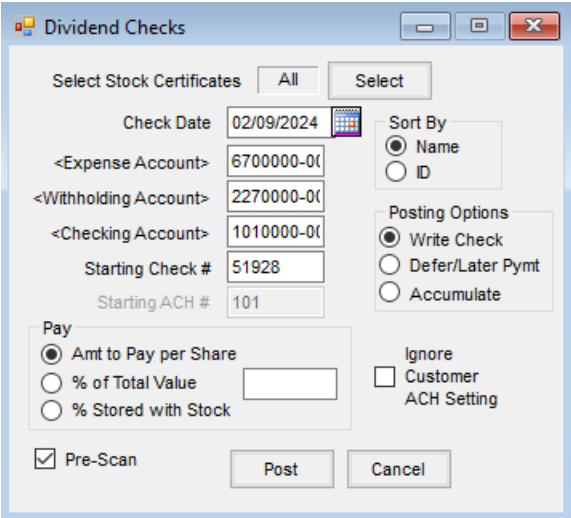# Dividend Checks

Last Modified on 02/09/2024 9:43 am CST

Dividend checks, based on a Patron's stock value, can be issued through *Pay / Dividend Checks*.

There are three methods available for the calculation of the Dividend payment. Regardless of the method selected, only Active Stock Certificates marked as *Dividend Bearing* at *File / Open / Stock Certificates* are included in the calculation.

- **Select Stock Certificates** – Choose **Select** to determine the Stock Certificates to be considered in the calculation of the Dividend Checks. Only Stock Certificates marked as *Dividend Bearing* are included.

  Note: Selection of Stock Certificates allows for filtering. There is access to three definable Patron filters: *Active/Inactive*, *Starting* and *Ending Birth Date*, *Location*, six definable *Stock Filters*, and a *Stock Class* selection. The filters are set up at *Setup / Preferences* on the *Cross References* tab.

- **Check Date** – Enter the date the check is issued.

- **Sort By** – Print checks by either the Patron's last *Name* or Customer *ID*.

- **Expense Account** – Double-click to select the G/L account where the Dividend distribution should post.

- **Withholding Account** – Double-click to select the liability account where the backup withholding posts.

- **Checking Account** – Double-click to select one of the checking accounts established on the *G/L* tab at *Accounting / Setup / Preferences*. The General Ledger Account associated with the checking account is credited for the net amount of the check issued.

- **Starting Check #** – This defaults when the checking account is selected to the next check number in sequence based on the *Last Check Used* on the *G/L* tab at *Accounting / Setup / Preferences*. This check number may be overridden by typing in the desired number.

- **Starting ACH #** – This defaults to the next ACH number in sequence based on the *Last ACH#* on the *G/L* tab at *Accounting / Setup / Preferences*.

- **Posting Options**
  - **Write Check** – Print a check for total Dividend disbursed per Patron.
  - **Defer/Later Pymt** – Defer the check amount to be printed on Patronage Checks.
  - **Accumulate** – Accumulate the Dividend amount back to the Stock Certificates.

    Note: Selecting *Defer/Later Pymt* in the *Posting Options* changes the Checking Account to Deferral Account. The account selected should be the same account used at the time Patronage checks are printed. The *Reference #* replaces *Starting Check #.*

- **Pay** – Choose the calculation method to use.
  - **Amt to Pay per Share** – Enter a dollar value per share in the box provided. The dollar value is multiplied by the *# of Shares* on all the designated Stock Certificates. The results of the calculations on the individual Stock Certificates are added together for each Patron to calculate the total Dividend payment. One check is generated per Patron.
  - **% of Total Value** – Enter a percent in the box provided. The percentage is multiplied by the *Total $ Value* on all the designated Stock Certificates. The results of the calculations on the individual Stock Certificates are added together for each Patron to calculate the total Dividend payment. The percentage is entered with an implied two decimals. For example, two percent would be entered as *2* and not *.02*. One check is generated per Patron.
  - **% Stored with Stock** – Looks at the *Rate* (or percent) that is associated with (listed to the right of) the Dividend Bearing option on all the designated Stock Certificates. The *Rate* on each designated certificate is multiplied by the *Total $ Value* on that certificate. The results of the calculations on the individual Stock Certificates are added together for each Patron to calculate the total Dividend payment. The *Rate* is entered with an implied two decimals. For example, two percent would be entered as *2* and not *.02*. One check is generated per Patron.
- **Pre-Scan** – Print a summary report of the information to be paid.

Pay Dividend Checks Posting Notes

Selecting **Post** begins the printing of the Dividend Checks. A separate check prints for each Patron selected that has a calculated Dividend payment due. When all checks have printed, a message appears asking *Did all checks print ok? Clicking Yes posts the checks.* If the checks should not be posted for any reason, select **No**. Choosing **No** causes no posting to occur and the main *Patronage* window displays. If **Yes** is selected, the following posting occurs:

- The Dividend Check is saved.
- A Stock History entry is generated for each Stock Certificate used in the calculation of the Dividend payment.
- The Patron's *1099 Div YTD$* is increased by the amount of the check.
- A General Journal Entry is posted to the current month for each Stock Certificate used in the calculation of the Dividend payment.

General Ledger Entry	Debit	Credit
Total amount disbursed	Expense Account (selected at *Payout* window)	
Liability withheld for federal taxes		Withholding Account (selected at *Payout* window)
Amount payable to Patron		Checking Account (selected at *Payout* window)

How to Pay Dividends

1. Select the Stock Certificates. Only Stock Certificates marked as *Dividend Bearing* will be included. This defaults to all Certificates, but specific Stock Certificates can be selected if necessary.
2. Verify the *Checking Account*, *Starting Check #*, and *Check Date.* All are required fields.
3. Select an *Expense Account* where the Dividend distribution will post.
4. Select the appropriate General Ledger Account for federal tax withheld. This is a required field.
5. Select the *Posting Options:*
   - **Write Check** – A physical check is produced.
   - **Defer/Later Pymt** – Hold payment until Patronage checks are disbursed.
   - **Accumulate** – Add payment to existing equity on Stock.
6. Select the *Pay* option to be used for the Dividend payment. If using *Amt to Pay per Share* or *% of Total Value*, enter the amount in the field provided.
7. Select *Pre-Scan* and choose **Post**. A report displays showing all the Dividend checks to be printed.
8. Unmark *Pre-Scan* and choose **Post** to print the checks. A message asks if all checks printed correctly. It is recommended to verify all checks have printed correctly before selecting **Yes**.

Note: When *Defer/Later Pymt* is the selected *Posting Option*, the checking account changes to *Defer Account.* The account selected should be the same account used at the time patronage checks are printed. *Reference #* replaces *Starting Check #.*