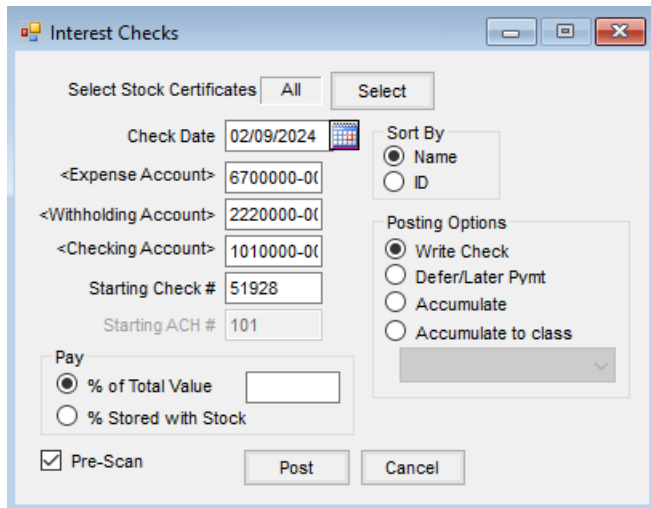# Interest Checks

Last Modified on 02/09/2024 10:38 am CST

Found at *Pay / Interest Checks*, the interest checks are based on interest earned on stock balances rather than patron activity.

There are four methods available for the posting of the Interest payment. Regardless of the method selected, only Active Stock Certificates marked as *Interest 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 Interest Checks. Only Stock Certificates marked as *Interest Bearing* are eligible for consideration.

  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 on the *Cross References* tab at *Setup / Preferences*.

- **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 interest distribution should post.

- **Withholding Account** – Double-click to select the liability account to be used for the backup withholding.

- **Checking Account** – Double-click to select one of the checking accounts established on the *G/L* tab at *Accounting / Setup / Preferences*. The G/L account associated with the selected 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 check 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 interest disbursed per Patron.
    - **Defer/Later Pymt** – Defer the check amount to be printed on Patronage checks.
    - **Accumulate** – Interest earned accumulates back to the original Certificate.
    - **Accumulate to Class** – Interest earned accumulates to the selected Stock Class.
      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** – Chose the calculation method to use.
    - **% of Total Value** – Enter a percent in the field provided with an implied two decimals. For example, two percent would be entered as *2* and not *.02*. 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 Interest payment. One check is generated per Patron.
    - **% Stored with Stock** – This method looks at the interest rate listed to the right of the *Interest Bearing* option on all the designated Stock Certificates. The interest 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 Interest payment. One check is generated per Patron.
- **Pre-Scan** – When checked, a summary of the interest calculations to be paid or accumulated displays.

Pay Interest Checks Posting Notes

Selecting **Post** begins the printing of the Interest Checks. A separate check prints for each selected Patron who has a calculated Interest payment due. When all checks have printed, a message appears asking *Did all checks print ok? Clicking Yes will Post the checks.* If the checks should not post for any reason, select **No**. No posting occurs and the main *Patronage* window displays. If **Yes** is selected, then the following posting occurs:

- The Interest Check is saved.
- A Stock History entry is generated for each Stock Certificate used in the calculation of the Interest payment.
- The Patron's *1099 Int 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 Interest payment.

General Ledger Entry	Debit	Credit
Total amount disbursed	Expense Account (selected at *Payout* window)	

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

How to Pay Interest

1. Select the Stock Certificates. Only Stock Certificates marked as *Interest Bearing* will be included. This defaults to all Certificates, but specific Stock Certificates may be selected if necessary.
2. Verify the *Checking Account, Starting Check #,* and *Check Date.*
3. Select an expense account where the Interest distribution will post.
4. Select the appropriate General Ledger Account for federal tax withheld. This is a required field.
5. Select the *Posting Options:*
    1. **Write Check** – A physical check is produced.
    2. **Defer/Later Pymt** – Hold payment until Patronage checks are disbursed.
    3. **Accumulate** – Add payment to existing equity on Stock.
    4. **Accumulate to Class** – Select the Stock Class where the interest is to accumulate.
6. Select the *Pay* option for the interest being paid:
    1. **% of Total Value** – This is the percentage to be paid on all selected certificates, calculated by taking the rate multiplied by the value.
    2. **% Stored with Stock** – This is the rate stored per Certificate used in the calculation of interest.
7. Select *Pre-Scan* and then choose **Post**. A report displays showing all the Interest Checks to be printed.
8. De-select *Pre-Scan* and then 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 #.*