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# 2019 Year-End Processing Guide

For Self-Processing Credit Unions

## 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.

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.

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

## 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 Task Checklist shown on Page 7. 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](http://www.cuanswers.com/client_reference.php)  
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## CONTENTS

WHAT'S NEW FOR 2019?	4
YEAR-END TRAINING INFORMATION	4
IMPORTANT YEARLY REMINDERS	5
2019 TASKS AND DEADLINES	7
SUMMARY OF 2019 TAX FORMS	11
2019 TAX FORMS PRICING	12
USING MEMBER STATEMENTS AS SUBSTITUTE 1099-INTs	13
PRINTING COSTS	13
POINTS TO REMEMBER	14
MODIFYING STATEMENT MESSAGES FOR USE WITH SUBSTITUTE 1099-INTs	16
SPECIAL INSTRUCTIONS FOR CUs OFFERING E-STATEMENTS	17
BONUS DIVIDENDS / LOAN INTEREST REBATES	20
VIEWING MEMBER TAX DOCUMENTS IN IT'S ME 27	21
ORDERING AUDITOR ENVELOPES FOR STATEMENTS	22
SETTING 2020 HOLIDAYS	23
VERIFYING STATE ID #	24
VERIFYING LOAN CATEGORIES FOR 1098 REPORTING	25
LOAN CATEGORY CONFIGURATION REPORT	26
SPECIAL NOTE: 1098 REPORTING FOR REWRITTEN LOANS	26
SPECIAL NOTE: COLLATERAL ON 1098 MORTGAGE LOAN FORMS	28
UPDATING TAX FILE DATA	30
UPDATING 1099-INT AND 1098 DATA IN THE TAX FILE	30
UPDATING OTHER 1099 FORM DATA	32
UPDATING SAVINGS BOND INFORMATION	34
VERIFYING SHARES AND CERTIFICATES FOR 1099-INT REPORTING	35
VERIFYING SHARE DIVIDEND APPLICATIONS	35
VERIFYING CERTIFICATE TYPE CONFIGURATION	36
VERIFY YOUR CREDIT UNION'S ACCOUNT	37
VERIFYING A/P VENDORS FOR 1099-MISC REPORTING	38
MONTH-END VERIFICATIONS	41
SPECIAL NOTES FOR DECEMBER MONTH-END	41
IF YOUR RATES WILL CHANGE AT YEAR-END	41
MONTHLY STATEMENT VERIFICATIONS	42
SPECIAL NOTES FOR DECEMBER (YEAR-END) STATEMENTS	42
ANNUAL STATEMENT PREPARATION	43
STATEMENT MESSAGES/INSTRUCTIONS (SAGE DIRECT ONLY)	43
PREPARING THE ANNUAL STATEMENT CONFIGURATION	44
REMOVING ANNUAL INSTRUCTIONS FOR THE NEXT QUARTERLY STATEMENT RUN	46

AUTOMATED END-OF-YEAR PROCESSING	48
PRIOR TO YOUR SCHEDULED YEAR END PROCESSING DATE	49
RUN YEAR-END (DECEMBER) STATEMENTS	49
BEGINNING-OF-YEAR/TAX FILE VERIFICATION REPORTS	50
END-OF-YEAR VERIFICATION CHECKLIST	51
REPORTING FAIR MARKET VALUE FOR IRAS TO MEMBERS AND THE IRS	52
ASCENSUS-ADMINISTERED	52
SELF-ADMINISTERED	52
ANNUAL UPDATES OF IRA AND HSA BALANCE FILE LIMITS	54
IRA BALANCE FILE LIMITS	54
HSA BALANCE FILE LIMITS	54
GENERAL LEDGER YEAR-END CLOSING INSTRUCTIONS	56
YEAR END CLOSING: STEP BY STEP	57
VERIFYING THE IRA BALANCE FILE	62
VERIFYING THE HSA BALANCE FILE	65
VERIFYING THE TAX FILE & PRINTING THE 1099/1098 TAX INFO REPORT	67
MAKING CORRECTIONS	70
SUBMITTING DATA TO A VENDOR FOR PRINTING FORMS	71
1099/1098 FORMS	71
5498 FORMS	73
DOWNLOADING TAX DATA TO YOUR IN-HOUSE EDOC SERVER	75
DOWNLOADING TAX DATA FOR CU*ARCHIVES	76
FORM 1099-R/1099-SA INSTRUCTIONS: ASCENSUS-ADMINISTERED	77
TO CREATE THE 1099 DATA FILE TO BE SUBMITTED TO ASCENSUS	77
SUBMITTING 1099/1098 TAX DATA TO THE IRS	79
TO CREATE THE 1099/1098 IRS FILE TO BE SUBMITTED TO THE IRS	79
SUBMITTING 1099-MISC TAX DATA TO THE IRS	81
TO CREATE THE 1099-MISC IRS FILE TO BE SUBMITTED TO THE IRS	81
FORM 5498/5498-SA/5498-ESA INSTRUCTIONS: ASCENSUS-ADMINISTERED	83
TO CREATE THE 5498 DATA FILE TO BE SUBMITTED TO ASCENSUS	83
FORM 5498/5498-SA/5498-ESA INSTRUCTIONS: SELF-ADMINISTERED	86
PRINTING 5498 FORMS	86
REPORTING 5498 DATA TO THE IRS	86
HOW MANY TAX FILES WERE SENT TO THE IRS?	88
TAX FORMS ARCHIVAL INSTRUCTION FORM	89

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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. **If you have a third-party vendor, it is your responsibility to contact them!**

### 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>

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# 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!
- Not new, but a reminder that End of Year processing has gone Robot! The process of running year end has been automated for your credit union. There are still tax deadlines, verifications, and steps to complete, however, many tasks are included in one job that runs on the last business day for your credit union prior to year-end. See Page 48 for complete details.
- 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 5, that means that your task must be completed *before* 8:00 p.m. ET on November 5.
- 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 62 and 65 for more details.
- As a reminder, credit unions using Sage Direct for printing of 1099/1098 and 5498 forms will be required to **send the file directly to Sage**. See Pages 71 and 73.
- CU\*Answers will not be supporting the postponed contribution code from Form 5498B, IRA contribution Information.
- 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**.
- The "Send 1098 Tax Form" flag on mortgage loan category will determine whether or not a tax form is generated. It is crucial that you verify your loan categories prior to year-end! See page 25 for more information.
- 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). See Page 81

- Remember these tips when 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 28 for more details and a sample form.
- We have updated the tax files used in combined state filing to use the primary address in order to capture the correct state tax ID. **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.
- 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.**
- State ID # is now included on the 1099-INT, 1099-MISC, and 1099-R for those forms that are reporting Withholding information. Please verify that your State ID is configured in **Tool #202 Chart of Accounts/Budget Groups Maint.** See Page 24 for more details.
- When generating 1099-INT/substitute 1099-INT forms, we will now ignore the "Report dividends to IRS" flag on IRA and HSA products.
- 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.
- **If your statement print vendor is not Sage Direct,** call your vendor to verify whether they can process substitute 1099-INT forms.
- If your **IRA or HSA 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. Ascensus will ignore data in the file you 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!
- 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](https://cuanswers.com/wp-content/uploads/Producing1042STaxForms.pdf)

# 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	
<b>Monthly IRA/HSA verification:</b> verify/maintain IRA & HSA Balance File 5498 contribution data, including IRA death distributions to beneficiaries. <b>See Pages:</b> 62 & 65 & 83	
Complete and verify additional tasks in the <a href="https://www.cuanswers.com/wp-content/uploads/MonthEndProcessingVerifications.pdf">Monthly Verifications</a> booklet. <a href="https://www.cuanswers.com/wp-content/uploads/MonthEndProcessingVerifications.pdf">https://www.cuanswers.com/wp-content/uploads/MonthEndProcessingVerifications.pdf</a>	
<b>Statement verification:</b> Complete monthly statement verification on the first of each month after you have generated statements. <b>See Page:</b> 42	

November		
Due Date	Task	Page
<b>November 8</b>	Notify CU*Answers if you plan to print substitute 1099-INT forms on statements	13
	Complete and return the “ <b>Tax Forms Archive Instructions</b> ” form to indicate how your tax forms should be handled	12
	Verify how your credit union’s IRA/HSA plans are administered (Self-administered, Ascensus- or other third party-administered) and make printing plans	12
Anytime in November		
	Verify State ID # in Chart of Accounts for reporting on 1099	24
	Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting	38
	Verify Share and Certificate configurations to ensure proper 1099-INT reporting; check settings on the credit union account	35
	Verify Equity Loan categories to ensure proper 1098 reporting	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	23
	Perform verification checklist during November EOM processing	41

December		
Due Date	Task	Page
<b>December 6</b>	Order special envelopes for Auditor member account verification mailing <i>(if necessary; Sage Direct only)</i>	22
	Prepare Annual Statement configuration	44
	Modify statement messages/instructions <i>(Sage Direct only)</i>	43
	Clear statement messages for December statements <i>(if using substitute 1099-INTs)</i>	16
	Modify December e-statement notification message <i>(if using substitute 1099-INTs)</i>	18
<b>December 27</b>	Statement inserts due <i>(Sage Direct only)</i>	43
	Enter mortgage points paid and other 1098 data into the Tax File	30
<b>Last Business Day Before Year-End</b>	Run End-of-Year Processing	48
	<b>Perform verification checklist before/after EOY processing</b>	41 & 51

January		
Due Date	Task	Page
<b>January 2</b>	Review Beginning-of-Year/Tax File Verification Reports	50
<b>January 6</b>	<i>Final</i> verification of IRA Balance File data (distributions only for all IRA plan types, including death distributions to beneficiaries) and HSA Balance File data	62 & 65
	Verify Tax File and make adjustments where necessary	67
	Verify 1099-MISC amounts for Accounts Payable Vendors	38
	Run Tax Information Reports and move to DAILYxx or MONTHxx if you want these reports archived	67
<b>January 10</b>	Ascensus-Administered: Submit Fair Market Value and distribution (1099) information to Ascensus	52 & 77
	Ascensus-Administered: Submit 1099-R and 1099-SA file to Ascensus.	77



<b>January 10</b>	Deadline for submitting file to Sage for printing 1099/1098 forms <i>(if Sage is printing your tax forms)</i>	71
<b>January 20</b>	Deadline for downloading tax forms for CU*Archives	71
<b>January 31</b>	Deadline for furnishing 1099 and 1098 forms to members, <b>and 1099-MISC forms to the IRS</b>	79 & 81
	Final adjustments to the Tax File	67
<b><i>Anytime in January</i></b>		
Close the General Ledger for 2019. This must be completed prior to reporting January YTD figures!		56

<b>March</b>		
<b>Due Date</b>	<b>Task</b>	<b>Page</b>
<b>March 31</b>	Deadline for submitting 1099 and 1098 information to IRS <i>(exception: 1099-MISC, now submitted in January)</i>	79
<b><i>Anytime in March</i></b>		
Remove Annual statement instructions from the Quarterly statement configuration <i>(before running March statements on April 1)</i>		46

<b>April</b>		
<b>Due Date</b>	<b>Task</b>	<b>Page</b>
<b>April 20</b>	<i>Final</i> verification of Coverdell contribution (5498) data in IRA/HSA Balance Files; make modifications where necessary	62 & 65 & 83
	Deadline for submitting file to Sage Direct for printing 5498-ESA forms <i>(if Sage Direct is printing your forms)</i>	71
<b>April 23</b>	Ascensus-Administered: Submit 5498-ESA (contribution) data to Ascensus	83
<b>April 30</b>	Deadline for submitting 5498-ESA (Coverdell contribution) forms to members	83 & 86

<b>July and August</b>		
<b>Due Date</b>	<b>Task</b>	<b>Page</b>
<b>July 15</b>	<b>Tax Day</b>	
<b>August 7</b>	Ascensus-Administered: Submit 5498 and 5498-SA data to Ascensus	83
<b>August 14</b>	Deadline for submitting file to Sage Direct for printing 5498 and 5498-SA forms <i>(if Sage Direct is printing your forms)</i>	71
<b>August 31</b>	Deadline for furnishing 5498 and 5494-SA forms to members and submitting 5498 (contribution) data to IRS	83 & 86
<b>END</b>		

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# 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 <sup>1</sup>	January 31	March 31
1098-E	Student Loan Interest Statement <sup>2</sup>	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 <sup>3</sup>	January 31	March 31
1099-MISC	Miscellaneous Income <sup>4</sup>	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 <sup>5</sup>	April 30	August 31
5498-SA	HSA Contributions <sup>5</sup>	August 31	August 31
5498	IRA Contributions <sup>5</sup>	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: <b><a href="http://www.irs.gov">www.irs.gov</a></b>
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<sup>1</sup>Will be sent to member only if over \$600. If you wish to send 1098 forms (and report to the IRS) even for amounts under \$600, please check the appropriate box on the Tax Forms order form (see Page 89). There will be a flag to check when creating the file for printing forms (see Page 71) or when printing your own forms (see Page 79) as well as when reporting to the IRS (see Page 79).

<sup>2</sup>See Page 12 for more information.

<sup>3</sup>Sent to member only if over \$10.

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

<sup>5</sup>Since 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 89.

# 2019 TAX FORMS PRICING

DEADLINE: November 8

If you choose, Sage Direct can laser print your tax forms according to the pricing listed below. Ongoing CASS certification and efficient mail handling processes help to keep postage rates low. **Please contact Sage Direct for more information.**

*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](http://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 Sage Direct
1098, 5498, and 1099-INT <sup>1</sup>	\$ 35.00 per 100 plus actual postage <sup>3</sup>
1098-E <sup>2</sup> 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 <sup>3</sup>

## 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" <sup>4</sup>	Billed at actual cost (in the past has been \$0.04 ea.)

## Archived Forms on CD-ROM

New 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.

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

<sup>2</sup>1098-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 25).

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

<sup>4</sup> 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.

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# USING MEMBER STATEMENTS AS SUBSTITUTE 1099-INTs

DEADLINE: Notify CU\*Answers if you wish to print substitute 1099-INTs by November 8  
Modification of Statement Messages - Before December statements are run

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 on-line 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:

$$\$2,892.00 \text{ (forms)} - \$2,200.00 \text{ (statements)} = \textbf{\$692.00 savings}$$

See Page 47 for a sample year-end statement which includes 1099-INT information. Note that the boldface type and type of data included is according to the IRS rules governing these substitute forms.

## 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 12 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](http://www.irs.gov).

To specify that you wish to use your statements as substitute 1099-INTs, check the appropriate box on your Tax Forms Order Form. See Page 89.

## 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				

Choose code QT for your quarterly statement instructions (or choose whatever code you've designated as your format for annual statements).

### Screen 2

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)*

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

File Edit Tools Help

## Member Connect Message Maintenance

Jump To

Corp ID ☐ (Blank = all, 99 = generic)

Message type ☐ Message subject

Message type

Msg Type	Corp ID	Message Subject	First Line of Text
DM	01	Calling all Smart Phones	Did you know a branch of your Credit Union
SL	01		
SP	01	We Look Forward to Hearing From You	Taking the opportunity to speak with
TX	01	Your Year End Tax Information	This message is to alert you that a
Z6	01	It's Me 247 Online Banking	It's Me 247 Online Banking has a ne
ZH	01	Financial Security with Your CU	Financial institutions are being bo
ZQ	01	Go Mobile with Text Banking!	Do you want to enjoy the convenien
ZS	01	Easy Pay New Features	We are pleased to provide three new
ZT	01	EasyPay eBill Notification	We're working hard to make online b
ZU	01	Visit our Member Investment Center!	The Credit Union offers
01	01	Don't Get Scanned	Recently an alert Credit
02	01	Bill Pay - A Great Service To Use!	Bill Pay is one of Cred
03	01	Improvements Coming To Our Bill Pay	To make it even easier for you to p
04	01	ATM at M-46 & Portsmouth Now Availa	The ATM Inside JB Partstore (forme

☐ Change
 ☐ Send
 ☐ Copy
 ☐ Delete
 ☐ View

**i** IMPORTANT: Be sure your email provider is aware of the volume of emails you may receive, and does not misinterpret your email traffic as "spam."

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

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!

Instructions for creating the Query and sending the message are available in the booklet, "Marketing Campaigns with Member Connect" (available on our web site or through CU\*BASE GOLD Online Help).

## 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](http://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) 3/24/14

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](http://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 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](http://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.)

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# BONUS DIVIDENDS / LOAN INTEREST REBATES

DEADLINE: Notify CU\*Answers by November 8

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.

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## 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/](https://store.cuanswers.com/product/member-tax-statements/) or contact the Imaging Solutions team at [imaging@cuanswers.com](mailto:imaging@cuanswers.com) to review pricing and sign up before the December 31, 2019 deadline.**



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# 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; we do not recommend you change your return address in CU*BASE for a special statement run. Remember, that address is also used by many other CU*BASE features!
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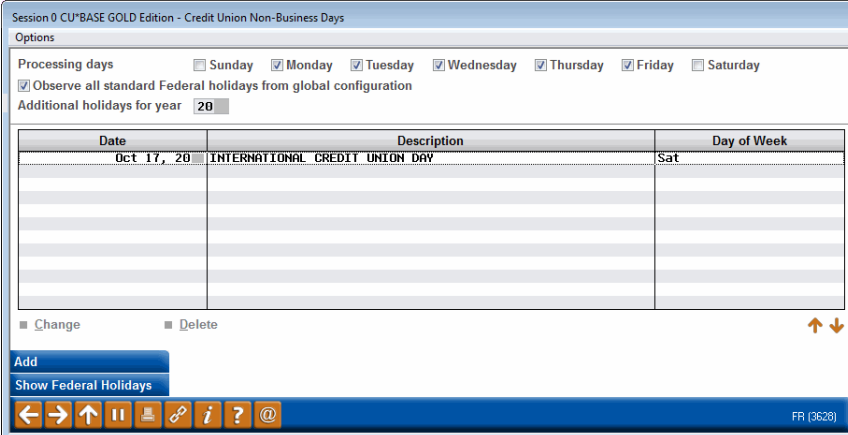
# SETTING 2020 HOLIDAYS

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 (see \*NOTE below) 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

Change Delete

Add

Show Federal Holidays

FR (3628)

For instructions on updating this screen, 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.**

\*NOTE: The standard Federal holidays are stored in the FEDHOL file. CU\*Answers updates this file for our online credit unions once each year in October. To assist self-processors, we pass on a copy of this file every time we do a CU\*BASE release for self-processors, so that you do not have to worry about updating the list yourself.

# 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 #.

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

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**

- ☐ Use corp # for first three digits
- ☒ Generate account #s If 'Y', last account used 000079949 Increment by 001
- ☒ Allow member #s over six digits
- ☐ Use multiple corporate processing
- Regular share dividend application SH
- ☒ Use centralized checking/money orders

**New Company**

Navigation icons: back, forward, up, down, print, link, info, help, search

FR (2075)



# VERIFYING LOAN CATEGORIES FOR 1098 REPORTING

DEADLINE: Before December 31

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). 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 26 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 elect 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. See the footnote on Page 11.

## 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		Payment Matrix Priorities	
Loan category	701.11	Fine amount	4
Interest earned	111.22	Principal	3
Accrued interest	751.10	Misc. G/L	0
Insurance rebate		Over payment indicator	PRN
		Miscellaneous G/L account	
		Miscellaneous	
Loan category for write-offs	99		

Additional Information

☒ Send 1098 tax form

Maximum loan disbursement 600,000

Mortgage Loans

☒ Allow tax-escrow accounts

Skip

End Update

Payment Controls

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

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

NOTE: 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.

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
		Range method - use division factor of:	100.00
Use note number control:	N	and pay per factor:	1.30
Allow stock to secure loan:	N	Percent method - pay % of balance:	.000 %
Use lease residual in payoff:	N	Fixed method - # of payments:	0
Student loan after-payout category:		Minimum pmt amt (all methods/except tiers):	25.00
GENERAL LEDGER INTERFACE			
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			
Fine Amount:	1	E	.00 .00 .000 .00
Principal:	3	F	.00 .00 .000 .00
Interest Due:	2	Update increased payments only: N	
Escrow:	0	Use Current or Last Disbursed balance: C	
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.** See the footnote on Page 11.

#### Update Account Information (Tool #20)

The screenshot shows the 'Account Information Update' window in CU\*BASE GOLD Edition. The window is divided into several sections for updating loan details. The 'Account # 705' is highlighted. The 'Loan category' is '46' and the 'Loan officer' is '01'. The 'Last maintenance date' is 'Jul 17, 2014' and the 'Current balance' is '69,344.66'. The 'Credit Reporting Information' section is expanded, showing fields for 'Tax escrow acct', 'Insurance exp', 'Original term', 'Remaining term', 'Original amount', and 'Rebate amount'. The 'Delinq fine date' is '00000000'. The 'Freeze' section shows 'Freeze 0 = All activity allowed'. The 'YTD interest paid' field is circled in red, showing a value of '1,790.07'. The 'Delinq fine amount' is '0.00'. The 'YTD interest paid' field is also circled in red. The 'YTD interest paid' field is also circled in red.

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)

Remove any amount shown in the *Y-T-D 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, 2017, 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!**

8181

☐ VOID☐ CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

OMB No. 1545-1380

**2019**Form **1098**

# **Mortgage Interest Statement**

**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.**

**11** Mortgage acquisition  
date

**1** Mortgage interest received from payer(s)/borrower(s)  
\$

**2** Outstanding mortgage  
principal  
\$

**3** Mortgage origination date

**4** Refund of overpaid  
interest  
\$

**5** Mortgage insurance  
premiums  
\$

**6** Points paid on purchase of principal residence  
\$

**7** ☐ 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.

**8** Address or description of property securing mortgage (see  
instructions)

PAYER'S/BORROWER'S name

Street address (including apt. no.)

City or town, state or province, country, and ZIP or foreign postal code

**9** Number of properties securing the  
mortgage

**10** Other

Account number (see instructions)

Included on the form is the  
number of mortgaged  
properties.

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

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**

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# UPDATING TAX FILE DATA

Deadline: By December 31 (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 form (see Page 89).

## 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 67 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

The screenshot shows the 'Member Tax File' form for a Share Account. The account number is -000, and the member name is JOHN G MEMBER. The SSN/TIN is [REDACTED]. The account type is SH SHARE ACCOUNT, and it is marked as Reportable. The IRS year is 2014. The Corp ID is 01, ABC CREDIT UNION. The Year-to-date dividends are 0.00, and the Annual backup withholding is 0.00.

### Certificates

The screenshot shows the 'Member Tax File' form for a Certificate Account. The account number is -300, and the member name is WILLIAM. The SSN/TIN is [REDACTED]. The account type is CD CERTIFICATE ACCOUNT, and it is marked as Reportable. The IRS year is 2014. The Corp ID is 01, ABC CREDIT UNION. The Year-to-date dividends are 0.00, the Annual backup withholding is 0.00, and the CD penalties are 0.00.

### Regular Loans/LOCs/Online Credit Cards

The screenshot shows the 'Member Tax File' form for a Loan Account. The account number is -610, and the member name is JOHN G MEMBER. The SSN/TIN is [REDACTED]. The account type is LH LOAN ACCOUNT, and it is marked as Non-reportable. The IRS year is 2014. The Corp ID is 01, ABC CREDIT UNION. The Non-reportable loan interest is 0.00, and the Delinquent fines are 0.00. A 'Verification of Current Tax Reporting Status' box is also present, showing the status of the tax record, loan account, and 1098 flag.

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.

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

### Mortgage Loans

Use this screen to enter *Mortgage points paid*. This will be reported to the IRS and printed in box 6 on the 1098 form (assuming one is produced for this member).

Any amount in the *Mortgage insurance premium paid* will go to box 5 and *Property tax paid* goes to box 10 on the 1098 form (assuming one is produced for this member), and will be reported to the IRS. See page 28 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:   
 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:

Delete

Navigation icons: [Back] [Forward] [Up] [Down] [Print] [Link] [Info] [Help] [Exit]

FR (3020)

If we are printing your forms, 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:   
 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:   
☒ Borrower was personally liable for repayment of the debt  
 Identifiable event code: (refer to IRS instructions for valid codes)  
 Fair market value: 4,000.00

Delete

Navigation icons: [Back] [Forward] [Up] [Down] [Print] [Link] [Info] [Help] [Exit]

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:   
 Corp ID: 01 ABC CREDIT UNION

Rents	10,000.00	Sub payments in lieu of dividends or interest	0.00
Royalties	0.00	Crop insurance proceeds	0.00
Other income	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] [Link] [Info] [Help] [Exit]

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).

The screenshot shows the 'Savings Bond Redemption' form in the CU\*BASE GOLD application. The form is titled 'Session 0 CU\*BASE GOLD - ABC TESTING CREDIT UNION' and includes a menu bar with 'File', 'Edit', 'Tools', and 'Help'. The form fields are organized into several sections:

- Account Information:** Includes fields for 'Account', 'Tax ID #', 'Date' (set to 'Sep 25, 2014'), and 'Sequence #' (set to '02').
- Transaction Summary:** A table showing the following values:

Field	Value
Principal paid	0.00
Interest paid	0.00
Total payout	0.00
YTD Principal	100.00
YTD Interest	25.00
YTD Payout	125.00
- Member Information:** Includes fields for 'First name' (JOHN), 'Initial' (G), 'Last name' (MEHNER), 'Address' (123 MAIN STREET), 'City' (ANYCITY), 'State' (MI), and 'ZIP code' (49000).
- Buttons:** At the bottom left, there are buttons for 'Post', 'YTD Inquiry', and 'Delete'.
- Footer:** At the bottom right, there is a status bar with the text 'F01 (8130) 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 31

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 31, 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															LSYSDV			Page 1			
		DIVIDEND CONFIGURATION REPORT															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	Type	Div	Date	Div	Date	IRS	Acct#	GL	GL	GL	to	Earn	Pen	Plt	Pay	Rate	Split	Split	Eff	New	Eff
													Div	Cod	Div	Frq	Rate	Amount(>)	Rate	Date	Rate	Date	
-----																							
HOMETOWN C	SD	HC	S	8/09/15	9/01/15	Y	90207	34047	83107	2000.00	X	N	M				.05			6/01/15			
HSH CHECKI	SD	HS	S	8/09/15	9/01/15	Y	90205	34105	83105						N	M							
INT PLUS C	SD	IP	S	8/09/15	9/01/15	Y	90201	34045	83103				X	N	M		.05			7/01/12			
TRAD IRA S	IR	IR	S	8/09/15	9/01/15	N	90300	34170	83052						N	M	.10			6/01/12			
																		9999.99	.20	6/01/12			
																		24999.99	.30	6/01/12			
																		99999.99	.40	6/01/12			

Verify that all share  
Dividend Applications

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 TESTING CREDIT UNION

File Edit Tools Help

**Share Account Setup** Update

Dividend application: BU Corp ID: 01 ABC CREDIT UNION

**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

ATM surcharge rebate program code: ☐

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 Member Rate Maintenance on the "Management Processing/Dashboards" menu.

Suspend Save Skip Qualified Dividends ARU/Online Banking Checklist

ANR Scoring Debit Card Round Up

FT (2742) 9/25/14

**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

LCDCFG

User DAWNM

Page

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	PNLTY	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 1041-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 to adjust the flags:

Session 9 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
. Or .		Days		Premium penalty	131.00
Months	36	Penalty grace	10	Accrued dividend	830.20
				Dividend expense	340.50

Options: ☐ IRA CDs flag ☐ Add funds to CDs ☒ Report dividends to IRS  
 Laser certificate form: CD02

Renewal: Default renewal code: ☐ Manual ☒ Auto Renew ☐ Transfer to ☐ Check  
 Default renewal CD type: (blank - same CD type)  
☐ Allow member to change renewal code on existing account via online banking  
 Allow member to bump the current rate: 00 times during the CD term

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
		Rate	0.950
		Rate	1.050
		Rate	0.000
		Rate	0.000
		Rate	0.000
		Rate	0.000

Suspend  
 Skip  
 Delete  
 Checklist

FR (395) 9/25/14

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 verification 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** ☒ **X**

# VERIFYING A/P VENDORS FOR 1099-MISC REPORTING

DEADLINE: Verify settings before December 31  
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 31, 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**.)

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

File Edit Tools Help

**A/P Vendor Maintenance** CHANGE

Vendor # 1014 Tax ID # 000000000 TIN type EIN SSN

Company Information Accounting Misc.

Company name CU ANSWERS Customer #

Contact CSR TEAM

Phone # 800 3273470 Fax # 616 2855735

Email address

Vendor URL

Address 1 6000 20TH STREET SE

Address 2 SUITE 100

Address 3

City GRAND RAPIDS

State MI

ZIP code 49546 Foreign

Print Envelope

Update 1099 Misc for Prev Year

If you have voided an accounts payable check, use A/P Hist Maint to delete the corresponding transaction from vendor hist. If any changes were made to the vendor information on this screen, be sure to use Enter to save them first, then return and

Expense G/L (company) Suspend A/P Hist Maint Delete Corp Detail

Print Envelope

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.

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.

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.

The screenshot shows the 'A/P Vendor Maintenance' screen for Vendor # 1014. The 'Company Information' tab is active. Fields include Tax ID # (111111111), TIN type (selected as EIN), and SSN. The 'Accounting Misc.' section has checkboxes for 'Print contact name on check' (checked), 'Create a form 1099 year end' (checked), and 'Use contact for IRS' (unchecked). The 'Previous year 1099 amount' is 0.00. The 'Amount paid year to date' and 'Amount paid previous year' are both 0.00. A callout box points to the 'Update 1099 Misc for Prev Year' button, stating: 'After January 1, if needed, click this button to update the amount that should be reported on form 1099-MISC. See below for a sample of this screen.' Another callout points to the 'Print contact name on check' checkbox, stating: 'Check this flag if you've designated a Contact in the first tab and want their name to print on checks.' A third callout points to the 'Use contact for IRS' checkbox, stating: 'This flag must be checked prior to December 31 if you want to print 1099-MISC forms for this vendor.' A fourth callout points to the SSN field, stating: '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.' A fifth callout points to the Tax ID # field, stating: 'A Tax ID # is required if you will be printing a 1099-MISC form for this vendor.'

Create a form 1099-MISC year end	<p>This flag controls whether or not the <i>Amount Paid Year to Date</i> will be moved into the <i>Previous Year 1099-MISC Amount</i> field during end-of-year processing. <b>This must be checked if you want to print 1099-MISC forms for this vendor.</b></p> <p>If checked, a <i>Tax ID#</i> will be required for this vendor so that the forms can be printed properly.</p> <p>If left unchecked, at year end the system will not update the <i>Previous year 1099-MISC amount</i> field, and a form will not be generated.</p>
Previous year 1099-MISC amount	<p>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 <i>Create A Form 1099-MISC Year End</i> field was checked. Otherwise, the field will be zero.</p> <p>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.</p>

	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

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

FR 14779 9/25/14



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# 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.

*Remember that you **MUST** perform beginning-of-day and end-of-day processing on the first and last day of every month, regardless of whether your credit union is open on those days or not.*

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

## SPECIAL NOTES FOR DECEMBER MONTH-END

Additional tasks that pertain specifically to year-end processing are included in the verification checklist starting on Page 48.

Following Year-End processing, on the last business day before year end for your credit union, there are special verifications to complete. CU\*Answers will have verification and support teams on call throughout the end of the year to accommodate for differing credit union year end dates, and encourages you to complete the checklist beginning on Page 51.

## 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), as always 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.

*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 on 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.

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# MONTHLY STATEMENT VERIFICATIONS

DEADLINE: After November statements are generated on December 1  
After December/year-end statements are generated on January 1  
(And every month after statements are generated)

Statement Processing is one of the most important tasks your Operations team handles for your credit union's membership. Beyond just generating the statement files themselves and sending them off to your print vendor, you are also responsible for verifying that statement data is correct and that there were no issues when the data was compiled for inclusion on the statements.

Our Client Services statement verification team has years of experience verifying statements for 100+ credit unions every month. In this book you'll find a treasure trove of tips and techniques from this team, explaining what you should be doing every month to make sure that your most important member communication – your statements – are being produced correctly.

**And this is NOT just for year-end!** It is extremely important that you do not wait until your largest, most complex statement run (December 31) to try the verification routines for the first time.

Therefore, we'll soon be sending you some Query reports and related files so that you can run the same reports and inquiries that our team uses, as described in the guidebook. Once you're comfortable running through the verification routines on a couple of monthly statement runs, you'll be ready to tackle the big year-end run.

This is a critical step and one that should **never** be skipped! The idea here is to spot-check the data to ensure that everything looks right before anything is actually printed or delivered to your members.

**Refer to the separate Statement Verification Tasks booklet for complete instructions and a checklist of your responsibilities.** *(Watch your mail for this to arrive early in November, in plenty of time for you to use it on December 1<sup>st</sup> with your November statements.)*

## SPECIAL NOTES FOR DECEMBER (YEAR-END) STATEMENTS

Do NOT wait until year-end statements to do this verification process for the first time! Year-end statements have additional complexities and it is tremendously risky to attempt verification of those when you are not already familiar with the process on a more typical monthly run.

**IMPORTANT:** *Unless you have made special arrangements for us to verify your statements every month as a routine service, **CU\*Answers Statement Verification teams are not able to verify your year-end statements for you.***

# ANNUAL STATEMENT PREPARATION

## STATEMENT MESSAGES/INSTRUCTIONS (SAGE DIRECT ONLY)

**Nov:** Modify statement messages/instructions, print Control Report by November 8

Deliver statement inserts to Sage Direct by November 28

**Dec:** Modify statement messages/instructions, print Control Report by December 6

Deliver statement inserts to Sage Direct by December 27

If your statements are printed by Sage Direct, 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.

Description of Insert	Leftover Pieces	All or Selective	Count	Name
1 COURTESY REPLY ENVELOPE	Hold at printer	Selective		STMT01
2	N/A	All		STMT02
3	N/A	All		STMT03
4	N/A	N/A		STMT04
5	N/A	N/A		STMT05
Selective Insert				
6	N/A	Selective		STMT06

**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.

- ☐ Print the Control Report (OPER #6 Statement Processing > #7 Print Statement Control Report) and fax it to Sage Direct (fax # 616-940-3383) **no later than December 6, 2019.**
- ☐ 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.**

## PREPARING THE ANNUAL STATEMENT CONFIGURATION

DEADLINE: Before running December Statements

In order for annual statements to include appropriate year-end tax information, you must modify your normal quarterly statement code instructions.

OPER > #10 > #5 "Member Statement Config."

Screen 1

Session 0 CU\*BASE GOLD Edition

File Edit Tools Help

# Statement Formats

UPDATE

Statement format ID to add/maintain ☐ If adding a new format, copy all settings from Format ID ☐

Code	Description
CM	Credit Card Monthly Statement
MN	Monthly Statement
QT	Quarterly Statement

Code	Description

**i** Online credit unions are not able to access this screen except in a view-only mode. If you would like any of these settings for your credit union, contact a CU\*BASE Client Service Representative. Self-processing credit unions should also consult a Representative for advice before making changes to these settings.

**CU\*TIP:** Select the Statement type to work with and click Maintain to proceed.

CU\*BASE operator edition

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(This screen is accessed via OPER #10 Credit Union Configurations > #5 Member Statement Config.) Choose your normal quarterly statement code (such as "QT" or whatever format you've designated for your annual statements) and use Enter to proceed to the second screen.

### IMPORTANT REMINDER:

Don't forget that beginning-of-year processing **MUST** be run before generating your December statements!! See Page 48 for instructions.

## Screen 2

Place a checkmark in both of the *Proceed...* options at the bottom of the screen, then use Enter to proceed.

## Screen 3: Selection Criteria

Make sure that the selection criteria is set so that statements are generated for all accounts, regardless of activity. When done, use Enter to proceed to the final screen.

## Screen 4: Reporting Criteria

If your credit union has chosen to print 1099-INT information on member statements, place a checkmark in the *Print Substitute 1099-INT* field. You will also need to clear all statement messages using Update Statement Message/Inserts. See Pages 13-16 for more information.

**IMPORTANT:** *Whether or not you choose to use your statements for substitute 1099-INTs, your year-end statement will include the new annual summary of dividends earned/interest paid.*


## REMOVING ANNUAL INSTRUCTIONS FOR THE NEXT QUARTERLY STATEMENT RUN

If you are modifying your normal QT quarterly statement configuration for this mailing, be sure to return the settings back to their original configuration after year-end statements are completed and before the next quarterly run (March 31, 2020). If you printed substitute 1099-INT information on your year-end statements, you'll also need to set up any statement messages you wish to use for your March statements. (See Page 16 for instructions.)

**HINT:** *As a reminder, change the statement description to "Year-End Quarterly Statement" or something similar, then change it back to the original description when resetting all configuration options.*

# 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**

<b>Fair Market Value:</b>	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**

<b>Fair Market Value:</b>	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
<b>Total</b>		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
<b>Total</b>		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		<b>2019 Interest Income</b> <span style="float: right;">Copy B</span> Form 1099-INT <span style="float: right;">OMB No. 1545-0112</span> <span style="float: right;">For Recipient</span>	
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.			
<b>1 Interest Income</b> <div style="text-align: right;">\$322.61</div>	<b>2 Early withdrawal penalty</b> <div style="text-align: right;">\$0.00</div>	<b>3 Interest on U.S. Savings Bonds and Treas. obligations</b> <div style="text-align: right;">\$0.00</div>	<b>4 Federal income tax withheld</b> <div style="text-align: right;">\$0.00</div>

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 \*0\* 01 T1

---

# AUTOMATED END-OF-YEAR PROCESSING

DEADLINE: Last Business Day of the Year  
Complete Verification Checklist: When All EOY Processing Steps are Done  
DEADLINE: Review Tax File Verification reports by January 6

End-of-Year processing is an automated ROBOT process, much like the automated EOM process for self-processing credit unions. ROBOT will complete tasks depending on your last business day for the year. **There is no need to return any checklist or documentation to any verification teams,** as there are no stopping points during this automated process. Your End-of-Year processing date has been selected for you, based on your business days and holiday configuration.

Below are the automated processing steps anticipated for your credit union.  
**On Tuesday, December 31:**

**Cumberland County FCU, Harris County CU, Horizon Utah CU**

- End-of-Day for December 31
- End-of-month for December
- Beginning-of-year for 2020
- Beginning-of-day for January 1
- End-of-Day for January 1
- Beginning-of-Day for January 2

**Ripco CU and Prospera CU**

- End-of-Day for December 31
- End-of-month for December
- Beginning-of-year for 2020
- Beginning-of-day for January 1

**As usual, January 1:**

- Is not a FRB processing day.
- Statement processing will take place that morning.
- Snapshot processing will run following completion of EOD, EOM, BOY, and BOD.



## PRIOR TO YOUR SCHEDULED YEAR END PROCESSING DATE

- ☐ Perform any preparations needed to do your normal month-end verifications (i.e., run reports to verify accruals, dividend payments, fees and service charges, etc.). Refer to the separate “Month-End Processing Verifications” booklet for details.
- ☐ Update your HSA and IRA Limits for 2020 – this task is NOT a part of the ROBOT job and must be completed manually for your credit union before ROBOT is completed. See above for your last business day in order to determine your deadline to update your limits. See page 54 for more details.

**IMPORTANT REMINDER:** Even with automation, don’t forget that beginning-of-year processing **MUST** be run before generating your December statements!! See below for additional instructions.

## RUN YEAR-END (DECEMBER) STATEMENTS

- ◆ Year-end statements can be generated at any time after beginning-of day processing for **Wednesday, January 1**, has been completed, which will occur during the end of the automated process.
- ◆ As with every month, you should perform due diligence verifications on statements, paying special attention to things that are unique to year-end statements such as additional IRA information, dividend/interest summaries, and substitute 1099-INT information, if appropriate. See Page 42 for more details. Pay special attention to the **What’s New** section on Page 4 of this guide to determine if any special verifications need to be made.

## BEGINNING-OF-YEAR/TAX FILE VERIFICATION REPORTS

When Beginning-of-Year has been completed, a series of reports will be produced automatically. Use them as you perform the following year-end verifications:

<i>Report Name</i>	<i>Verification to Perform</i>	<i>Comments</i>	<i>Reports to use for Offages</i>
<b>PVEOYTAXF</b> Tax File Totals	<input type="checkbox"/> 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.
<b>PCRTAX1</b> Errors When Creating the Tax File	<input type="checkbox"/> 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.
<b>PCRTAX2</b> Tax Creation Account Summary		This report gives a summary of active and closed accounts that are in the tax file.	
<b>PVEOYTAXF2</b> 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.
<b>PVBOYFILE</b> Beginning of Year YTD Field Reset	<input type="checkbox"/> 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.	
<b>PVEOYTAXF1</b> IRA & HSA Balance Totals	<input type="checkbox"/> 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.
<b>PCRIBL</b> 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.
<b>PHSABL</b> 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 PVEOYTAXF1 report.

**REVIEW THESE REPORTS NO LATER THAN  
JANUARY 2, 2020 TO ENSURE YOU MEET ALL DEADLINES**

## END-OF-YEAR VERIFICATION CHECKLIST

Use this checklist before and after End-of-Year processing is run for your credit union.

### Verifications Completed Prior to Year-End

- ☐ Verify Loan Categories for the Equity Flag
- ☐ Verify Share and Certificate configurations for proper 1099-INT reporting
- ☐ Verify Accounts Payable Vendor settings to ensure proper 1099-MISC reporting
- ☐ Verify State ID # and State Abbreviation
- ☐ Verify Share Rate Changes (if any were scheduled)
- ☐ Verify Certificate Variable Rate Changes (scheduled)
- ☐ Verify Loan Variable Rate Changes (scheduled)

### Verifications Completed After to Year-End

*See the Month-End Verifications Booklet for instructions on these:*

- ☐ Share Dividend Posting
- ☐ Share Rate Changes (if any were scheduled)
- ☐ Custom Bonus Dividends
- ☐ Marketing Club Share Benefit Payments
- ☐ Certificate Dividends
- ☐ Certificate Variable Rate Changes (scheduled)
- ☐ Marketing Club Certificate Benefit Payments
- ☐ Loan Variable Rate Changes (scheduled)
- ☐ Custom Loan Interest Refunds
- ☐ Marketing Club Loan Benefits
- ☐ Monthly and Annual Service Charges and Bonus Refunds
- ☐ Dormancy Fees
- ☐ Deposit Item Fees
- ☐ Marketing Club Fees
- ☐ Bill Payment Fees
- ☐ Self Service Fees
- ☐ E-Statement Fees
- ☐ Safe Deposit Box Rental Fees
- ☐ No accounts show:
  - ☐ Negative YTD dividends (shares/CDs)
  - ☐ Negative YTD interest (loans)
  - ☐ Negative YTD penalties (CDs)
  - ☐ Negative YTD fines (loans)

*See further instructions within this guide for completing these tasks:*

- ☐ IRA Balance File Creation
- ☐ HSA Balance File Creation (*if applicable*)
- ☐ Tax File Creation (check the What's New section for additional items to verify)
- ☐ YTD Fields Cleared
- ☐ Accounts Payable Vendor 1099-MISC Information

---

# REPORTING FAIR MARKET VALUE FOR IRAS TO MEMBERS AND THE IRS

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

## ASCENSUS-ADMINISTERED

Fair Market Value for IRA 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, you will need to send a file with the information to Ascensus in January after final verification is complete.

Follow the steps on Page 83 to create the file. Ascensus will pull the needed information from the file (which will also include other IRA-related data) in order to report Fair Market Value for you. Remember that you will need to repeat this process again in April to report final 5498 information to Ascensus.

*Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections!*

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.

Your year-end statements will also include the following verbiage at the top of the HSA 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.

\*\*\*\*\* H. S. 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 (see Page 89).*

---

# ANNUAL UPDATES OF IRA AND HSA BALANCE FILE LIMITS

DEADLINE: Before your last business day of the year (before ROBOT runs)  
Updates to individual balance file records can be done any time in January

As part of EOY processing (see Page 48), 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.

**As a self-processing credit union, even with ROBOT EOY, you must manually update the default limits before ROBOT begins**, so that the correct limits are used when populating new 2020 balance file records. See below and also Page 48 for instructions.

## 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. You'll see this change for the first time when the 2019 IRA balance file records are created on January 1, 2019. 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 2020 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.

**New Limits for 2020:** As of publication time, we do not yet know whether the IRS will be changing deposit limits for 2020. We will send an update if/when new amounts are published, or visit **[www.irs.gov](http://www.irs.gov)**.

## 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 need to be set prior

to ROBOT 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 12/10:	\$139,990.60 (credit)
System Entry:	\$139,990.60 (debit)
YTD Post Closing Balance for 2010:	\$0.00

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

G/L Account:	262.00 Postage
YTD Balance as of Month-End 12/10:	\$4,389.60 (debit)
System Entry:	\$4,389.60 (credit)
YTD Post Closing Balance for 2010:	\$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:

<i>Description</i>	<i>G/L Accounts</i>	<i>Balance</i>
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 12/31/19, 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.*

**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.

### 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:

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

Field Name	Correct Parameter
Current process year/month	<b>Dec 2019</b>
Fiscal ending month	<b>12</b>
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
<input checked="" type="checkbox"/> If last fiscal period, generate end-of-year entries	Optional
Wait until specified time to begin (HHMMSS)	Optional
<input checked="" type="checkbox"/> Reorganize G/L history file also	Optional

Navigation icons: back, forward, up, down, print, save, help, search, 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” tool, 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 12/31/18 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. Select **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-		
PHLBHC	PHLB 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 2019. 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

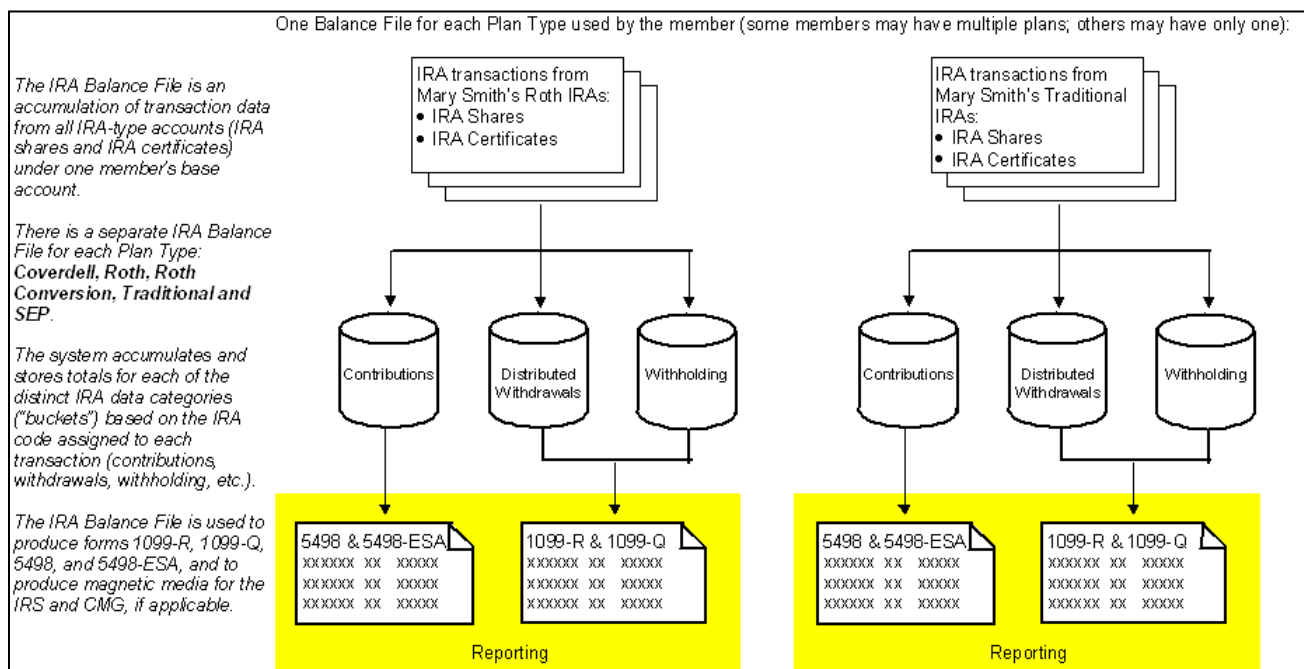
FINAL VERIFICATION DEADLINES: (Ascensus- and Self-Administered):

Verify distribution (1099) data by January 6;

Verify Coverdell contribution (5498-ESA) data between April 15 and April 20

Verify contribution data (5498) by May 4

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 52 & 47), **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 from **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 DAWN
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.

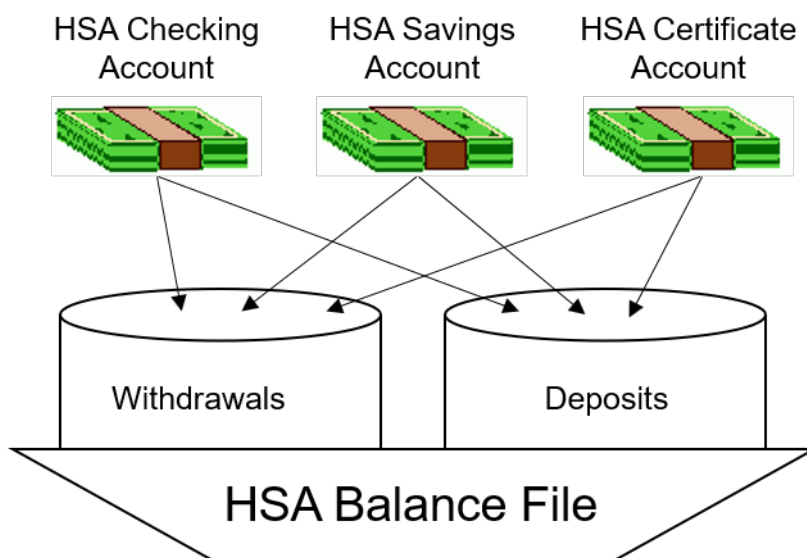
**Remember that whatever is shown in the IRA Balance File is what will be reported for the member**, even if it does not match transaction history. If complete transaction history was not converted from your previous platform, you will need to include previous history records when verifying the Balance 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 May 4

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 47), **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 from **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.

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

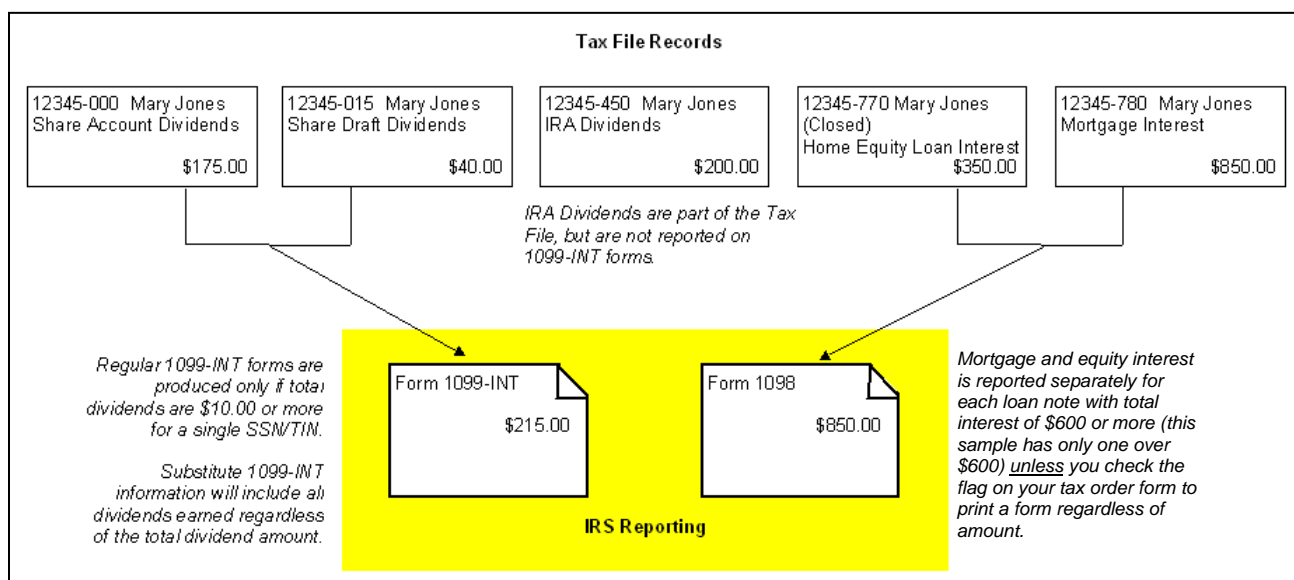
**DEADLINE:** Verification/Adjustments - By January 6 if CU\*Answers is printing your forms  
Final Print/Fiche of Tax Report - After all adjustments are made to the Tax File

During Beginning-of-Year processing (see Page 48), 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:

- Year-to-date totals for dividends
- Backup withholding
- CD penalties
- Savings bonds interest
- Loan interest
- 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**  
Month/year to process: Jan 2020 [MMYY]  
IRS year: 2019  
Report type: ☒ Detail ☐ Summary

☒ Job queue  
Copies: 1  
Printer: CSRXX

---

**Optional**

☒ Print 1099-INT information  
Sort by: ☐ Account ☒ TIN

☒ Print 1098 information  
Sort by: ☐ Account ☒ TIN

☒ Print 1099-R information  
Sort by: ☐ Account ☒ TIN

☒ Print 1099-SA information  
Sort by: ☐ Account ☒ TIN

Print for corp ID specified: ☐

Taxpayer ID:

Check this box if you also want to generate the 1099-R (IRA Distributions) and 1099-Q (HSA Distributions) 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 NUMBER	CL MT	NAME	TAX ID NUMBER	Y-T-D DIVIDEND	BACKUP WITHHOLDING	CD PENALTY	SAVINGS 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 NUMBER	CL MT	NAME	TAX ID NUMBER	Y-T-D INTEREST	POINTS PAID	REIMBURSE OVERPAID	MORTGAGE 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

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 NUMBER	PLAN TYPE	NAME	TAX ID NUMBER	(1) GROSS DISTRIBUTION	(2) TAXABLE AMOUNT	(4) FED INCOME TAX WITHHELD	(10) ST INCOME TAX WITHHELD	(7) DIST. 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 NUMBER	NAME	TAX ID NUMBER	GROSS DISTRIBUTION	EARNINGS ON EXCESS CONTR	DIST CODE	FMV ON 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)

With this option 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 BASE	ACQUISITION DATE	BAL OUTSTANDING PRINCIPAL	GROSS FORECLOSURE	APPRAISAL VALUE	LIABLE FOR DEBT	PROPERTY DESCRIPTION	
111111111	5/16/16	3,542.41	.00	2,000.00	N	TESTING	
***END OF REPORT***							

10/06/19 13:53.00	BETA TESTING CREDIT UNION						LTAX1099	Page	1
RUN ON 10/06/19	1099-C TAX INFORMATION RECORDS							USER DAWNM	
	2019								
ACCOUNT	DEBT	DEBT	DEBT	DEBT	DEBT	DEBT	DEBT	FAIR	
BASE	DATE	AMOUNT	INTEREST	PENALTIES	DESCRIPTION #1	DESCRIPTION #2	Y/N	MARKET	
								VALUE	
111111111	4/16/16	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 26 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 **March 31** deadline 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.*

# SUBMITTING DATA TO A VENDOR FOR PRINTING FORMS

DEADLINE: 1099/1098 forms - Submit to Sage Direct by January 10  
5498-ESA forms - Submit to Sage Direct by April 20  
5498 and 5498-SA forms – Submit to Sage Direct by August 14

These instructions should be followed if you have asked Sage Direct to print your tax forms, or if you are submitting data to a third-party vendor to print your forms.

## 1099/1098 FORMS

This procedure must be followed before **January 10** if Sage Direct is printing your 1099/1098 forms.

### Special Note Regarding Substitute 1099-Int Forms

If your credit union printed substitute 1099-INT information on year-end member statements, members who did not receive a year-end statement (such as members who closed their accounts earlier in the year, or non-members who redeemed savings bonds during the year) will require a regular 1099-INT form to be printed separately. Therefore, Sage Direct will print all remaining 1099-INT forms that were *not* included on a statement. (Remember that a regular 1099-INT form will only be produced where total dividends under the SSN/TIN are \$10.00 or greater.)

1. OPER > #4 Annual/Tax Processing > **#1 Prepare 1099/1098 File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION - 17:13:01

File Edit Tools Help

### Create IRS File

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018

☐ Include mortgage interest less than \$500.00  
☒ Include mortgage fines/late fees with mortgage interest  
☒ Process 1099-IT's and 1099-Q's  
☒ Process 1099-SAs

Create file for U = Vendor Printing  
☒ Create transmitter record  
File type 0 = Original

CU\*TIP: There are differences between the Vendor format and the IRS format: the Vendor format will exclude members for whom a substitute 1099-INT was already produced; the IRS format includes all members. Also, the Vendor format uses both of the ADDR1 and ADDR2 30-byte fields, whereas the IRS format concatenates the address to the maximum of 40 characters allowed by the IRS. 1099-MISC forms are included with the vendor option. 1099-MISC forms are NOT included with the IRS option.

Also remember that if you use a different print vendor, special programming may be required to use the Vendor format.

4. Complete all fields (described below) and use Enter to continue.

Field Name	Description
Year to process	Enter 2019 here.
Include mortgage interest less than \$600	If you wish to print a 1098 form for all members, even those whose mortgage interest is under \$600, check this flag. Leave it unchecked (the default) to produce forms only for members where the interest exceeds \$600 (by individual mortgage). See Page 26 for more details.
Include mortgage fines/late fees with mortgage interest	Check here if you want to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. (A total of interest paid + delq. fines paid would 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 the setting you choose it will depend on how this requirement applies in your credit union's situation.
Process 1099-Rs and 1099-Qs	Check this flag if your IRA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Process 1099-SAs	Check this flag if your HSA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Create file for	Choose <b>V = Vendor Printing</b> to produce a file for printing. This will <u>exclude</u> members for whom a substitute 1099-INT was already produced. (Also see the *Special Note below.)  For 1098 forms, this format <u>does</u> include property tax paid amounts, so they can be printed in box 4 on the form. (Also see the *Special Note below.)
Create transmitter record	Should be checked in all cases.
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P1099x or P1098x) will be generated automatically for each form type; **print and keep these reports**.
7. The file **IRSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready.
8. If Sage Direct is printing your forms\*, send the file directly using the same methods for sending Sage statement files.
9. **If you have an eDOC in-house server**, you can download this data for archival purposes. Follow the steps on Page 75.

\*Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for instructions on transmitting the file created in Step 7 to your vendor. Also, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU\*Answers Client Service Representative if you need



assistance in complying with your vendor's required format. **If your vendor will not accept the IRS format, custom programming may be required.**

Also remember that even though 1098 data now includes property tax amounts (in this vendor format, not the IRS format), it is still between you and your print vendor to decide whether or not that amount will be printed on your 1098 forms.

## 5498 FORMS

This procedure must be followed before **April 20 and August 14** if Sage Direct is printing your 5498 forms.

1. OPER > #4 Annual/Tax Processing > **#5 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2019 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	Choose <b>All Plans</b> (blank).  NOTE: If you use this screen for printing a file required by a third-party print vendor, choose <b>Education Only</b> (E) when printing in April and <b>Exclude Education IRA</b> (X) when printing in May. Contact your print vendor for instructions.

Field Name	Description
Select accounts with previous year contributions only	Since IRA contribution information is detailed on your year-end statements, if you are self-administered you may check this flag if you would like to generate 5498 forms only for members who make a 2019 contribution during January through April, 2020. <b>IMPORTANT:</b> Applies <u>only</u> if your IRA/HSA programs are self-administered.
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. This could be done separately from IRA 5498 data if required by your vendor; <b>if Sage Direct is printing your HSA forms, check both of these Process... flags</b> to include both types of records in the same file.
Create file for IRS reporting or vendor printing	If Sage Direct is printing your forms, choose <b>V = Vendor Printing</b> .
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted to the IRS.

- If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
- Reports (P5498x) will be generated automatically for each form type; **print and keep these reports.**
- The file **IRHSC01 (IRA/HSA Contributions)** in your FILExx library (where 01 represents your corporation ID) is now ready.
- If Sage Direct is printing your forms\*, send the file directly using the same methods for sending Sage statement files.
- IMPORTANT:** Fax the reports from Step 6 to your print vendor.
- If you have an e-DOC in-house server**, you can download this data for archival purposes. Follow the steps on Page 75.

*Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.*

**\*Special Note Regarding Alternate Print Vendors**

If your credit union uses a third-party vendor to print your tax forms, refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for instructions on transmitting the file created in Step 7 to your vendor. Also, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU\*Answers Client Service Representative if you need assistance in complying with your vendor's required format. **If your vendor will not accept the IRS format, custom programming may be required.**

---

# DOWNLOADING TAX DATA TO YOUR IN-HOUSE EDOC SERVER

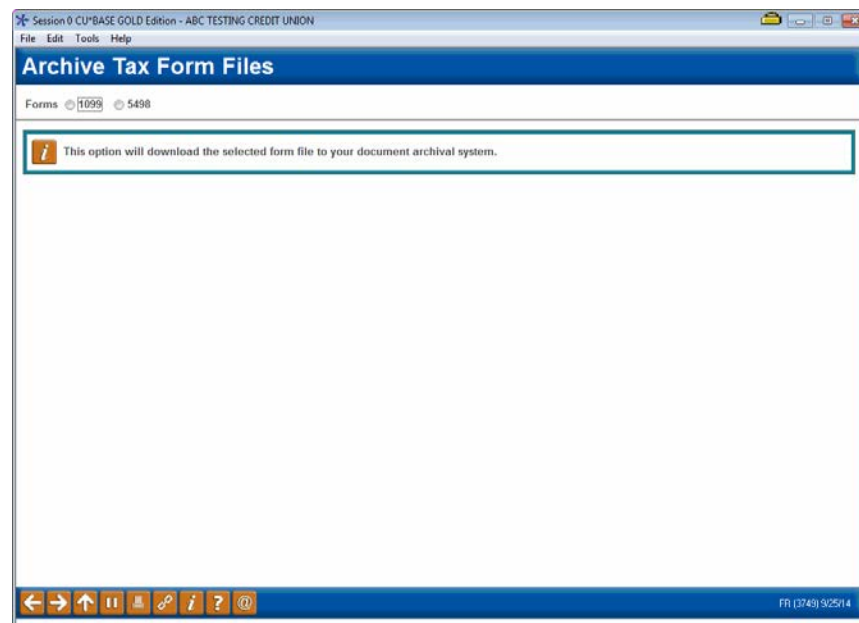
DEADLINE: Any time after tax forms have been generated.

If you have an in-house Imaging Server powered by eDOC Innovations, there is an option on the IRS Forms Printing menu you can use to download tax forms to your Imaging server for archival purposes.

1. If you have signed up for the tax forms service and are not an Imaging Solutions Release Management client, please contact eDOC to make sure your server is prepared to receive the file. Custom programming and/or configuration may be required.
2. Next, if you have never downloaded tax data to your in-house eDOC server, **contact Paul DeConinck** ([paul.deconinck@cuanswers.com](mailto:paul.deconinck@cuanswers.com)) to ensure that the proper script changes have been made to accommodate your particular situation. This will ensure that when you use the CU\*BASE menu command, the system knows what to do and where to send the data.

Assuming steps 1 and 2 have already been handled, after you have generated the data according to the IRS procedures outlined on Pages 74 and 73, proceed with the remaining steps.

3. OPER > #4 Annual/Tax Processing > **Dwnld Tax Forms to eDoc Server**



4. Choose either **1099**, **MISC** (1099-MISC), or **5498**.
  - a. If you are sending the 1099 file you sent to the printer (and used the Vendor format) the 1099-MISC forms will be included in the transmitted file.
5. Use Enter to proceed.

---

# DOWNLOADING TAX DATA FOR CU\*ARCHIVES

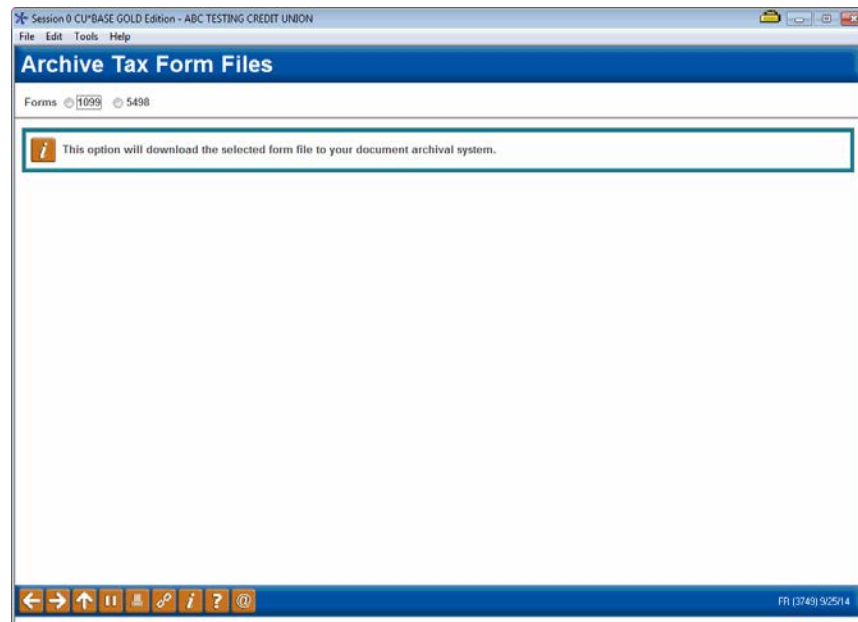
DEADLINE: January 20

If you have requested a Tax Forms CU from CU\*Archives, there is an option on the IRS Forms Printing menu that you must take to download tax forms to CU\*Answers' CU\*Spy server.

1. If you have never requested a Tax Forms CD, **contact Paul DeConinck** ([paul.deconinck@cuanswers.com](mailto:paul.deconinck@cuanswers.com)) to ensure that the proper script changes have been made to accommodate your particular situation. This will ensure that when you use the CU\*BASE menu command, the system knows what to do and where to send the data.

Assuming step 1 has already been handled, after you have generated the data according to the IRS procedures outlined on Pages 74 and 73, proceed with the remaining steps. CU\*Archives also required the vendor format as outlined on Pages 66-69.

2. OPER > #4 Annual/Tax Processing > **Dwnld Tax Forms for CU\*Archives**



3. Choose either **1099**, **MISC** (1099-MISC), or **5498**.
  - a. If you are sending the 1099 file you sent to the printer (and used the Vendor format) the 1099-MISC forms will be included in the transmitted file.
4. Use Enter to proceed.
5. You will receive a confirmation email if the file is successfully transmitted.

---

# FORM 1099-R/1099-SA

## INSTRUCTIONS: ASCENSUS-

## ADMINISTERED

DEADLINE: Report to Ascensus by January 10

If your credit union's IRA and/or HSA programs are administered by Ascensus, you can choose to report 1099-R/1099-SA 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 reporting to Ascensus, 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* options. 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 62 and 65 for additional instructions.

Before reporting 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 62 and 65 for additional instructions

Follow the steps below to create the file to send to Ascensus.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections! **Ascensus does charge a fee if you send the wrong information and need to resend later.**

### TO CREATE THE 1099 DATA FILE TO BE SUBMITTED TO ASCENSUS

1. OPER > #4 Annual/Tax Processing > **#4 Prepare 1099-R/1099-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION - 17:10:25

File Edit Tools Help

## Create IRS Format File for 1099Qs, Rs and SAs

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Process 1099-Qs	
<input checked="" type="checkbox"/> Process 1099-Rs	
<input type="checkbox"/> If yes, include only with state withholding	
<input checked="" type="checkbox"/> Process 1099-SAs	
<input checked="" type="checkbox"/> Create transmitter record	
<input type="radio"/> Test <input checked="" type="radio"/> Original	

- Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2019 here.
Process 1099-Qs	Leave this flag <u>unchecked</u> (Ascensus will not accept distribution information for Education IRAs in a file).
Process 1099-Rs	Check this if you want to include distribution information for all non-education IRAs (all other plan types) in the file.  NOTE: Ascensus may require you to submit IRA and HSA data separately. (Contact Ascensus for instructions.) If so, you will need to repeat all of these steps, checking only one of these flags at a time. <b>Remember that the process uses the same file name (see Step 6) no matter what data you include, so make sure to complete all steps, including downloading the file, before repeating.</b>
Process 1099-SAs	Check this if you want to include distribution information for HSAs in the file. (See the NOTE above.)
Create transmitter record	This should be checked in all cases.
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted to the IRS.

- If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
- Reports (P5498x) will be generated automatically for each form type; **print and keep these reports.**
- The file **IRHSD01 (IRA/HSA Distributions)** in your FILExx library (where 01 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

*Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.*

# SUBMITTING 1099/1098 TAX DATA TO THE IRS

DEADLINE: Submit data to IRS by March 31

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline is **March 31, with the exception of 1099-MISC.**

*TIP: For our online clients, we use an earlier date as the due date to submit this data to the IRS. This ensures we have adequate time to respond to any problems with the transmission or data format, etc., well in advance of the final IRS deadline.*

*Also, even though CU\*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at [www.irs.gov](http://www.irs.gov).*

## TO CREATE THE 1099/1098 IRS FILE TO BE SUBMITTED TO THE IRS

1. OPER > #4 Annual/Tax Processing > **#1 Prepare 1099/1098 File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

The "I" option for IRS Reporting does NOT include 1099-MISC. See page 81 for more information regarding submitting 1099-MISC forms to the IRS.

4. Complete all fields (described below) and use Enter to continue.

Field Name	Description
Year to process	Enter 2019 here.
Include mortgage interest less than \$600	If you wish to print a 1098 form for all members, even those whose mortgage interest is under \$600, check this flag. Leave it unchecked (the default) to produce forms only for members where the interest exceeds \$600 (by individual mortgage). See Page 26 for more details.
Include mortgage fines/late fees with mortgage interest	Check here if you want to add delinquency fines to the interest paid amount when reporting mortgage interest on 1098 forms. (A total of interest paid + delq. fines paid would be reported in box 1 of the form.)

Field Name	Description
	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 the setting you choose it will depend on how this requirement applies in your credit union's situation.
Process 1099-Rs and 1099-Qs	Check this flag if your IRA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Process 1099-SAs	Check this flag if your HSA program is self-administered; if Ascensus-administered, leave the flag unchecked.
Create file for	Choose <b>I = IRS Reporting</b> to produce a file for tax reporting. This will <i>include</i> members for whom a substitute 1099-INT was produced and will use the required address format which concatenates the address 1 and address 2 fields to a maximum of 40 characters. For 1098 forms, this format does <u>not</u> include property tax paid amounts.
Create transmitter record	Should be checked in all cases.
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P1099x or P1098x) will be generated automatically for each form type; **print and keep these reports for your records**. If you want to archive these reports, move reports to DAILYxx or MONTHxx.
7. The file **IRSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be transmitted to the IRS. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.



# SUBMITTING 1099-MISC TAX DATA TO THE IRS

DEADLINE: Submit data to IRS by January 31

Regardless of who is printing your forms, your credit union is responsible for reporting data to the IRS according to IRS deadlines. Data is reported directly to the IRS via the Internet. The filing deadline for 1099-MISC forms is **January 31**.

*Even though CU\*Answers does report electronically, our Client Service Representatives are not familiar with IRS Electronic Filing procedures, so for more information on electronic filing, visit the IRS Web site at [www.irs.gov](http://www.irs.gov).*

## TO CREATE THE 1099-MISC IRS FILE TO BE SUBMITTED TO THE IRS

1. OPER > #4 Annual/Tax Processing > **#2 Prepare 1099-MISC File**
2. Enter your credit union's corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed.
4. Complete all fields (described below) and use Enter to continue.

Session 0 CU\*BASE GOLD - ABC CREDIT UNION

File Edit Tools Help

### Create IRS Format File for 1099-MISC

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Create transmitter record	
(O)original or (T)est	<input checked="" type="radio"/> Original <input type="radio"/> Test

Field Name	Description
Year to process	Enter 2019 here.
Create transmitter record	Should be checked in all cases.
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted.

8. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
9. Reports P1099M will be generated automatically; **print and keep this report for your records**. If you want to archive this report, move the report to DAILYxx or MONTHxx.

10. The file **IR1099MSØ1** in your FILExx library (where Ø1 represents your corporation ID) is now ready to be transmitted to the IRS. Refer to the booklet, “File Transfers: Downloading Data from iSeries to PC” for information on downloading files.

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# FORM 5498/5498-SA/5498-ESA

## INSTRUCTIONS: ASCENSUS-

## ADMINISTERED

DEADLINE: Final Changes to IRA/HSA Balance File after April 15  
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 generating 5498 data, be sure to verify 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 62 and 65 for additional instructions.

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 62 and 65 for additional instructions.

Don't forget to contact Ascensus so that they know in advance what you will be sending to avoid any unnecessary surprises or fees for making corrections! **Ascensus does charge a fee if you send the wrong information and need to resend later.**

### TO CREATE THE 5498 DATA FILE TO BE SUBMITTED TO ASCENSUS

1. OPER > #4 Annual/Tax Processing > **#5 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

Session 0 CUBASE GOLD Edition - ABC CREDIT UNION - 17:20:42

File Edit Tools Help

## Create IRS File in Tape Format for 5498's

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Process IRA 5498s	
Plan types to process	<input checked="" type="radio"/> All plans <input type="radio"/> Education only <input type="radio"/> Exclude Education IRA
<input type="checkbox"/> Select accounts with previous year contributions only	
<input checked="" type="checkbox"/> Process 5498-SAs	
Create file for IRS reporting or vendor printing	<input checked="" type="radio"/> IRS reporting <input type="radio"/> Vendor printing
<input checked="" type="checkbox"/> Create transmitter record	
File type	<input checked="" type="radio"/> Original <input type="radio"/> Test

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4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2019 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	If Ascensus requires you to submit ESA and non-ESA data separately, use this option to choose Education or Non-Education. Otherwise you can choose <b>All Plans</b> to combine all data into one file. Please contact Ascensus for specific instructions.
Select accounts with previous year contributions only	This flag should remain unchecked (N). It is important to report <i>all</i> data to Ascensus then work with them if you wish to specify which members should receive a form.
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. NOTE: Ascensus may require you to submit IRA and HSA data separately. (Contact Ascensus for instructions.) If so, you will need to repeat all of these steps, checking only one of these <i>Process...</i> flags at a time. <b>Remember that the process uses the same file name (see Step 6) no matter what data you include, so make sure to complete all steps, including downloading the file, before repeating.</b>
Create file for IRS reporting or vendor printing	Choose <b>I = IRS Reporting</b> . The IRS format concatenates the address 1 and address 2 data according to IRS requirements (the Vendor format uses both fields).
Create transmitter record	This flag should be checked (Y) in all cases.

<i>Field Name</i>	<i>Description</i>
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted to the IRS.

5. If the *Create transmitter record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**. If you want to archive these reports, move report to DAILYxx or MONTHxx.
7. The file **IRHSC01 (IRA/HSA Contributions)** in your FILExx library (where 01 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

*Remember that if you are performing this process more than once, the same file name is always used, so you will need to complete all steps before repeating, and make sure to assign a different file name to the file that is stored on your PC.*

---

# FORM 5498/5498-SA/5498-ESA

## INSTRUCTIONS: SELF-ADMINISTERED

DEADLINE: Verify IRA/HSA Balance File after April 15  
Submit data to Sage Direct for printing by April 20  
5498-ESA Forms to Members by April 30; All Other 5498 Forms to Members 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.

Before generating 5498 forms, be sure to verify IRA contribution information. 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 62 & 65 for additional instructions.

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 62 and 65 for additional instructions.

### PRINTING 5498 FORMS

If Sage Direct is printing your forms:

Send the file directly using the same methods for sending Sage statement files.

\*Special Note Regarding Alternate Print Vendors

If your credit union uses a third-party vendor to print your tax forms, you must contact the vendor to determine the format required for submitting tax form information for printing, as well as all appropriate deadlines. Please contact a CU\*Answers Client Service Representative if you need assistance in complying with your vendor's required format. **If your vendor will not accept the IRS format, custom programming may be required.**

### REPORTING 5498 DATA TO THE IRS

All 5498 contribution data must be reported to the IRS by **August 31**.

1. OPER > #4 Annual/Tax Processing > **#5 Prepare 5498/5498-SA File**
2. Enter your credit union's Corporate ID (usually 01) and press Enter.
3. A warning message will appear; press F5-Add/Update to proceed to the following screen:

Session 0 CU\*BASE GOLD Edition - ABC CREDIT UNION - 17:20:42

File Edit Tools Help

## Create IRS File in Tape Format for 5498's

Corp ID 01 ABC CREDIT UNION

Report Options	Response
Year to process	2018
<input checked="" type="checkbox"/> Process IRA 5498s	
Plan types to process	<input checked="" type="radio"/> All plans <input type="radio"/> Education only <input type="radio"/> Exclude Education IRA
<input type="checkbox"/> Select accounts with previous year contributions only	
<input checked="" type="checkbox"/> Process 5498-SAs	
Create file for IRS reporting or vendor printing	<input checked="" type="radio"/> IRS reporting <input type="radio"/> Vendor printing
<input checked="" type="checkbox"/> Create transmitter record	
File type	<input checked="" type="radio"/> Original <input type="radio"/> Test

4. Complete all fields (described below) according to your credit union's situation and use Enter to continue.

Field Name	Description
Year to process	Enter 2019 here.
Process IRA 5498s	Check this to include IRA 5498 information in the file (according to the setting of the <i>Plan types to process</i> flag).
Plan types to process	Choose <b>All Plans</b> (blank).
Select accounts with previous year contributions only	This flag must be unchecked (N).
Process 5498-SAs	Check this to include HSA 5498-SA information in the file. For reporting to the IRS, both of these <i>Process...</i> flags should be checked to include both types of records in the same file.
Create file for IRS reporting or vendor printing	Choose <b>I = IRS Reporting</b> . The IRS format concatenates the address 1 and address 2 data according to IRS requirements (the Vendor format uses both fields).
Create transmitter record	This flag should be checked (Y) in all cases.
File type	Use <b>T = Test</b> for a test run, and <b>O = Original</b> for the actual file to be submitted to the IRS.

5. If the *Create Transmitter Record* option is checked, an additional screen will appear. Complete all fields with your credit union's name and address information, then use Enter to generate the file.
6. Reports (P5498x) will be generated automatically for each form type; **print and keep these reports**. If you want to archive these reports, move report to DAILYxx or MONTHxx.
7. If you are reporting to the IRS electronically, the file **IRHSC01 (IRA/HSA Contributions)** in your FILExx library (where 01 represents your corporation ID) is now ready to be downloaded to a PC. Refer to the booklet, "File Transfers: Downloading Data from iSeries to PC" for information on downloading files.

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## 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 12 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.



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## TAX FORMS ARCHIVAL INSTRUCTION FORM

The following page within this guide is your Tax Form Handling Instructions form, to be completed and returned to CU\*Answers as part of your year-end processing requirements. Please refer to previous pages for specific instructions.

<i>Form</i>	<i>Return to CU*Answers by</i>
2019 Tax Forms Handling Instructions	November 8, 2019



**Fill in these forms online!** Online (PDF) versions are available on our website so you can type your instructions into the form, print and sign the completed form, then fax it back to us (as directed on the individual form).