

Finance Charges

This document reviews both methods of handling Finance Charges in PestPac along with initial setup and tool use.

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Note: Before beginning the Finance Charges process for your own company, it is important that you review both methods in their entirety. Once you choose a method to use, that will be the one you continue to use; you won't alternate between methods.

Note For CustomerConnect Users: If your customers pay online via CustomerConnect, you will only be able to use Option 1 below as the customer will need an invoice readily available to pay.

Setting Up Both Finance Charge Methods

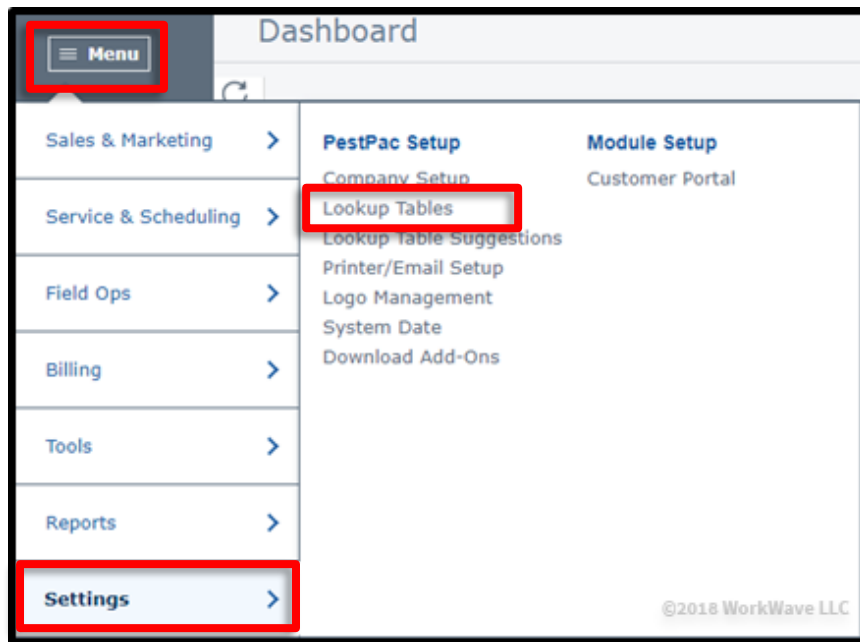
When setting up finance charges, you must decide a finance charge rate (percentage) and a minimum finance charge. The percentage that you decide is how the amount of the finance charge is determined.

Enter the minimum finance charge to be calculated for each customer. This means that if the calculated finance charge is less than this amount, the customer will be charged the minimum finance charge. If this field is left blank, the customer will always be charged the calculated finance charge amount.

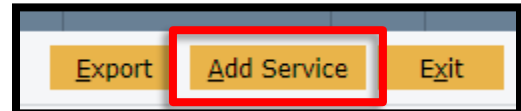
To enter the rate and finance charge information, start with creating the service code that will be used on these finance charge invoices and complete the steps below:

1. To create a service code that will be used on these finance charge invoices, go to *Menu > Settings > Lookup Tables* and select the Services lookup table under *Frequently-Used Lookup Tables*.





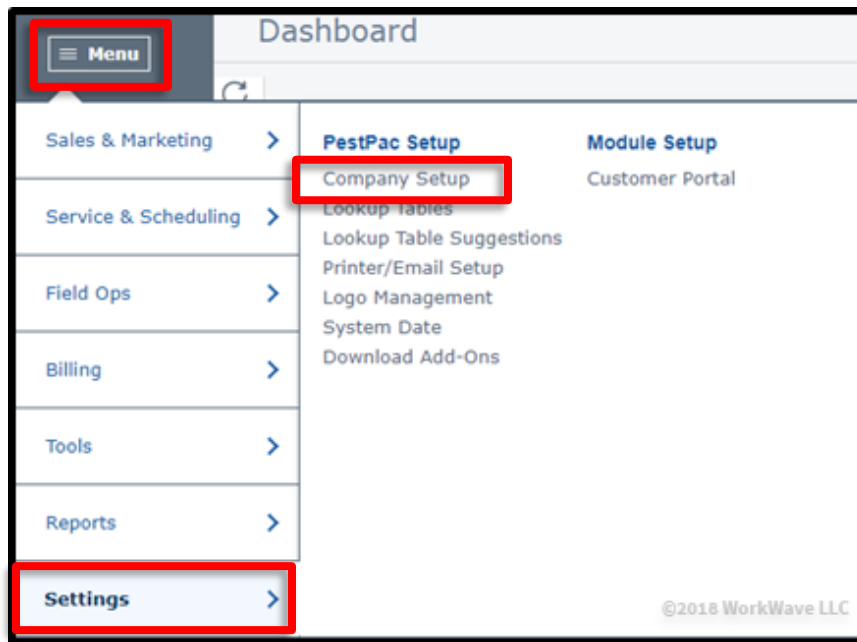
2. Click the *Add Service* button at the top-right of the screen.



3. Name the service something that represents a late charge, such as Finance Charge, Late Fee, or Late Charge. Click the *Add* button when done.

Service:	<input type="text" value="LATE FEE"/>
Description:	<input type="text" value="Fee For Payment Delinquency"/>
Class:	<input type="text"/>
Price:	<input type="text" value="0.0000"/>
Taxable:	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> By State: <input type="text"/>

4. To set the Finance Charge Rate and Minimum, go to *Menu > Settings > Company Setup*.



5. Go to the *Additional Features* section of the Company Setup and enter the *Finance Charge Rate* and *Finance Charge Minimum* at the bottom of the screen.

<u>Finance Charges</u>	
Finance Charge Rate:	<input type="text" value="0.010"/>
Finance Charge Minimum:	<input type="text" value="15.00"/>

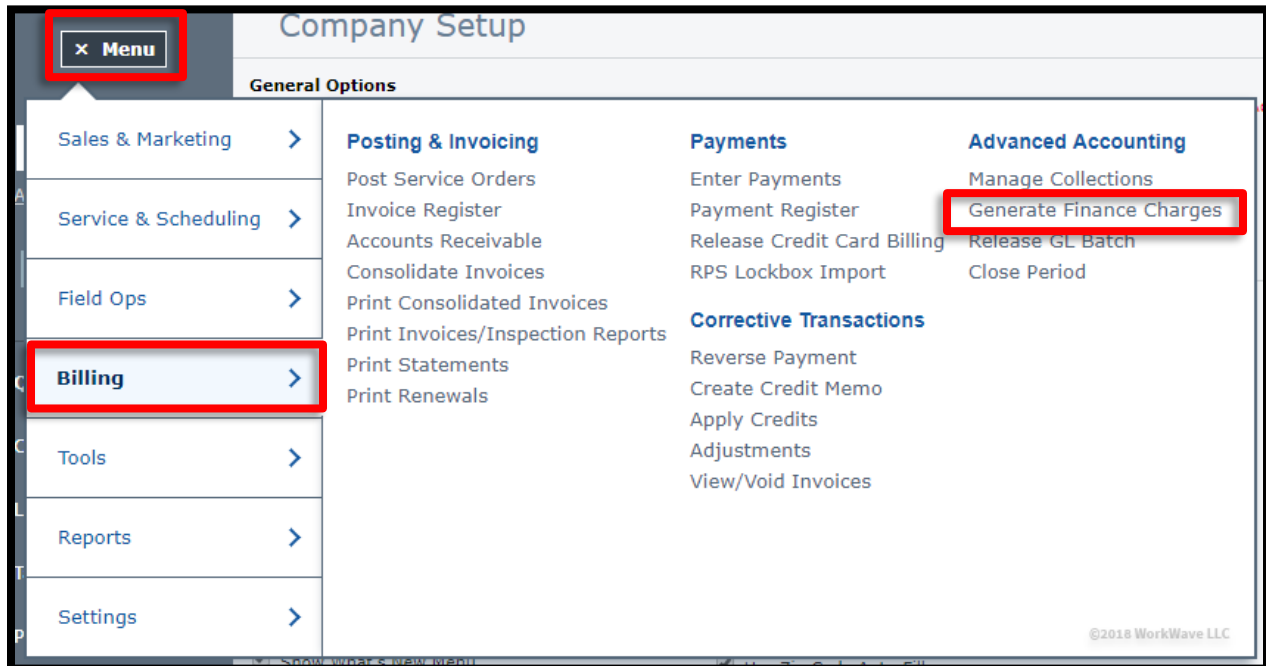
Option 1: Generating Finance Charges

When using this method, all customers meeting the selection criteria will have an invoice created on their accounts using the Service Code you assigned. Note that this process can be done as often as you choose but once selected should NOT be used along with the second option.

Note: Finance charge invoices increase your Accounts Receivable and will need to be voided / credited if not paid.

When you are ready to create finance charge invoices, complete the steps below:

1. Go to *Menu > Billing > Generate Finance Charges*.



2. Under *Selection Criteria*, fill in the criteria of the grouping of Customers that need to receive finance charges (e.g., everyone over 30 days past due).

The 'Generate Finance Charges' form has a 'Selection Criteria' section with the following fields:

- Account #:
- Past Due As Of:
- Minimum Days Past Due:
- Bill-To State:
- Branch:
- Ending Last Statement Date:
- Credit Status: Normal Alert Hold Collection
- Minimum Balance:

3. Under *Options*, enter the Service Code that you created in the Services Lookup Table (e.g., LATEFEE). This Service Code will show in the finance charge invoice.

Finance Charge Invoice Options

Service Code:

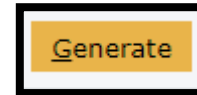
Invoice Description:

GL Code:

Include Previous Charges

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- Click the *Generate* button at the top-right of the screen; all Customers meeting the selection criteria will have an invoice created on their account using the service code you assigned. Note that this process can be done as often as you choose.

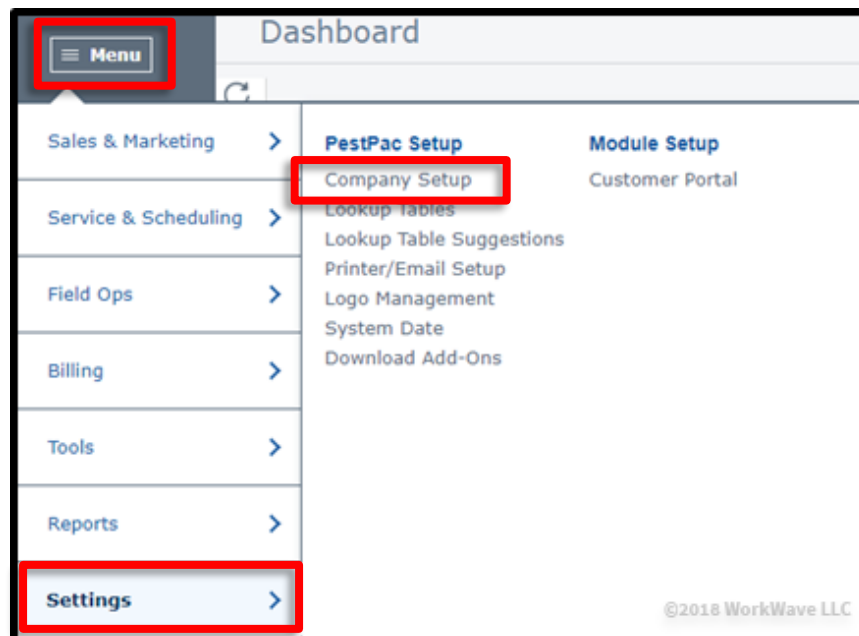


Option 2: Mock Finance Charges

This method, also known as ghost or fake charges, is typically used when you do not want the finance charge to appear on the Customer's account until they have paid it. PestPac will print a finance charge on the Customer's statement but will not generate the charge on the account before they pay. As a result, if the Customer does not send payment to cover the finance charge, they will not be charged for it.

To set up this type of charge, complete the steps below:

- Go to *Menu > Settings > Company Setup*.



2. Under *Payment Options*, check the *Create Finance Charge on Payment Entry* checkbox and designate a service code for the charge, and click the *Save* button in the top-right corner.

Payment Screen Options

- Use Batch Payment Posting
- Prompt for Services on Cash/Receipt
- Auto Apply on Payment Entry
- Hide Services Not Assigned to Current Bill to
- Create Finance Charge on Payment Entry
Service Code:

- Use Discounts and Adjustments
- Standalone Adjustment Type:
 - Payment Adjustment
 - Credit Memo
- Default Payment Date From:
 - Batch Date
 - System Date
 - None

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1. Go to *Menu > Billing > Print Statements*. Note that you can access the same screen via *Menu > Reports > All Reports > Statements*.

Company Setup

General Options

	Posting & Invoicing	Payments	Advanced Accounting
Sales & Marketing >	Post Service Orders	Enter Payments	Manage Collections
Service & Scheduling >	Invoice Register	Payment Register	Generate Finance Charges
Field Ops >	Accounts Receivable	Release Credit Card Billing	Release GL Batch
	Consolidate Invoices	RPS Lockbox Import	Close Period
	Print Consolidated Invoices		
	Print Invoices/Inspection Reports	Corrective Transactions	
Billing >	Print Statements	Reverse Payment	
	Print Renewals	Create Credit Memo	
Tools >		Apply Credits	
Reports >		Adjustments	
Settings >		View/Void Invoices	

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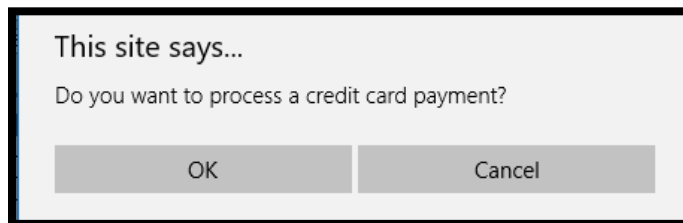
2. Fill in the criteria for the grouping of customers to whom you want to give a finance charge.

- Under *Display Options*, select the *Apply Finance/Late Charges* checkbox.

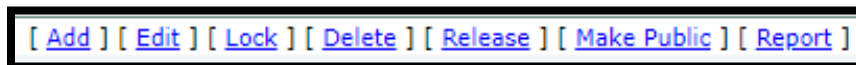
- Click the *Print* button at the top-right of the screen to print the statements. The finance charges show as an invoice line on the Statement, but if you look at their account, there is no finance charge.

- Once you receive payment from the Customer, go to their account and click the *Payment* button at the bottom-left of the screen.

- Click the *OK* button when asked if you want to process a credit card payment. Click the *Cancel* button when entering check / cash.



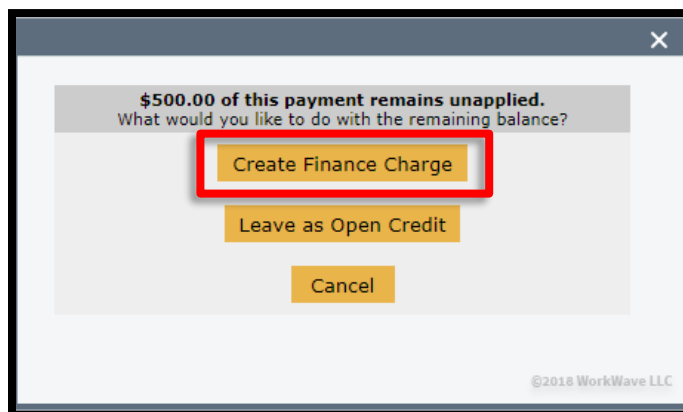
7. Click the *Create New Batch* link at the bottom of the screen if you wish to create a new batch for the payment; click *Add* to include it in an existing payment batch.



8. Enter the Bill-To, Method, Reference, amount, and click the *Save* button.

9. A popup appears asking what you want to do with the extra money, offering you the option either to create the finance charge invoice or apply the extra money as a credit on their account. If the customer did not pay the finance charge that was on the statement, then this pop-up will not appear.

Click the *Create Finance Charge* button.

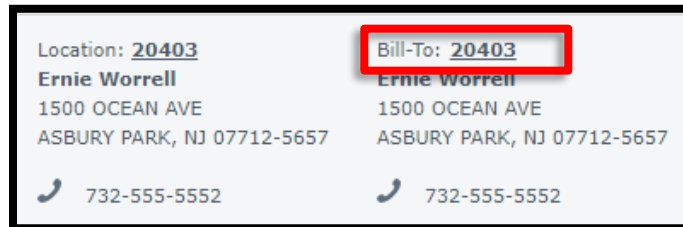


When a finance charge is created on the account, that charge is assigned its own invoice number. When you print a statement, all the open invoices will be listed, along with the finance charge invoice; however, the exact invoices that caused the finance charge will not be noted.

Including / Excluding Customers from Finance Charges (Manually)

If you have certain Customers for whom you never want to create a finance charge, you can exclude them by completing the following steps:

1. From the *Location*, click the linked *Bill-To* account.

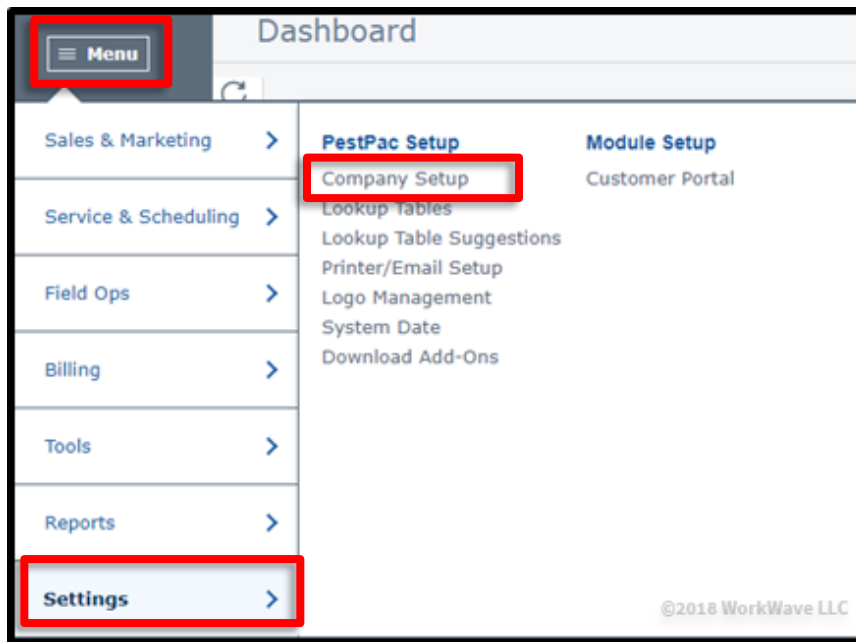


2. Check the *Finance Charge* checkbox to ensure the Customer receives finance charge invoices. If this option is unchecked, the Customer will never be charged finance charges.

A screenshot of a customer account settings form. The form contains various fields and checkboxes. The 'Finance Charges' checkbox is checked and highlighted with a red rectangular box. Other fields include 'Terms: NET 30', 'Discount: 10.000', 'Days: 30', 'Net: 30', 'PO #:', 'PO Expiration:', 'Bill-To 1:', 'Balance: 234.84', 'Credit: -56.00', 'Entered: 05/23/2014', 'Type: R', 'Division: 100', 'Prospect: [unchecked]', 'Consolidate Invoices: [checked]', 'Do Not GeoCode: [unchecked]', 'Credit and Collections' section with 'Credit Limit: 0.00', 'Credit Status: Alert (selected)', 'Collection Stage: 2', 'Sent to Agency: Yes', and 'Include Account in Collection Manager: [checked]'. A 'Collection History' link is also visible. The footer of the form reads '©2018 WorkWave LLC'.

You can also default all new Customers that are added to PestPac to have the *Finance Charges* checkbox checked by completing the following steps:

1. Go to *Menu > Settings > Company Setup* and go to the *Defaults for New Account* section.



2. Check the *Generate Finance Charges* checkbox to default all new customers to receive finance charges when applicable, and click the *Save* button at the top-right of the screen.

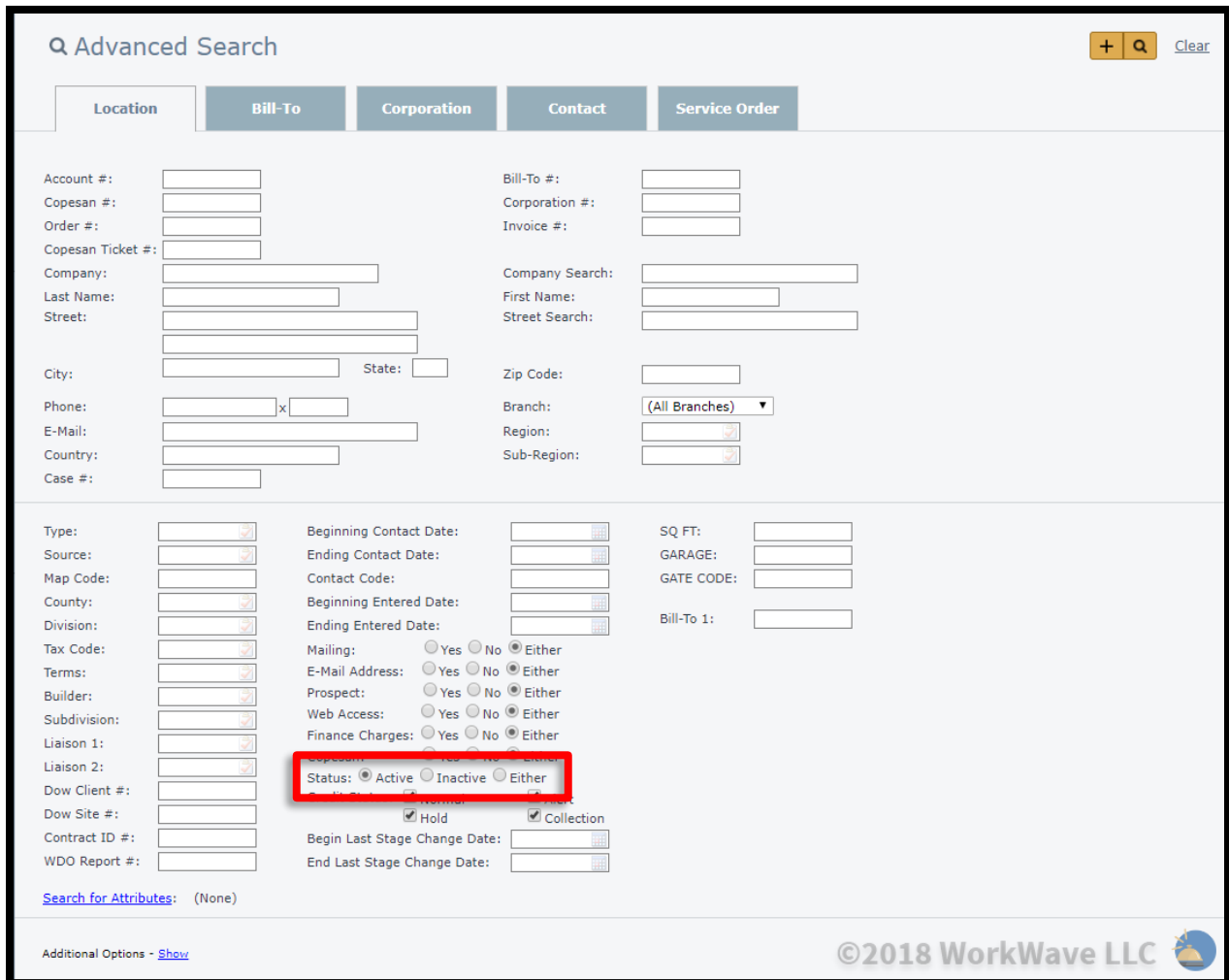
Including / Excluding Customers from Finance Charges (Data Update Utility)

If you want to enable finance charges for existing customers, you can do so manually as listed above or you can use the Data Update Utility by completing the following steps:

1. Create a list from Location portion of the search screen using your chosen search parameters (e.g., service code), and click the *magnifying glass* button at the top-right of the screen.

Note: You may need to click the blue *Advanced Search Show* link to search for additional fields.

To update the finance charge on the Bill-to for all Active customers, you can select the Active Status button.



Q Advanced Search + Q Clear

Location Bill-To Corporation Contact Service Order

Account #: Bill-To #:
Copesan #: Corporation #:
Order #: Invoice #:
Copesan Ticket #:
Company: Company Search:
Last Name: First Name:
Street: Street Search:
City: State: Zip Code:
Phone: x Branch: (All Branches)
E-Mail: Region:
Country: Sub-Region:
Case #:

Type: Beginning Contact Date: SQ FT:
Source: Ending Contact Date: GARAGE:
Map Code: Contact Code: GATE CODE:
County: Beginning Entered Date: Bill-To 1:
Division: Ending Entered Date:
Tax Code: Mailing: Yes No Either
Terms: E-Mail Address: Yes No Either
Builder: Prospect: Yes No Either
Subdivision: Web Access: Yes No Either
Liaison 1: Finance Charges: Yes No Either
Liaison 2: Status: Active Inactive Either
Dow Client #: Hold Collection
Dow Site #:
Contract ID #: Begin Last Stage Change Date:
WDO Report #: End Last Stage Change Date:

[Search for Attributes:](#) (None)

Additional Options - [Show](#)

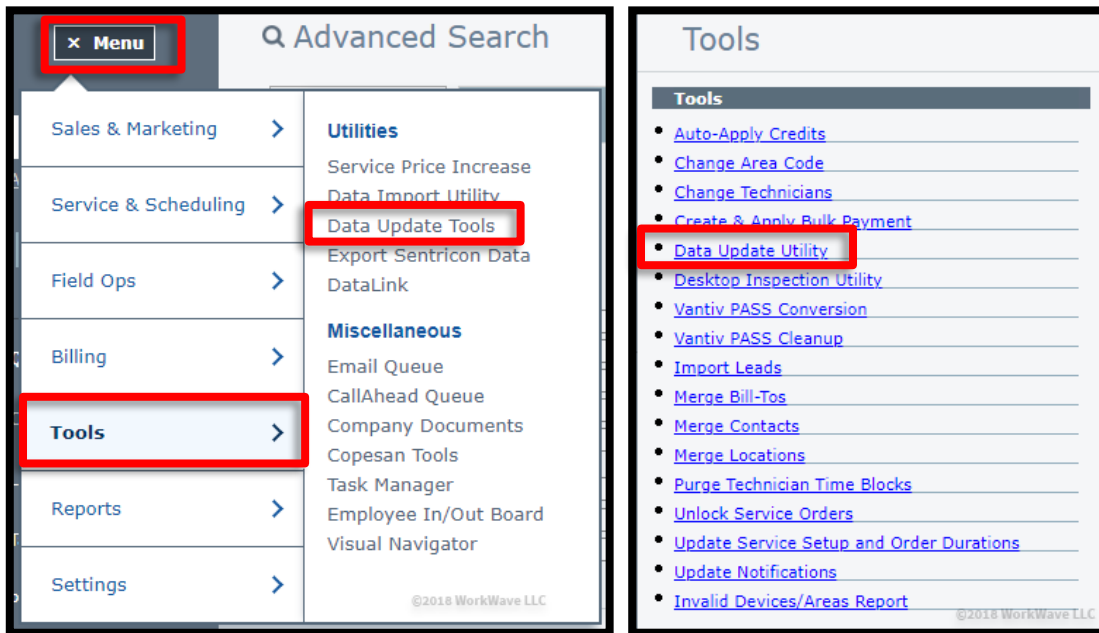
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2. Once your list is created, make sure you *Add to list* so that you can reference it in the Data Update Utility.



Add to List (New List) Lists Technicians

3. Go to Menu > Tools > Data Update Tools and choose the Data Update Utility.

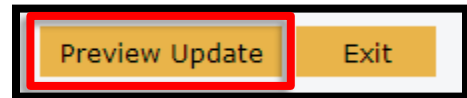


4. Pull in the list you created for updating finance charges and select *Bill-Tos* from the *Data Table* dropdown menu. Note that as you complete each field on the screen, the next field will appear.

The screenshot shows the 'Data Update Utility' form. It has a title 'Data Update Utility' and a note: 'Note: It is highly recommended to run large data updates (1000+ records) after normal business hours to prevent freezing and other performance issues within the software.' The form is divided into two sections: 'Selection Criteria' and 'Update Data'. In 'Selection Criteria', 'Location List' is set to 'Active Customers' and 'Data Table' is set to 'Bill-Tos'. In 'Update Data', 'Data Field' is set to 'Finance Charge', 'Match Old Value On' has 'Specified' selected, 'Old Value' is unchecked, and 'New Value' is checked.

- For *Data Field*, choose *Finance Charge*.
- For *Match Old Value On*, choose *Specified*.
- Leave the *Old Value* checkbox unchecked.

- d. Check the *New Value* checkbox.
5. Preview the update to make sure those records are the ones you want to update by clicking the *Preview Update* button in the top-right of the screen.



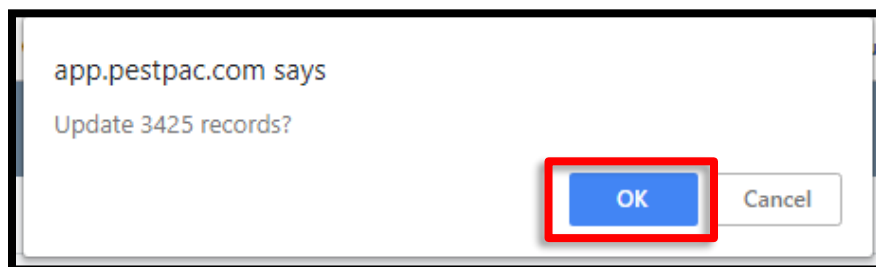
6. Click the blue *Click here* link to download the Excel file for review.



7. Once you have previewed the update, you can run the update by clicking the *Update Data* button at the top-right of screen. All the finance charge checkboxes will be checked on that list of customers.



8. You will see a pop-up confirming you want to update the records. Click the *OK* button and the click *Exit* when the update is complete.



Addendum: How Does PestPac Calculate Finance Charges on a Statement?

The following is the process for how PestPac calculates finance charges using an example of a past due invoice:

1. Each invoice has a number of days past due (86 days).
2. Divide 86 days by 365 days (1 year) to get the percentage of the year the invoice is past due (0.2356).
3. Multiple the percentage past due (0.2356) by the finance charge rate in Company Setup (0.24) to get the appropriate percentage for the invoice (0.05654).
4. Multiple that percentage (0.05654) by the balance on the past due invoice (\$75) to get the finance charge (\$4.24).

In this example, \$4.24 is the finance charge for that invoice. If there are multiple invoices, you will have to calculate the finance charge separately for each invoice since they have different numbers of days past due. You add all those together to get your total finance charge for the entire statement.

If this customer has multiple past-due invoices, we would add as follows:

1. Invoice from 10/22 is 86 days past due = \$4.24
2. Invoice from 11/13 is 64 days past due = \$3.16
3. Invoice from 12/11 is 36 days past due = \$1.78
4. Total finance charge as of today = \$9.18

Note that PestPac performs these calculations for you; this example demonstrates how the software gets to the results you see.

REMEMBER: For additional setup, training, and usage resources for FREE, including live webinars and a robust video library, please visit [PestPac University](#).

