Running Balance Interest Checks

Last Modified on 02/09/2024 12:04 pm CST

Found at *Pay / Running Balance Interest Checks*, the interest checks are based on the running balance of Patron activity per certificate. 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 included.

  Note: Selection of Stock Certificates allows for filtering. Access is available 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.

- **Expense Account** – Double-click to select the G/L account where the Interest distribution should post. This is a required field.

- **Withholding Account** – Double-click to select the G/L account to be used for the backup tax withholding. This is a required field.

- **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 #** – When the checking account is selected, this defaults 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 entering 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*.
- **Date Interest Last Paid** – Enter the date Interest Checks were last paid. Interest is calculated from this date based on a daily average balance.
- **Liability Account** – When the *Accrue Interest To GL* option is selected, enter the liability account for the credit side of the Journal Entry for the interest accrued.
- **Pay**
    - **Annual Rate %** – This is the annual percentage rate used to calculate the interest.
    - **% Stored with Stock** – This option uses the interest percentage stored on the Stock Certificate.
- **Sort By** – Choose to print checks by either the Patron's last *Name* or Customer *ID*.
- **Posting Options**
    - **Write Check** – This option prints a check for total dividend disbursed per Patron.
    - **Defer/Later Pymt** – Selecting this option defers the check amount to be printed on Patronage Checks.
    - **Accumulate** – Choosing this accumulates interest earned back to the original Certificate.
    - **Accumulate to Class** – Selecting this option accumulates interest earned to Stock Class selected.
    - **Accrue Interest To GL** – This option does not post any Patronage amounts to the Patron file but creates a Journal Entry accruing the interest amount which debits the expense account and credits the liability account specified. A reversing Future Journal Entry for this accrual is also created.
      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 the *Starting Check #*.
- **Pre-Scan** – Selecting this displays a summary of the information to be updated.

Pay Running Balance Interest Checks Posting Notes

Selecting **Post** begins the printing of the interest checks. A separate check prints for each selected Patron with 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 for any reason the checks should not be posted, select **No**. No posting occurs and the main Agvance *Patronage* window displays. If **Yes** is selected, 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

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 Running Balance Interest Checks

1. Select the Stock to pay running balance Certificates. Only Stock Certifications marked as *Interest Bearing* are 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 is to post. This is a required field.
4. Select the appropriate General Ledger Account for federal tax withheld. This is a required field.
5. Enter the date interest was last paid.
6. Select the *Pay* option.

    o **Annual Rate %** – Enter the rate to be paid per certificate.

    o **% Stored with Stock** – This uses the rate stored per Certificate in the calculation of interest.

7. Select the *Posting Option*:

    o **Write Check** – A physical check is produced.

    o **Defer/Later Pymt** – Hold payment until checks are disbursed.

    o **Accumulate** – Add payment to existing equity on Stock.

    o **Accumulate to class** – Select the Stock Class where the interest is to accumulate.

8. Select *Pre-Scan* and choose **Post**. A report displays showing the interest checks to be printed.
9. Deselect *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 #*.