Earned

Account	Description	Amount
99991-000	REGULAR SAVINGS	0.72
99991-020	TRAD IRA SHARES	34.34
99991-111	CHECKING	72.52
99991-301	CERTIFICATE	215.03
	Total	322.61

THIS IS YOUR FORM 1099-INT. YOU WILL NOT RECEIVE A SEPARATE FORM 1099-INT IN THE MAIL.
ALL IRA ACTIVITY AND LOAN INTEREST WILL BE REPORTED ON
STANDARD IRS FORMS AND WILL BE SENT IN A SEPARATE MAILING.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. YOUR CREDIT UNION NAME 123 YOUR CU'S ADDRESS YOURTOWN, USA, (123) 456-7890		2019 Interest Income Copy B Form 1099-INT OMB No. 1545-0112 For Recipient	
PAYER'S TIN 38-1234567		RECIPIENT'S TIN XXX-XX-1234	
This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported. Please retain this form for your records. See 1099-INT Instructions For Recipient on an enclosed form.			
1 Interest Income	2 Early withdrawal penalty	3 Interest on U.S. Savings Bonds and Treas. obligations	4 Federal income tax withheld
\$322.61	\$0.00	\$0.00	\$0.00

Ownership of share, deposit and certificate accounts shown on this statement is not transferable except on the books of the credit union.

T20040400000201V0.402 P T 3 S 0009999 00 0000070 AAAAAA *B* 01 T1

BOY/TAX FILE VERIFICATION REPORTS

DEADLINE: Review these reports on January 2

When Beginning-of-Year is run on January 1, a series of reports are produced automatically. Your staff should use these reports to ensure that the tax records for 2019 were created correctly. These reports will also be archived in CU*Spy (under the “MISC” category) for future reference.

REVIEW THESE REPORTS ON JANUARY 2, 2020 TO ENSURE YOU MEET ALL DEADLINES.

<i>Report Name</i>	<i>Verification to Perform</i>	<i>Comments</i>	<i>Reports to use for Offages</i>
PVEOYTAXF Tax File Totals	Verify MEMBERx file amounts to the tax file amounts.	The amounts shown in the member file should match the amounts in the tax file. Investigation of any *Mismatch** items required.	Use in conjunction with the PCRTAX1 report.
PCRTAX1 Errors When Creating the Tax File	Use this report to determine accounts which caused offages when creating the tax file.	Negative amounts will show as zero in the Tax file. Will also show accounts/suffixes closed in prior years.	This report will list offages shown on the PVEOYTAXF report.
PCRTAX2 Tax Creation Account Summary		This report gives a summary of active and closed accounts that are in the tax file.	
PVEOYTAXF2 Before and After Year End Changes to the Tax File		This report will list accounts that have had amounts manually entered into the tax file prior to running year-end.	This report will list offages shown on the PVEOYTAXF report.
PVBOYFILE Beginning of Year YTD Field Reset	Verify report says “No errors found.”	This report is used to make sure that all YTD dividends, interest, fines, backup withholding, and benefit fields have been reset to zero for the new year.	
PVEOYTAXF1 IRA & HSA Balance Totals	Verify report for differences between the end-of-year balance and the beginning-of-year balance.		Use in conjunction with the PCRIBL and PHSABL reports.
PCRIBL Errors When Creating IRA Reporting File		This report will list any accounts with differences in the end-of-year balance when compared to the beginning-of-year balance.	Use in conjunction with the PVEOYTAXF1 report.

<i>Report Name</i>	<i>Verification to Perform</i>	<i>Comments</i>	<i>Reports to use for Offages</i>
PHSABL Errors When Creating HSA Reporting File		This report will list any accounts with differences in the end-of-year balance when compared to the beginning-of-year balance.	Use in conjunction with the PVEOYTXF1 report.

REPORTING FAIR MARKET VALUE FOR IRAS TO MEMBERS AND THE IRS

DEADLINE: FMV is reported to members on year-end statements
Will be reported to Ascensus in January (per their deadline)

ASCENSUS-ADMINISTERED

Fair Market Value for IRA and HSA accounts will be reported to your members on year-end statements. If your credit union is Ascensus-Administered and has also made arrangements for Ascensus to provide duplicate Fair Market Value information to your members, CU*Answers will send the information to Ascensus after **January 6 and before the Ascensus deadline of January 10.**

If you would like CU*Answers to provide this information to Ascensus in January, please indicate this on the 2019 Tax Forms Handling Instructions screen (see Page 20), which must be completed no later than **November 8.**

Remember that if your **IRA program is Ascensus-administered**, it is your responsibility to contact Ascensus and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it, and will charge you a fee if they have to make special correction arrangements after the fact!

Your year-end statements will include the following verbiage at the top of the IRA section where FMV is reported to members. Contact your Ascensus representative about the option of printing 5498 forms only for members that made contributions during tax year 2019.

***** I. R. A. ACTIVITY IN 2019 *****
All Fair Market Value amounts are as of 12/31/19 and will be reported to the Internal Revenue Service.

SELF-ADMINISTERED

Fair Market Value for IRA and HSA accounts will be reported to your members on year-end statements. It will also be reported to the IRS and will appear on 5498 forms produced in May.

Your year-end statements will also include the verbiage shown above when reporting FMV to members. If you do not want to print 5498 forms in May for all members, but rather produce them only if 2019 contributions are made between January and April of 2020, be sure to indicate that on your Tax Forms Handling Instructions screen (see Page 20).

ANNUAL UPDATES OF IRA AND HSA BALANCE FILE LIMITS

DEADLINE: Done automatically during Beginning-of-Year Processing
Updates to individual balance file records can be done any time in January

As part of beginning-of-day processing for January 1, the system creates new 2020 balance file records for members who already have IRA and/or HSA accounts. Included with these records will be the annual contribution limit (maximum deposit) amount.

Catch Up Contributions and Age Limits

In 2017 we adjusted the year-end process so that IRA balance file records created at the beginning of each tax year would automatically include the catch-up amount when calculating contribution limits for members over age 50. We've further refined that process to include an upper age limit for Traditional IRAs as well. Members who will reach age 70.5 during the tax year will now be given a contribution limit of \$0 when the balance file record is created during beginning-of-year processing. Just like with the catch-up contribution, remember that this is just a starting point. You are still able to manually adjust each individual member's contribution limit as needed using **Tool #896 Update IRA Balance Information**.

Although it is not common, if you had manually adjusted the deposit limit for any individual members, you will need to manually change the new 2019 balance file record for those same members. This can be done at any time during January.

IRA BALANCE FILE LIMITS

For IRAs, the default contribution limits must be adjusted every year to the new limits as published by the IRS, according to IRA Plan Type. The new limits are then used when creating the 2020 balance file records.

HSA BALANCE FILE LIMITS

HSA contribution limits are similar to IRAs, except that it is a little more common for members to have limits that are different from the default. However, the process works the same: new default limits are set during BOY and are then used when creating 2020 balance file records for all existing HSA accounts.

New Limits for 2020: IRS has announced new HSA limits for 2020. The maximum 2020 HSA contribution will be \$3,550 for individuals with self-only coverage, up from \$3,500 in 2019. The maximum 2020 HSA contribution will be \$7,100 for family coverage, up from \$7,000 in 2019.

GENERAL LEDGER YEAR-END CLOSING

INSTRUCTIONS

DEADLINE: This General Ledger closing procedure should be done only after all financials have been reconciled for December 2019. This entire process must be completed before 2020 YTD figures for January can be reported.

The CU*BASE General Ledger software has a year-end processing feature which creates the debit and credit entries to close the 2019 income statement. This provides a complete history of the closing entries and satisfies auditor requirements that no 2019 income be carried into 2020 year-to-date figures.

The following example shows the result of year-end system entries on both an income and an expense G/L account:

Sample Income Entry (G/L accounts 100.00 - 199.99)

G/L Account:	111.00 Interest Income on Loans
YTD Balance as of Month-End 12/19:	\$139,990.60 (credit)
System Entry:	\$139,990.60 (debit)
YTD Post Closing Balance for 2019:	\$0.00

Sample Expense Entry (G/L accounts 200.00 - 499.99)

G/L Account:	262.00 Postage
YTD Balance as of Month-End 12/19:	\$4,389.60 (debit)
System Entry:	\$4,389.60 (credit)
YTD Post Closing Balance for 2019:	\$0.00

Credit unions transfer equity from net income throughout the year either on a regular basis (quarterly, annually, etc.). On CU*BASE, this is accomplished by debiting the End Of Year Reversal account established in the Chart of Accounts (for this example, account number **960.00**), and crediting the desired equity account (for this example, account number **932.00**).

For credit unions which close periodically (transfer equity prior to year-end), most use a liability account that represents the transfer, typically 960.00. For example:

Description	G/L Accounts	Balance
YTD Income	Summary of accounts 100.00 through 499.99	1,440,599.97 (credit)
Transfers Against YTD Income	Balance in account 960.00	1,000,000.00 (debit)
Net Income	Summary of accounts 100.00 through 499.99, plus the balance of account 960.00.	440,599.97

Therefore, it is always possible to evaluate the YTD income of the credit union: a total of YTD transfers of equity and the current net income yet to be transferred.

YEAR END CLOSING: STEP BY STEP

Assuming that the above example was as of 12/31/2019, year-end entries would be processed using the following steps:

Step 1

Confirm that all income and expense G/L accounts are set to reverse at year end to the contra equity account (in our example, account **960.00**) and that no asset or liability accounts are accidentally set up to reverse at year end.

1. Print or view your chart of accounts and check the “END YEAR REV ACCT” column for the proper G/L account number.
2. Perform any necessary maintenance using **Tool #202 Chart of Accounts/Budget Groups Maint.**

Step 2

When your income statement is finalized for December 2019, transfer the appropriate Net Income to the desired equity account(s) through a manual journal entry.

HINT: For easier tracking, use the date you actually post as the JE ID number on the journal entry.

Session 0 CU*BASE GOLD Edition - ABC TESTING CREDIT UNION

File Edit Tools Help

Maintain Journal Entries

Jump to seq # Go! Corp ID 1 Effective posting date Dec 31, 2015 Using J/E ID DM Using J/E # 190125

Batch label Template

Seq	Br #	G/L Account #	Debit	Credit	Source #	Description
1	1	960.00	440,599.97	0.00		TRANSFER TO EQUITY
2	1	931.00	0.00	440,599.97		TRANSFER TO EQUITY
3			0.00	0.00		
4			0.00	0.00		
5			0.00	0.00		
6			0.00	0.00		
7			0.00	0.00		
8			0.00	0.00		

Records imported 0
Records in error 0

Debit 440,599.97
Credit 440,599.97
Net 0.00

SAMPLE ONLY: Be sure to adjust the debit/credit amount based on whether you are posting net income or net loss.

After posting this sample entry, the net amount between Net Income (100.00-499.99) and “Transfers Against YTD Income” (960.00) would be zero.



Steps 3, 4, 5 and 6 describe the process for closing your General Ledger. If you would like us to close your General Ledger for you, please contact Xtend SRS Bookkeeping at ext. 277. **This is recommended for clients that converted to CU*BASE during 2019.** We will determine a time for processing your G/L closing. No credit union personnel can be in any General Ledger tools during this time. SRS will notify you when the process is complete. Proceed to Step 7 when notified.

If you wish to close the G/L yourself, proceed to Step 3 below.

Step 3

Now you are ready to close your books for 2019. First, prepare the system to process year-end in the Chart of Accounts.

1. Select **Tool #202 Chart of Accounts/Budget Groups Maint.**
2. Enter the *Corporate ID* and press Enter. The following screen will appear:

Session 0 CU*BASE GOLD Edition - Chart of Accounts Maintenance

File Edit Tools Help

Chart of Accounts Maintenance

Corp ID
Corporation name **ABC CREDIT UNION**

Address Information

Address line 1 **9999 ELM ST** County **COUNTYNAME**
Address line 2 **PO BOX 1** Phone # **555 5555555**
City **ANY CITY** Web URL **WWW.CREDITUNIONWEBSITE.ORG**
State **MI**
ZIP code **49546 0000**

J/E Processing & Posting Features

Fiscal ending month **12** Current process month and year **Dec 2019** [MMYY]
Check reconciliation G/L account **745.15**

New Member Processing

☒ Current processing month/year is equal to period 13 Y/E

☒ G/L check processing - Auto-post J/E after processing

Check distribution bank ID **CI** Location **01** Account **745.15**
Money order distribution bank ID **M1** Location **01** Account **745.16**
Entry corporate change fund ID **TR** Location **01** Account **739.00**
Year end closing G/L account Location **01** Account **960.00**

Suspend
New Company
Delete

Navigation icons: Back, Forward, Up, Down, Home, Print, Help, etc.

FR (20/4) 9/25/14

3. Ensure that the following fields are set with the correct parameters:

Field Name	Correct Parameter
Current process year/month	Dec 2019
Fiscal ending month	12
Current processing period is equal to the 13th Y/E closing period	<input checked="" type="checkbox"/> (checked) This ensures that the system creates the thirteenth period journal entries during the month/year-end closing procedures.

Step 4

Now you are ready to run year-end processing using the same end of month processing feature you use to close the books each month. However, because of the settings used in Chart of Accounts maintenance, the system will also be performing year-end entries.

IMPORTANT: Before proceeding, be sure that no one is using the General Ledger system. If someone else is using the system while you are processing month-end, the program will encounter an error message. Contact CU*Answers if this occurs.

1. Select **Tool #360 End of Month Processing**. The following screen will appear:

Session 0 CU*BASE GOLD Edition - End of Month Processing

Report Options Response

Corp ID (2 digits) **01** Optional

☒ If last fiscal period, generate end-of-year entries Optional

Wait until specified time to begin (HHMMSS) Optional

☒ Reorganize G/L history file also Optional

Navigation icons: Back, Forward, Up, Down, Home, Print, Help, etc.

FR (4507)

2. Ensure that the following fields are set with the correct parameters, then use Enter to proceed.

Field Name	Correct Parameter
Corp ID	01 (or the appropriate corporation ID#)
If last fiscal period, generate end-of-year entries	<input checked="" type="checkbox"/> (checked)
Wait until specified time to begin	(Leave blank)
Reorganize G/L history file	<input checked="" type="checkbox"/> (checked)

Step 5

During the previous step, the system will have created a year-end journal entry. Now you are ready to review and post that entry. As part of month-end processing, the system set the processing date for the General Ledger forward to Jan 2020. Normally, the system would not allow you to post an entry for Dec 2019. However, the system is sophisticated enough to recognize the year-end journal entry and will allow you to post it without adjusting the current process year/month.

1. Using the “Create/Post Journal Entries” command, review the system-generated journal entry. The entry will be unposted with a JEID of “ZZ” and dated 12/31/19. Using a 12/31/19 Income Statement for comparison, verify that the information is correct on the system entry.
2. Post the system journal entry.

Step 6

Confirm all totals against your financials.

1. First, print or view an income statement listing 12/31/19 pre-closing compared to post-closing. When setting up the financial report configuration, use the following as a guide:

Current period begin Jan 2019 [MMYY]
Current period end Dec 2019 [MMYY]

Col	Type	- Or -	Begin [MMYY]	End [MMYY]	Year-End	%	Begin +/-	End +/-	Math +/-	% Value
1	N/A		Jan 2019	Dec 2019						
2	N/A		Jan 2019	Dec 2019	<input checked="" type="checkbox"/>					
3	N/A		0000	0000						
4	N/A		0000	0000						

Sample Display Report

Description	PERIOD 1/19-12/19	PERIOD 1/19-12/19
111-35 INT INCOME - RECREATIONAL VEHI	904,817.14-	.00
111-36 INT INCOME - CLASSIC LOC	9,898.43-	.00
111-37 INT INCOME - BUS REAL ESTATE F	18,426.03	.00
111-38 INT INCOME - SBA LOAN	8,763.90-	.00
111-39 INT INCOME - GOODMONEY PAYDAY	1,923.49-	.00
111-40 INT INCOME - OVERDRAFT PROTECT	96,477.94-	.00
111-41 INTEREST ON GOLD LOC PARTICIPA	406.00	.00
111-42 INT INCOME - HOME EQUITY TC	20,188.02-	.00
111-43 RD MORTGAGE INTEREST INCOME	29,166.58-	.00
111-44 INT INCOME - FIXED RATE MORT 1	194,299.96-	.00
111-45 INT INCOME - FIXED RATE MORT 5	267,214.38-	.00
111-46 INT INCOME - FIXED RATE MORT 5	664,619.36-	.00
111-47 INT INCOME - FIXED RATE MORT 1	45,507.90-	.00
111-48 INT INCOME - FIXED RATE MORT 1	99,874.06-	.00

2. Verify each column's totals. Using the above configuration, Column 1 should represent 2019 YTD figures. Column 2 should be all zeros because it includes the year-end closing batch.

Step 7

If you use the CU*BASE Investments subsidiary system to track investments, the following steps are used to zero out year-to-date income figures from the investments subsidiary ledger. This prevents YTD income from accumulating over multiple years, making it difficult to separate investment income for the year from income over the life of the investment. This feature lets you close the previous year's investment income from the subsidiary ledger much the same as the system automatically does in your General Ledger during the year-end closing process.

After posting any final adjustments to your investment income for 2019, use the following steps to purge year-to-date income from the subsidiary ledger:

1. **Tool #764 Reset YTD Investment Income Tracking**

2. Enter the year for which YTD income should be purged (i.e., 2019) and press Enter.

The system will clear YTD figures from all investments for the year specified and automatically generate the following report showing that each investment was reset:

1/08/20 10:59.48		***** CU*BASE TEST CREDIT UNION ***** Cleared YTD Investment Income for 2019			PCYTDI	Page 1
Invs ID	Description	Orig. YTD Inc.	2019 YTD Inc.	New YTD Inc.		
BKOFNY	BANK OF NEW YORK	5,129.78-	4,729.22-	400.56-		
BKRTS	BANKERS TRUST CO	10,738.53-	9,900.01-	838.52-		
FHLBHC	FHLB FLOATING RATE	985.70-	935.02-	50.68-		
FLEET	FLEET NATIONAL BANK	6,996.00-	5,989.50-	1,006.50-		
CUANSW	CU*ANSWERS STOCK	8,635.56-	7,676.06-	959.50-		
CUANS2	CU*ANSWERS DEBENTURE	6,117.29-	5,622.09-	495.20-		
TOTAL INVESTMENTS		6				

If your credit union has never cleared investment income YTD totals before, you may need to repeat this process for all previous years for which investment activity exists. To make the report the most meaningful, we recommend starting at your first year of activity and working forward to 2019.

***HINT:** To view investment income YTD amounts, print an investment Trial Balance (**Tool #408 Investment Trial Balance Report**). The YTD Income amount is listed as the figure farthest to the right. Next, look at the income history (**Tool #993 INV 1: Work With CU Investments**, then F12-View Status) and add the amounts posted in 2019. The amounts should match. If the amount on the Trial Balance is higher, add the figures for 2018. If these figures are included you need to close both 2018 and 2019.*

IMPORTANT: This step should be done only after you have posted your final income adjustments for the year, and before posting any 2020 income activity or reporting a January month-end analysis. Investment activity records are not affected by this process, only the YTD figures used in reporting and inquiry. Remember, also, that this affects your investments subsidiary ledger only, not the G/L.

VERIFYING THE IRA BALANCE FILE

DEADLINE: Periodically throughout the year, esp. prior to December statements

FINAL VERIFICATION DEADLINES: (Ascensus- and Self-Administered):

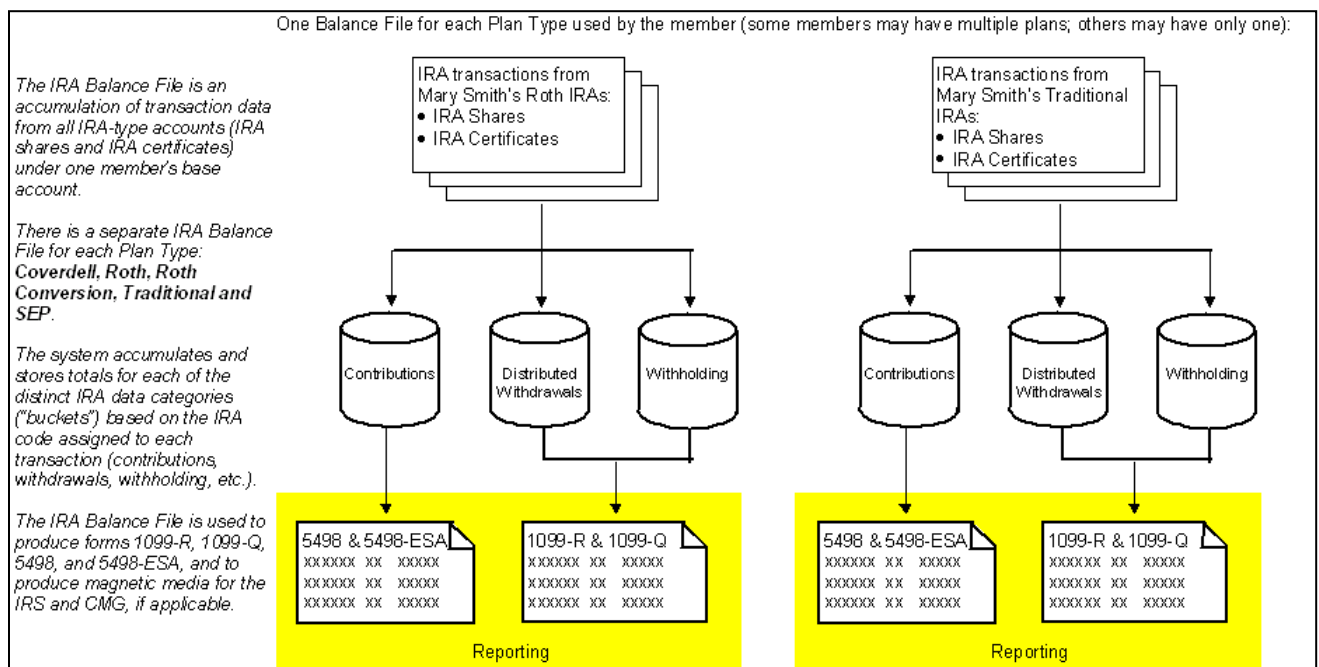
Verify distribution (1099) data by January 6;

Verify Coverdell contribution (5498-ESA) data by July 30*

Verify contribution data (5498) by July 30

*** Due to current events, Ascensus has provided a FAQ sheet for reference. You can view the FAQ by [using this link](#).**

The IRA Balance File contains IRA totals by base account. This is an ongoing file which is updated as transactions are posted to IRA accounts. Unlike the tax file, which is generated from member account files, the IRA balance file is an active file that is affected by each IRA transaction.



This data should be verified on a regular basis (at least monthly) throughout the year, to compare your paperwork against what is recorded in your CU*BASE files, and to make sure the IRA balance file is in synch with your member records. **Remember that since Fair Market Value and other details for IRAs are printed on the year-end statement** (see Pages 45 and 42) **you should verify data during December before statements are produced.** In January, then, you will just need to do one final verification to make sure everything is in place before forms are processed.

To review and verify the data in the IRA Balance File, run the report **Tool #942 Verify IRA Balances Report**. This option produces two reports. See the following page for a sample of both reports:

Tool #942 Verify IRA Balances Report – Report 1

The first report compares the totals of the members' IRA transactions by IRA Plan Type and Code to the IRA reporting "buckets" in the IRA Balance File, and shows those situations where these two totals do not match, broken down by Plan Type.

9/05/19 8:14.03	CU*BASE TEST CREDIT UNION IRA VERIFICATION REPORT FOR 2019 TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON				LIRAVR	PAGE 1
PLAN TYPE: EDUCATIONAL						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
5801564	ZACHARY J ANYBODY	OTHER W/D	10.00	65.00	55.00-	
5801564	ZACHARY J ANYBODY	PREV YEAR DEP	1,422.84	.00	1,422.84	
5801564	ZACHARY J ANYBODY	DIVIDENDS PAID	97.09	855.84	758.75-	
PLAN TYPE: ROTH						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
5357163	FRANCIS P AMEMBERSMA	CURR YEAR DEP	350.00	.00	350.00	
5357163	FRANCIS P AMEMBERSMA	OTHER W/D	10.00	65.00	55.00-	
5357163	FRANCIS P AMEMBERSMA	DIVIDENDS PAID	110.18	971.27	861.09-	
PLAN TYPE: SEP						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
527472	DONALD C TESTPERSON	DIVIDENDS PAID	26.94	210.35	183.41-	
527472	DONALD C TESTPERSON	DISTRIBUTED W/D	165.00	1,405.00	1,240.00-	
PLAN TYPE: TRADITION						
ACCOUNT NO.	MEMBER NAME	IRA BUCKET	TRANS TOTAL	IRA BAL TOTAL	NET DIF	
318453	KENNETH W MEMBER	NO IRABL RECORD			.00	
325678	CLIFTON E SAMPLE	CURR YEAR DEP	5,000.00	1,000.00	4,000.00	
426352	ARLENE D SAMPLE	CURR YEAR DEP	5,000.00	1,000.00	4,000.00	
429113	PATRICIA J SOMEBODY	NO IRABL RECORD			.00	

Tool #942 Verify IRA Balances Report – Report 2

The second report lists members that show withdrawals flagged as death distributions, compared to the beneficiary distribution records that record which beneficiary received the funds.

11/08/19 13:33.46	TEST CREDIT UNION				LIRAVR3	PAGE
RUN ON 11/08/19	IRA VERIFICATION REPORT FOR 2019					
	BENEFICIARY DISTRIBUTIONS COMPARISON					USER DAWNM
PLAN TYPE: TRADITIONAL						
***** IRA BALANCE FILE DATA *****			***** DISTRIBUTIONS TO BENEFICIARIES *****			
ACCT NO.	MEMBER NAME	DEATH DIST TTL	SSN/TIN	BEFECIARY NAME	DIST AMOUNT	
9	TEST A MEMBER	1.00		**** No Beneficiary ****	.00	* MISMATCH
35	EDWARD G PERSON	4,201.70		**** No Beneficiary ****	.00	* MISMATCH
82	DARRELL H TESTING	125.00	384-80-9999	CHERYL A SOMEBODY	130.00	
					130.00	* MISMATCH
15361	KATHY L ANYBODY	5,028.74	112-12-9999	JOHN A ANYBODY	4,028.74	
			386-83-9999	SUSAN I ANYBODY	1,000.00	
					5,028.74	
END OF REPORT						

Review each record on both reports and determine what, if any, maintenance needs to be performed.

- **Tool #918 Update Trans Desc & IRA/HSA Post Codes**

This option lets you modify the code that was assigned to a transaction, thus correcting both the member's transaction history as well as updating the respective IRA Balance File buckets.

- **Tool #896 Update IRA Balance Information**

This method simply changes the totals in the IRA Balance File buckets,

without altering transaction data. This method is especially helpful for handling closed accounts, where transaction data can no longer be altered.

- **Tool #897 Update IRA Beneficiary Information > F15-Distributions**
If you see any records marked * MISMATCH on the second report, you will need to maintain the records showing death distributions that were made to beneficiaries. Refer to the “IRA Processing with CU*BASE” booklet for instructions.

***IMPORTANT NOTE:** If you do **Federal/State withholding** for any members, remember that you can record this on the beneficiary distribution records as well.*

Once all maintenance has been performed, the report can be run again to provide another comparison to ensure your changes are accurate.

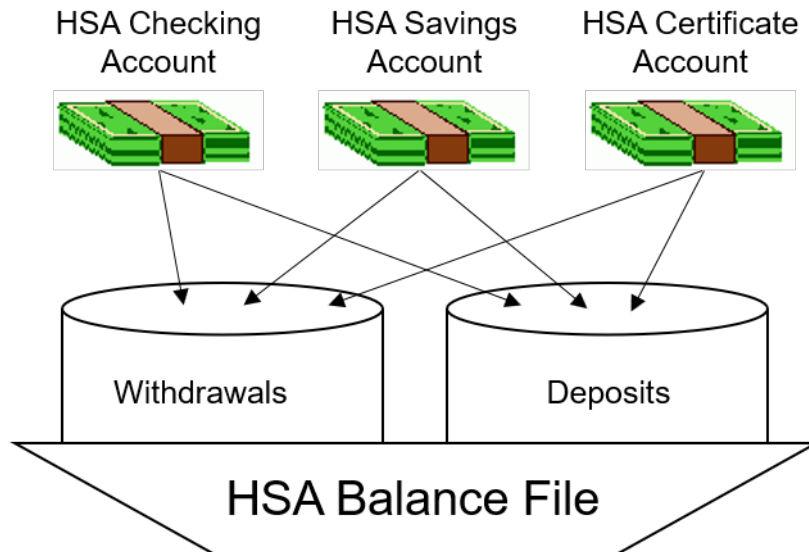
Special Note to Credit Unions Converted During 2019 - If your credit union converted to the CU*BASE platform during 2019, it may not have been possible to determine amounts to populate the IRA “buckets” from your old data processing system. Therefore, the IRA verification reports may not take into account a full year’s worth of activity.

Remember that whatever is shown in the IRA Balance File is what will be reported for the member, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance File. Contact a CU*BASE Client Service Representative for assistance verifying your IRA Balance File figures.

VERIFYING THE HSA BALANCE FILE

DEADLINE: Periodically throughout the year, esp. prior to December statements
FINAL VERIFICATION DEADLINES: (Ascensus- and Self-Administered):
Verify distribution (1099) data by January 6;
Verify contribution data (5498) by July 31

The HSA Balance File contains HSA totals by base account. This is an ongoing file which is updated as transactions are posted to HSA share and checking accounts. Unlike the tax file, which is generated from member account files, the HSA balance file is an active file that is affected by each HSA transaction.



Deposits and withdrawals on all HSA savings, checking, and certificate accounts are summarized in a single HSA balance file record under each account base. Balance file totals are updated immediately whenever a transaction is posted to a member account.

This data should be verified on a regular basis (at least monthly) throughout the year, to compare your paperwork against what is recorded in your CU*BASE files, and to make sure the HSA balance file is in synch with your member records. **Remember that since Fair Market Value for HSAs is printed on the year-end statement** (see the sample on Page 42), **you should verify data during December before statements are produced.** In January, then, you will just need to do one final verification to make sure everything is in place before forms are processed. Just like IRAs, whatever is shown in the HSA Balance File is what will be reported for the member, even if it does not match transaction history.

To review and verify the data in the HSA Balance File, run the report **Tool #941 Verify HSA Balances Report**. This report is used to compare the totals of the members' HSA transactions to the reporting "buckets" in the HSA Balance File. The report shows those situations where these two totals do not match and corrections are needed.

Tool #941 Verify HSA Balances Report

9/18/19 17:30.52		CU*BASE TEST CREDIT UNION			LHSAVR	PAGE 1
		HSA VERIFICATION REPORT FOR 2019				USER MARYV
		TRANSACTION TOTALS / IRA BALANCE TOTALS COMPARISON				
ACCOUNT NO.	MEMBER NAME	HSA BUCKET	TRANS TOTAL	HSA BAL TOTAL	NET DIF	
444	SUSAN TESTER	DIVIDENDS PAID	342.68	341.00	1.68	
2638	WILLIAM L TELL	Invalid Post Code:	367.00	.00	367.00	
2638	WILLIAM L TELL	Invalid Post Code:	367.00	.00	367.00	
2638	WILLIAM L TELL	Invalid Post Code:	1,539.00	.00	1,539.00	
2638	WILLIAM L TELL	Invalid Post Code:	1,539.00	.00	1,539.00	
15020	MERRY CHRISTMAS	Invalid Post Code:	3,068.20	.00	3,068.20	
15020	MERRY CHRISTMAS	Invalid Post Code:	34,247.23	.00	34,247.23	
15020	MERRY CHRISTMAS	Invalid Post Code:	10,000.00	.00	10,000.00	
15020	MERRY CHRISTMAS	Invalid Post Code:	3,068.20	.00	3,068.20	
15020	MERRY CHRISTMAS	Invalid Post Code:	34,247.23	.00	34,247.23	
15020	MERRY CHRISTMAS	Invalid Post Code:	10,000.00	.00	10,000.00	
20974	HARLEY PERSON	Invalid Post Code:	348.02	.00	348.02	
20974	HARLEY PERSON	Invalid Post Code:	348.02	.00	348.02	
20974	HARLEY PERSON	Invalid Post Code:	750.88	.00	750.88	

Review each record on the report and determine what, if any, maintenance needs to be performed. Once all maintenance has been performed, the report can be run again to provide another comparison to ensure your changes are accurate. The data can be changed through two methods:

1) Tool #918 Update Trans Desc & IRA/HSA Post Codes

This option lets you modify the code that was assigned to a transaction, thus correcting both the member's transaction history as well as updating the respective HSA Balance File buckets.

2) Tool #893 Update HSA Balance Information

This method simply changes the totals in the HSA Balance File buckets, without altering transaction data. This method is especially helpful for handling closed accounts, where transaction data can no longer be altered.

Keep in mind that the following data must be entered manually into the HSA Balance File as applicable, via **Tool #893 Update HSA Balance Information**:

- Fair Market at Death
- Dividends on Excess Contributions

Special Note to Credit Unions Converted During 2019 - If your credit union converted to the CU*BASE platform during 2019, it may not have been possible to determine amounts to populate the HSA "buckets" from your old data processing system. Therefore, the HSA verification reports may not take into account a full year's worth of activity. **Remember that whatever is shown in the HSA Balance File is what will be reported for the member**, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance File. Contact a CU*BASE Client Service Representative for assistance verifying your HSA Balance File figures.

Due to current events, Ascensus has provided a FAQ sheet for reference. You can view the FAQ by [using this link](#).

VERIFYING THE TAX FILE & PRINTING THE 1099/1098 TAX INFO REPORT

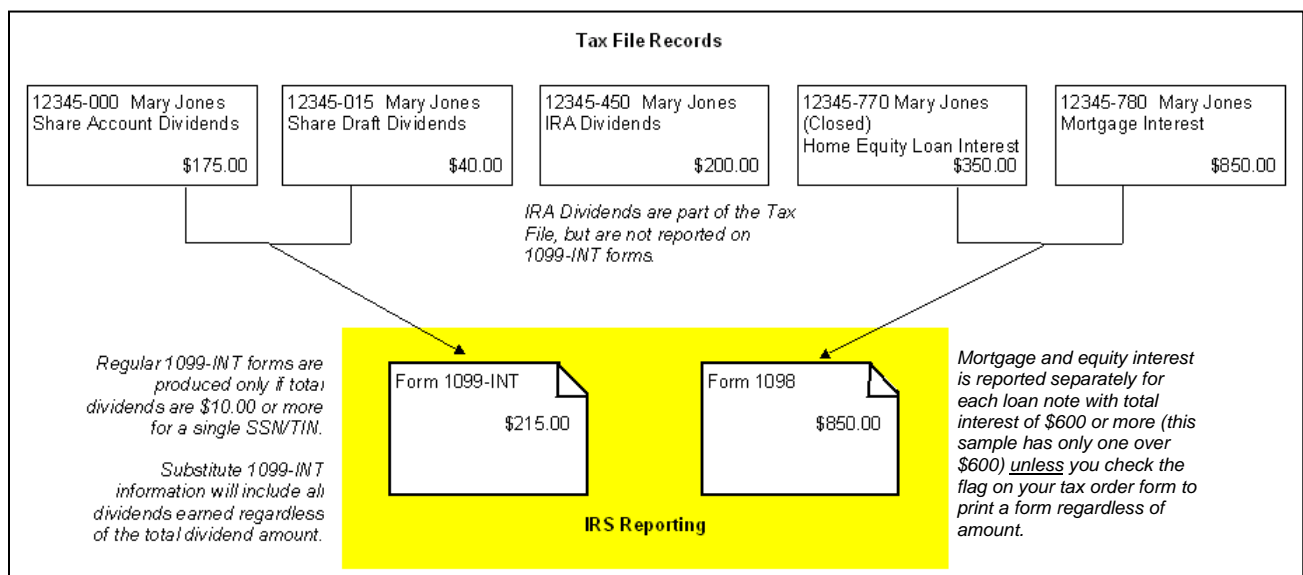
DEADLINE: Verification/adjustments prior to printing - Before January 6
Verification/adjustments prior to reporting - Before March 9

During Beginning-of-Year processing, the system automatically creates the yearly Tax File for each member. This Tax File contains an accumulation of dividends earned, interest paid, and miscellaneous items such as savings bonds and mortgage points paid.

There is one Tax File record for each account held by a member. For example, let's say a credit union has an average of 2.1 accounts per member. This 10,000-member credit union will create a tax file of about 21,000 records, including open (MEMBERx) and closed (ACHISTx) accounts.

The Tax File contains summary IRS information for each year the account has been on the system. This summary information includes:

- 1) Year-to-date totals for dividends
- 2) Savings bonds interest
- 3) Backup withholding
- 4) Loan interest
- 5) CD penalties
- 6) Mortgage points



Your credit union is responsible for reviewing the accuracy of the data that will be used to produce forms and report to the IRS. This can best be done by generating two tax information reports after January 1, 2020:

1099/1098 Tax Information Report (Tool #1014)

Session 0 CU*BASE GOLD Edition - ABC CREDIT UNION

File Edit Tools Help

List Tax File Information

Report Options	Response
Month/year to process	Jan 2020 [MMYY]
IRS year	2019
Report type	<input checked="" type="radio"/> Detail <input type="radio"/> Summary
<input checked="" type="checkbox"/> Job queue Copies 1 Printer CSRXX	
Optional	
<input checked="" type="checkbox"/> Print 1099-INT information Sort by <input type="radio"/> Account <input checked="" type="radio"/> TIN	
<input checked="" type="checkbox"/> Print 1098 information Sort by <input type="radio"/> Account <input checked="" type="radio"/> TIN	
<input checked="" type="checkbox"/> Print 1099-R information Sort by <input type="radio"/> Account <input checked="" type="radio"/> TIN	
<input checked="" type="checkbox"/> Print 1099-SA information Sort by <input type="radio"/> Account <input checked="" type="radio"/> TIN	
Print for corp ID specified	00
Taxpayer ID	

Check this box if you also want to generate the 1099-R (IRA Distributions) and 1099-Q (Coverdell IRA) information reports.

Check this box if you want to generate the 1099-SA (HSA Distributions) information report.

With this option, five separate reports can be generated: one for 1099-INT information, one for 1098 information (will also include 1098-E student loans), one for 1099-R (IRA Distribution) and 1099-Q (Coverdell IRA), and one for 1099-SA (HSA Distribution) information. (NOTE: Both the 1099-R and 1099-Q reports are controlled by the same flag on the screen.) *Be patient; the Detail version of these reports can take a few moments to generate.*

10/06/19 17:05.44		BETA TESTING CREDIT UNION						LTAX1	PAGE 1
RUN ON 10/06/19		1099-INT INFORMATION BY TIN							USER DAWNM
		FOR IRS TAX YEAR 2019							
ACCOUNT	CL	TAX ID	Y-T-D	BACKUP	CD	SAVINGS			
NUMBER	MT NAME	NUMBER	DIVIDEND	WITHOLDING	PENALTY	BONDS	MESSAGE		
557947 000 00	JOHN Q MEMBER	999-70-3124	10.79	.00	.00	.00			
001 00			.00	.00	.00	.00			
TOTAL FOR TIN ****			10.79	.00	.00	.00	REPORTABLE 1099-INT		
553793 000 00	SARA A DEMEMBER	999-75-7182	9.07	.00	.00	.00			
001 00			.00	.00	.00	.00			
015 00			22.64 *	.00 *	.00 *	.00	IRA - NOT IN TOTAL		
TOTAL FOR TIN ****			9.07	.00	.00	.00			

10/06/19 17:02.01		BETA TESTING CREDIT UNION						LTAX2	PAGE 1
RUN ON 10/06/19		1098 INFORMATION BY ACCOUNT							USER DAWNM
		FOR IRS TAX YEAR 2019							
ACCOUNT	CL	TAX ID	Y-T-D	POINTS	REIMBURSE	MORTGAGE			
NUMBER	MT NAME	NUMBER	INTEREST	PAID	OVERPAID	INS PREM	MESSAGE		
85 846 00	ALBERT PERSON	999-37-5540	8.53	.00	.00	.00	Interest UNDER \$60		
192 846 00	DAWN VANMEMBER	999-33-4419	2569.49	.00	.00	.00	REPORTABLE 1098 I		
299 705 00	WALLACE A TESTING	999-34-2039	5755.63	.00	.00	.00	REPORTABLE 1098 I		

10/06/19 17:07.39		BETA TESTING CREDIT UNION						LTAXR	PAGE 1
RUN ON 10/06/19		1099-R INFORMATION BY TIN							USER DAWNM
		FOR YEAR 2019							
ACCOUNT	PLAN	TAX ID	(1) GROSS	(2) TAXABLE	(4) FED INCOME	(10) ST INCOME	(7) DIST.		
NUMBER	TYPE NAME	NUMBER	DISTRIBUTION	AMOUNT	TAX WITHHELD	TAX WITHHELD	CODE		
35 T	EDWARD I TESTING	999-24-9479	4201.70	4201.70			4		
18925 T	ANNE A SOMEBODY	999-44-2239	1130.78	1130.78	113.08		7		
403259 R	CHRISTY A PERSON	999-42-5488	125.00	.00			J		
R			258.00	.00			T		
** IRA INFORMATION		COUNT							
01 - PREMATURE WITHDRAWAL		20	85824.00	85824.00	8740.41	.00			
02 - PREMATURE WITH EXCEPTION		2	10414.28	10414.28	.00	.00			

10/06/19 17:07.40		BETA TESTING CREDIT UNION		LTAXR1	PAGE 1
RUN ON 10/06/19		1099-Q INFORMATION BY TIN		USER DAWNM	
		FOR YEAR 2019			
ACCOUNT PLAN		TAX ID	(1) GROSS		
NUMBER TYPE NAME		NUMBER	DISTRIBUTION		
30646 E	EMILY E MEMBER	999-04-7289	597.65		
9650 E	AARON R SOMEONE	999-04-5269	700.00		
24454 E	JANE L TESTING	999-23-9229	570.66		
** ESA INFORMATION		COUNT			
PREMATURE WITHDRAWAL		3	2216.76		
PREMATURE WITH EXCEPTION		0	.00		

10/06/19 17:05.44		BETA TESTING CREDIT UNION				LTAXSA	PAGE 1
RUN ON 10/06/19		1099-SA INFORMATION BY TIN				USER DAWNM	
		FOR IRS TAX YEAR 2019					
ACCOUNT		TAX ID	GROSS	EARNINGS ON	DIST	FMV ON	
NUMBER	NAME	NUMBER	DISTRIBUTION	EXCESS CONTR	CODE	DATE OF	DEATH
557947	JOHN Q MEMBER	999-70-4563	1620.79	.00	1	.00	
557947	JANE J PERSON	999-70-3124	84.20	.00	1	.00	
557947	JUNE B TESTER	999-70-9950	9960.78	.00	1	.00	
557947	ADAM P DUDEBO	999-70-3824	620.42	.00	1	.00	
Totals:							
Summary Totals:							
1-	Normal Distribution	70247.28					
2-	Excess Contribution	150.00					
3-	Disability	.00					
4-	Death Dist - Not 6	.00					
5-	Prohibited Trans	.00					
6-	Death Dist After EOY	.00					

1099-A,C, Misc Information Report (Tool #1013)

You can choose whether to print all reports or just individual reports for 1099-A, 1099-C, or 1099-MISC data. On the 1099-MISC report, an asterisk * will appear next to any vendors that do not have a Tax ID # and therefore will not be reported to the IRS.

10/06/19 13:53.00		BETA TESTING CREDIT UNION					LTAX1099	Page 1
RUN ON 10/06/19		1099-A TAX INFORMATION RECORDS					USER DAWNM	
		2019						
ACCOUNT	ACQUISITION	BAL OUTSTANDING	GROSS	APPRAISAL	LIABLE	PROPERTY		
BASE	DATE	PRINCIPAL	FORECLOSURE	VALUE FOR DEBT		DESCRIPTION		
111111111	5/16/17	3,542.41	.00	2,000.00	N	TESTING		
END OF REPORT								

10/06/19 13:53.00 RUN ON 10/06/19	BETA TESTING CREDIT UNION 1099-C TAX INFORMATION RECORDS 2019						LTAX1099	Page 1 USER DAWNM
ACCOUNT BASE	DEBT DATE	DEBT AMOUNT	DEBT INTEREST	DEBT PENALTIES	DEBT DESCRIPTION #1	DEBT DESCRIPTION #2	DEBT Y/N	FAIR MARKET VALUE
111111111	4/16/17	5,000.00	675.00	.00	TEST DESCRIPTION		N	4,000.00
END OF REPORT								

10/06/19 13:53.00	BETA TESTING CREDIT UNION						LTAX1099	Page 1	
RUN ON 10/06/19	1099-M TAX INFORMATION RECORDS							USER DAWNM	
	2019								
ACCOUNT/ VEND NO	RENTS	ROYALTIES	OTHER INCOME	FED W/H	FISHING PROCEEDS	MEDICAL /HEALTH	NONEMP COMP	SUB PYMT IN LIEU OF	DIR. SALES >= \$5000
123456789	10000.00	.00	.00	.00	.00	.00	.00	.00	N
* = Vendor has no tax id number. Vendors without tax id numbers do not get reported to IRS.									
END OF REPORT									

In addition to scanning data for obvious errors (unusually large dividend or interest amounts, for example), look for situations where there are two loan accounts for the same member, where both represent equity loans tied to the same property (may indicate a rewritten loan; see Page 27 for more information on combining YTD interest amounts from both loans).

MAKING CORRECTIONS

You can review and update your credit union's tax file (refer to the instructions on Page 30) at any time up until printed forms are produced. Once forms have been created, tax file updates can still be performed until the CU*Answers deadline of **March 16** for submitting data to the IRS.

If an update is done after the form has been sent to the member, but prior to creating the IRS file, a corrected paper form should be sent to the member. If an update is done after the form has been sent to the member and the data sent to the IRS, a corrected paper return should be prepared by your credit union and sent to both the member and the IRS. **Don't forget to take into account ALL of the accounts under the member's SSN/TIN!**

IMPORTANT: If you printed **substitute 1099-INTs** on your year-end member statements, if you need to make any adjustments to the tax file for 1099-INT information after December 31, you must also manually create a corrected paper form (include all accounts under that member's SSN/TIN) to be sent to the member.

FORM 1099-R/1099-SA

INSTRUCTIONS: ASCENSUS-

ADMINISTERED

DEADLINE: Will be reported to Ascensus after January 6

If your credit union's IRA and/or HSA programs are administered by Ascensus, you can choose to have us report 1099-R distribution data (for HSAs and for non-education IRAs) to Ascensus during January.

NOTE: 1099-Q information (Coverdell Education IRAs) cannot be submitted to Ascensus via a file.

Before CU*Answers reports to Ascensus, your credit union must perform a final verification of IRA distribution data. Use **Tool #1014 1099/1098 Tax Information Report** and select the *Print 1099-R information and Print 1099-SA Information* option. If the information shown on these reports is incorrect, you may either change the appropriate IRA Code associated with the transaction (**Tool #918 Update Trans Desc & IRA/HSA Post Codes**) or update the IRA Balance File (**Tool #896 Update IRA Balance Information**). See Pages 52 and 55 for additional instructions.

Before CU*Answers reports to Ascensus, your credit union must also perform a final verification of HSA distribution data. Use **Tool #941 Verify HSA Balances Report** to review the information. If the information shown on this report is incorrect, you may either change to the appropriate HSA Code associated with the transaction via **Tool #918 Update Trans Desc & IRA/HSA Post Codes** or update the HSA Balance File via **Tool #893 Update HSA Balance Information**. See Pages 52 and 55 for additional instructions.

Remember that **it is your responsibility to contact Ascensus** and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it, and will charge you a fee if they have to make special correction arrangements after the fact!

This is especially important for credit unions with special situations, such as a credit union with multiple TIN information, as forms can have multiple reporting IDs, but are sent with only one ID per CU. In this case, if you receive a call from Ascensus stating your file is missing, please ask Ascensus to look for the data by credit union name or provide Ascensus with your secondary file ID. Once Ascensus locates the data, you must authorize Ascensus to process using the master ID number.

FORM 5498/5498-SA/5498-ESA

INSTRUCTIONS: ASCENSUS-

ADMINISTERED

Final Changes to IRA Balance File (Coverdell, 5498-ESA) between April 15 and April 20
Verify IRA and HSA (non-coverdell) contribution data (5498) by July 31
5498-ESA Forms to Members by April 30; All Other 5498 Forms to Members by August 31
All 5498 reporting to IRS by August 31

Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2019. Form 5498-SA is used to report HSA plan contributions.

Before CU*Answers reports to Ascensus, your credit union must perform a final verification of IRA contribution data. Use **Tool #413 IRA Govt. Report/5498**. If the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction or update the IRA Balance File. See Pages 52 and 55 for additional instructions.

Before CU*Answers reports to Ascensus, your credit union must also perform a final verification of HSA contribution data. Use **Tool #398 HSA Govt. Report/5498**. If the information shown on this report is incorrect, you may either change the appropriate HSA Code associated with the transaction or update the HSA Balance File. See Pages 52 and 55 for additional instructions.

Remember that **it is your responsibility to contact Ascensus** and tell them exactly how and what data will be reported to them this year, even if CU*Answers is sending the data for you. Ascensus will ignore data we send unless they have instructions from you on what to do with it and will charge you a fee if they have to make special correction arrangements after the fact!

This is especially important for credit unions with special situations, such as a credit union with multiple TIN information, as forms can have multiple reporting IDs, but are sent with only one ID per CU. In this case, if you receive a call from Ascensus stating your file is missing, please ask Ascensus to look for the data by credit union name or provide Ascensus with your secondary file ID. Once Ascensus locates the data, you must authorize Ascensus to process using the master ID number.

Members have until July 15, 2020 to make contributions for 2019. **Final adjustments to the IRA and HSA Balance Files must be done before July 30, 2020**, in time for CU*Answers to submit the data to Ascensus by their deadlines. (IRA 5498-ESA forms must be to members by **April 30**; all other 5498 forms must be to members by **August 31**.)

*NOTE: If your credit union reports to Ascensus via paper, CU*Answers will not be reporting to Ascensus for you. You will still need to verify IRA and HSA balance information.*

Due to current events, Ascensus has provided a FAQ sheet for reference. You can view the FAQ by [using this link](#).

FORM 5498/5498-SA/5498-ESA

INSTRUCTIONS: SELF-ADMINISTERED

Final Changes to IRA Balance File (Coverdell, 5498-ESA) between April 15 and April 20
Verify IRA and HSA (non-Coverdell) contribution data (5498) by July 30
CU*Answers Will Submit 5498-ESA Forms to Members by April 30
CU*Answers Will Submit All Other 5498 Forms to Members and all data to IRS by August 31

Forms 5498 and 5498-ESA (Coverdell) are used to report IRA plan contributions. These forms will also include Rollover IRA Contributions and Fair Market Value as of December 31, 2019. Form 5498-SA is used to report HSA plan contributions.

Before CU*Answers generates the 5498 forms, your credit union must perform a final verification of IRA contribution data. Use **Tool #413 IRA Govt. Report/5498**. If the information shown on this report is incorrect, you may either change the appropriate IRA Code associated with the transaction or update the IRA Balance File. See Pages 52 and 55 for additional instructions.

Before CU*Answers generates the 5498 forms, your credit union must also perform a final verification of HSA contribution data. Use **Tool #398 HSA Govt. Report/5498**. If the information shown on this report is incorrect, you may either change the appropriate HSA Code associated with the transaction or update the HSA Balance File. See Pages 52 and 55 for additional instructions.

Members have until **July 15, 2020** to make contributions for 2019. **Final adjustments to the IRA and HSA Balance Files must be done before July 30, 2020**. CU*Answers will print and mail the forms directly to your members and report to the IRS. (IRA 5498-ESA forms must be to members by **April 30**; all other 5498 forms must be to members and to the IRS by **August 31**.)

HOW MANY TAX FILES WERE SENT TO THE IRS?

Each year, CU*Answers receives this question from credit unions who are researching for both their own benefit, as well as at the behest of auditors.

The reports that list total tax form numbers are P1099x, P1098x, and P5498x. These reports are sent to CU*Spy when the tax files are submitted to the IRS, bundled with the reports for that day (verify the date the files are submitted via the CU*Answers Alerts website, where a notification is posted). Please note that these reports are also sent to the in-house eDOC server, if that applies to your credit union.

If the P1099x and P1098x reports are no longer in CU*Spy, you may need to review your archive CD of March reports. The P5498x reports will be on the May reports CD.

Additionally, the Tax CD (see page 11 for pricing details) contains the LTAXx reports, as well as the LGVIRA and LGVHSA reports to assist in determining the number of tax forms submitted to the IRS.

USING SMART OPERATOR TO REVIEW TAX FILE TRANSMISSIONS

Questions about when CU*Answers completed a specific tax file transmission? **Tool #822 Smart Operator: Daily Ops Log** will now contain information as it relates to data center tax processing. Simply access the tool and use the Process Lookup button to select one of the process codes below to view processing date and time information for the following tax processes:

PROCESS CODE	PROCESS DESCRIPTION
ASCFMVCRT	Ascensus FMV file created
ASCDSTCRT	Ascensus Distrib file created
ASCCONCRT	Ascensus Contrib file created
VND1099CRT	1099/1098 Print file created
VND5498CRT	5498 Print file created
IRSMISCCRT	1099MISC IRS file created
IRS1099CRT	1099/1098 IRS file created
IRS5498CRT	5498 IRS file created