Certificate Profiles

The Certificate Profiles selection is used to setup and maintain the Certificate Profiles (if used) for the credit union. Up to 999 Certificate Profile types may be setup on the system.

The Certificate Profiles allow credit unions to setup their most commonly offered Certificates of Deposit (CD's). Once individual profiles have been setup, the employees enter the profile type when opening a new certificate and the system automatically fills in the information from the profile for the new certificate. This eliminates potential errors from being entered. The system also uses the information on the Certificate Profile for CD's that are setup to be automatically renewed.

The Certificate Profile window is also used to change the interest rates for CD's that will be automatically renewed and for new CD's that will be opened.

Description	Value
Double click here to add a new profile…	
12 MONTH CD	11
12 MONTH CD-365 DAY EOP	36
12 MONTH CD-DAILY INT EOP	35
12 MONTH CD/IRA	3
12 MONTH COVERDELL CD/IRA	6
12 MONTH ROTH CD/IRA	7
12 MONTH SEP CD/IRA	8
18 MONTH CD	12
18 MONTH CD/IRA	1
18 MONTH COVERDELL CD/IRA	9
18 MONTH ROTH CD/IRA	17
18 MONTH SEP CD/IRA	18
24 MONTH CD	4
24 MONTH CD - SEMI-ANNUAL	32
24 MONTH CD/IRA	5
24 MONTH COVERDELL CD/IRA	19
24 MONTH ROTH CD/IRA	20
24 MONTH SEP CD/IRA	21
30 MONTH CD	13
30 MONTH CD/IRA	2
31 Day CD	52
36 MONTH CD	14
36 MONTH SPECIAL CD	30
48 MONTH CD	15
5 day CD - 6 Month renewal	33
6 MONTH CD - 12 Month Renewal	10
6 MONTH CD/IRA	22
6 MONTH COVERDELL CD/IRA	23
6 MONTH REGULAR	31
6 MONTH ROTH CD/IRA	24
6 MONTH SEP CD/IRA	25
60 MONTH CD	16
60 MONTH CD-IRA	26
60 MONTH ROTH CD-IRA	34
90 DAY CD - 18 Month Renewal	51
90 DAY HSA CD FAMILY	28
90 DAY HSA CD SINGLE	27
Child's CD	29
Test Linda	46

Figure 1

The Certificate Profiles currently on the system are displayed.

To add a new Certificate Profile, highlight "Double click here to add a new profile" and press enter or double click on the selection.

The Add Certificate Profile window is displayed.

Figure 2

Enter the information for the new CD Profile.

Description of fields

Profile Number: (Optional) If needed, a Profile Number can be assigned by the credit union for a new CD Profile being added. If left blank, the system will assign the next available number automatically when a new profile is added.

Profile Title: Enter a descriptive title for the profile. The maximum length is 30 characters. The title entered here will display as a CD Profile selection when opening or renewing a certificate of deposit.

Renewal Profile: (Optional) Select the title of the profile to be used when the certificates of deposit opened with this profile are automatically renewed. Each time a new certificate of deposit is opened using a CD Profile that has a "Renewal Profile" selected, the system will fill in the "Profile" field on the CD Suffix Inquiry with the title of the Renewal Profile. This applies to any CD Profiles including CD-IRA's, Roth CD-IRA's, Coverdell CD-IRA's, etc. This same concept applies when using the **"Certificate Renewal Wizard"**. If a different profile is <u>not</u> selected, the certificate of deposit will be automatically renewed using the same profile.

Minimum Balance: If applicable, enter the minimum balance required to open a new certificate of deposit under this profile. An error message of **"Original Amount must be greater than or equal to the required minimum balance of $xxxx.xx"** will be displayed in the Add Share wizard, if less than the minimum balance is entered in the Original Amount field. ****Note:** The minimum balance is not enforced for an automatic renewal of a certificate or in the CD Renewal Wizard.

Interest Rate: Enter the interest rate. This interest rate will be used for new CD's opened as well as for maturing CD's that have the same CD Profile Type and that have a Maturity Code of Auto Renew.

Penalty Type: Enter the Penalty Type that defines the Early Withdrawal Penalty that will appear on the Suffix Inquiry for the certificate. The penalty amount also displays on the Account Closeout wizard. The penalty calculation is the amount of interest the certificate will earn over the number of days specified by the Penalty Type.

**Note: With a new CD, NO Early Withdrawal Penalty will be assessed if the CD is withdrawn within the first "xx" days after issue. (This includes "xx" days after the CD is automatically renewed, too.)

xx = Penalty Grace Days allowed by the credit union. This is defined on the Automated Transaction Setup window under System Administration.

The valid penalty options are:	No Penalty	90 Day Balance
	90 Day Original Amount	180 Day Balance
	180 Day Original Amount	365 Day Original Amount
	30 Day Original Amount	365 Day Balance
	30 Day Balance	

Term: Enter the number portion of the CD Term. This is used in conjunction with the Term Code to define the number of increments of the term code.

   Example: If the Term = 10, then the Term Code will determine if this is a 10-day, 10 month   or   10 year term CD.

Term Code: This field is used in conjunction with the Term field to define the amount of time until the CD matures. The valid options are: Days
                                                                                                Months
                                                                                                Years

   Example: If the Term Code = Months and the Term = 6, the CD will be defined as a   6 Month CD.

CD Type Code: This identifies the type of CD suffix to which the profile applies. The valid options are:
                        All CD's and CD-IRA's ******(see below)**
                        Certificate of Deposit
                        CD-IRA
                        Roth CD-IRA
                        Coverdell CD-IRA
                        SEP CD-IRA
                        HSA Single CD
                        HSA Family CD

**** If this selection is made for the CD Type Code in a CD Profile, then when using the Add Share Wizard (and Certificate Renewal Wizard), the profile will be displayed on the "Select Certificate Profile" window as long as a "Share Type" of CD, CD-IRA, Roth CD-IRA, Coverdell CD-IRA, etc. is chosen.

Interest Calculation: This selection is used in the calculation of the interest that is paid to the CD suffix by the system. The valid options are:
- 365 Day
- 360 Day
- 360 Day Alt
- Daily Interest

Description of the interest calculation options -

- **365 Day Interest -** Interest = Current Balance of the CD * Interest Rate / 365 * Number of Days in the Dividend Period.

  Interest = 1000 * 0.07 / 365 * 92 = $17.64

> Deposits and Withdrawals are not taken into consideration with this method, so they are not allowed. The system uses 365 to compute the daily rate, and the same assumption that the current balance is the same as the balance at the beginning of the period. It also assumes that the interest rate at the end of the period was the same as the interest rate at the beginning of the period.

- **360 Day Interest -** Interest = Current Balance of the CD * Interest Rate / 360 * Number of Days in the Dividend Period.

  Interest = 1000 * 0.07 / 360 * 92 = $17.89

> Deposits and Withdrawals are not taken into consideration with this method, so they are not allowed. The system uses 360 to compute the daily rate, and the same assumption that the current balance is the same as the balance at the beginning of the period. It also assumes that the interest rate at the end of the period was the same as the interest rate at the beginning of the period.

- **360 Day Alt -** Interest = Current Balance of the CD * Interest Rate / 12 * Number of Months in the Dividend Period.

  Interest = 1000 * 0.07 / 12 * 3 = $17.50

> Deposits and Withdrawals are not taken into consideration with this method, so they are not allowed. The system uses 12 to compute the Monthly rate and the same assumption that the current balance is the same as the balance at the beginning of the period. It also assumes that the interest rate at the end of the period was the same as the interest rate at the beginning of the period.

- **Daily Interest -** Daily Interest supports Deposits and Withdrawals during the Dividend Period, and is computed like 365, except the dividend is computed at the end of each day, and these smaller dividends are summed to give the final dividend.

Interest = Sum of (Balance of the CD at the End of the Day * Interest Rate / 365) for each day in the period.

The system uses 365 to compute the daily rate, and the formula does not assume the balance is the same as the beginning of the period. It does assume that the interest rate at the end of the period was the same as the interest rate at the beginning of the period. A separate dividend is computed for each day (and each new balance). If the Balance does not change over the period (i.e. no transactions), then this is the same as 365.

Interest = 1000 * 0.07 / 365 * 92 = $17.64

For this example, let's assume a $100 deposit was made after 30 days, and another $100 deposit was made 30 days after that. So, the balance was:

Balance	Number of Days
$1,000	30 Days
$1,100	30 Days
$1,200	32 Days

The interest for the first 30 days is:
Interest #1 = 1000 * 0.07 / 365 * 30 = $5.75
The interest for the next 30 days is:
Interest #2 = 1100 * 0.07 / 365 * 30 = $6.33
The interest for the last 32 days is:
Interest #3 = 1200 * 0.07 / 365 * 32 = $7.36
The interest for the entire period is:
Interest = Interest #1 + Interest #2 + Interest #3 = $19.44

Maturity Code: This defines what the system will do with the principal balance of the suffix on the maturity date. ****Note:** The option entered on a specific CD Suffix will override the CD Profile Setup. The valid options are described below:

Funds stay in CD -	When the CD matures, the principal balance will remain in the CD. **(Single Maturity)**
Auto Renewal -	When the CD matures, the principal balance will be extended for a like term at the interest rate on the CD Profile at the time of renewal.
Transfer to Share -	When the CD matures, the principal balance will be transferred to the member's share account. **(Suffix 00)**
Transfer to IRA -	When the CD matures, the principal balance will be transferred to the member's IRA **(Suffix 03)**.

If a CD Profile has an incorrect Maturity Code for the CD Type entered, the Add Share Wizard and Certificate Renewal Wizard will display the Maturity Window to select the appropriate Maturity Code. **Example:** CD Type of "Roth CD-IRA" and a Maturity Code of "Transfer - IRA" or "Transfer - Share".

The system looks first at the Maturity Code field on the CD Suffix when a Certificate matures. If set to Auto Renewal, then the system looks at the CD Profile. If the Maturity Code is not Auto Renewal, the CD Profile should be removed from the CD Suffix.

Interest Frequency: This defines the frequency that the dividend is paid. This is used in conjunction with the Interest Date. The valid options are:

No Change -	No payment frequency is defined. The Interest Frequency will be defined when the CD is setup for a member.
Monthly -	Interest is paid Monthly
Quarterly -	Interest is paid Quarterly
Semi-Annual -	Interest is paid Semi-Annually
Annually -	Interest is paid Annually
At Maturity -	Interest is paid at maturity

Examples:

Example A:	CD Opened = 5/10/00
	Interest Frequency = Quarterly
	Interest Date = Based on Issue Date

The first interest transaction will be posted on 8/10/00. Interest will then post every three (3) months (11/10/00, 2/10/01, 5/10/01).

Example B:	CD Opened = 5/10/00
	Interest Frequency = Quarterly
	Interest Date = End of Month

The first interest transaction will be posted on 6/30/00. Interest will then post each quarter end (9/30/00, 12/31/00, 3/31/01). ****Note:** Interest will also post on the maturity date. If the CD above was for a term of one year, interest would also be posted on 5-10-01.

Compounding Method: This defines the method that the interest is calculated. The valid options are:
None - Simple interest method of calculation is used.
Daily - Daily interest method of calculation is used.

Interest Date: This field is used in conjunction with the Interest Frequency field to define when the interest is posted to the certificate. The valid options are:

No Change -	No interest date is defined. The Interest Date will be defined when the CD is setup for a member.
Based on Issue Date -	The interest payment will be paid on the same day of the month as the issue day (Date Opened) within the month defined by the Interest Frequency.
End of Period -	The interest will be paid on the last day of calendar monthend or quarter end as defined by the Interest Frequency, except the final interest will be paid on the Maturity Date.
First of Period -	The interest will be paid on the first day after the last day of the calendar monthend or quarter end as defined by the Interest Frequency, except the final interest will be paid on the Maturity Date.

Examples:

        Example A: CD opened = 5/10/00
                          Interest Frequency = Quarterly
                          Interest Date = Based on Issue Date

The first interest transaction will be posted on 8/10/00. Interest will then post every three (3) months (11/10/00, 2/10/01, 5/10/01).

        Example B: CD opened = 5/10/00
                          Interest Frequency = Quarterly
                          Interest Date = End of Period

The first interest transaction will be posted on 6/30/00. Interest will then post each quarter end (9/30/00, 12/31/00, 3/31/01). **Note:** Interest will also post on the maturity date. If the CD above was for a term of one year, interest would also be posted on 5-10-01.

        Example C: CD opened = 5/10/00
                          Interest Frequency = Quarterly
                          Interest Date = First of Period

The first interest transaction will be posted on 7/1/00. Interest will then post on the first day after each quarter end (10/1/00, 1/1/01, 4/1/01). **Note:** Interest will also post on the maturity date. If the CD above was for a term of one year, interest would also be posted on 5-10-01.

Interest Payment: After the interest has posted to the certificate, this defines where the interest will be transferred, if the funds are not staying in the certificate. **Note:** The option entered on a specific CD Suffix will override the CD Profile Setup. The valid options are:

      Share -   Interest is transferred to the 00 suffix on the member's account.
      Check -   An Interest Check is issued to the member. **Note:** Interest checks can be printed through the Operations Box or typed manually by referring to the CD Forecast Report.
      Draft -   Interest is transferred to the 70 suffix on the member's account.
      CD -   Interest will post to the certificate.

    Example: Enter "Share" to indicate that interest paid on the CD goes to the Primary Share Account.

Bump Up Allowed: This field is used to indicate if a "bump up" (rate change) is allowed for certificates of deposit opened under this profile. The options are:
    No
    Yes

When finished, select Save to save the information and close the window.

From the CD Profile window, right click on a specific profile to display the following:

> Add CD Profile
> Edit CD Profile
> Remove CD Profile

Select **"Add CD Profile"** to display the Add Certificate Profile window.

Select **"Edit CD Profile"** to display the Edit Certificate Profile window.

**Note: The profile number for an existing CD profile cannot be edited. If necessary, remove the profile and add another one with the correct Profile Number.

Edit Certificate Profile

Field	Value
Profile Number:	10
Profile Title:	6 MONTH CD - 12 Month Renewal
Renewal Profile:	12 MONTH CD
Interest Rate:	0.95%
Term:	6
CD Type Code:	Certificate of Deposit
Maturity Code:	Auto Renewal
Compounding:	(None)
Interest Payment:	CD
Minimum Balance:	
Penalty Type:	30 Day - Balance
Term Code:	Months
Interest Calculation:	Daily Interest
Interest Frequency:	Quarterly
Interest Date:	Based on Issue Date
Bump Up Allowed:	No

Figure 3

After making any necessary changes, select Save.

Select **"Remove CD Profile"** to display a window asking "Are you sure you want to remove this CD Profile?". To proceed with deleting the profile, select yes. Otherwise, select no.

Other Information

When opening a new certificate or certificate-IRA, the system will fill in all the necessary terms based on the CD Profile Type selected. A different Maturity Code and/or Interest Payment Method can be selected by the member. These two fields can be different than what is entered on the CD Profile screen and filled in according to the member's instructions by the employee opening the account.

With a maturing certificate or certificate-IRA, the Maturity Code and the Interest Payment Method will remain as they were prior to maturing, if the Maturity Code was Auto Renew.

Any certificate or certificate-IRA with a Maturity Code of Auto Renew and NO CD Profile Number will renew with the same terms and rate as the maturing certificate.

If the terms of a certificate or certificate-IRA are changed at maturity and another CD Profile Type is selected by the member and the Maturity Code is Auto Renew, make sure to change to the correct CD Profile Type Code. Do not just change the individual fields on the certificate. Otherwise, when the certificate renews next time, it will renew under the former terms of the certificate.