

“Maximizing Your Tax Refund Business”

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Dealer Quotes

- ***“I had my best tax season in 8 years!”***
- ***“Customers have been knocking down my door to take advantage of our tax season promotion.”***
- ***“You were right, I should have been doing a tax promotion years ago.”***
- ***“Thanks! I increased my annual cashflow by almost \$1 Million.”***



Dealer Quotes

- ***“I was hesitant to implement an all year tax season promotion, but the results have changed my business model for the better.”***
- ***“I will be starting my tax season even earlier next year!”***
- ***“This promotion has not only helped our bottom line, but more importantly has helped our customers.”***

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Who is Tax Max?

- **Nationwide Company**
- **Just finished our 21st Tax Season**
- **3,000 Participating Dealers**
- **Available to assist you 52 weeks a year**

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What Do We Do?

Simply put...

We file your customers' tax return

You print the check!

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What We Do For The Dealership:

- **YOU sell more cars**
- **YOU print the refund check**
- **YOU control the refund dollars**
- **YOU get paid before the refund \$\$ is spent within 24-48 hours**
- **WE file with the IRS**
- **WE assume all IRS liability**

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What really happened in 2016?

- **January 26 blizzard in DC and Philadelphia**
- **February 3 IRS computer hardware crash**
- **February 10 – MASSIVE IRS money release**
Largest ever, but also latest ever

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A Few Clarifications

Tax Season DID happen!

Tax Season IS still alive & better than ever

**LARGE Tax Refunds have more than
DOUBLED in size since 2003.**

So how can tax season just go away?

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Tax Refund Quiz:

Single Parent

- 2-3 Children
- \$20,000 in reported income
- ZERO Federal Taxes Withheld

How much will the refund be?

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Tax Refund Quiz:

\$8,388

That's 2% HIGHER than last year!

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Facts About Tax Refunds:

THE FACTS:

- **BHPH customer refunds were UP in 2016**
- **Average BHPH customer refunds with children are OVER \$5,400**

The vast majority of recipients spend nearly all of the refund within 24-48 hours of receiving it

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Facts About Tax Refunds:

- **Most customers ‘promise out’ their refund in November and December**
- **40% of refunds are over \$6,000**
- **10% of refunds are over \$9,000**

If you aren’t ACTIVE during tax season, your customer will spend their money elsewhere!

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The Cold, Hard Facts

You are behind the times if you are using the same strategy as 20, 10, or even 3 years ago

Larger refunds have drawn the larger sharks into the Sub Prime waters



**More Predators
More Competition
New Strategies**



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BHPH Business Model Becoming Unsustainable

- **BHPH Market Share down 40%**
 - **Unit sales per location down**
- **Down payments are at a 5 year low**
- **Amount financed at an all time high**
 - **Terms at an all time high**

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What can you do about it?

- **Do Nothing**
- **Adapt to change**

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Does this sound familiar?

**How many of you hear this from customers
in December and January?**

“I am waiting for my tax refund”

**Remember: Only 17% of customers that
leave will actually come back**

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So what does this all mean?

Having a Tax Marketing Program is a MUST for you to compete in BHPH today

It should always be part of your business practice ALL 365 days a year

More & more, tax refunds play a part in every sale

Tax Season is NOW YEAR ROUND!

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Pitfalls & Solutions

According to Subprime Analytics - originations in February are the worst performing deals.

- **I AGREE. These deals are not being underwritten properly.**

According to our largest dealers, Tax Max deals are their BEST performing deals.

Worst Loss Month 2013-2015

2015	2014	2013
------	------	------

Worst Loss Month

After Origination February February February

Based on 250,000 Deals!

Source: Subprime Analytics

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TAX SEASON UNDERWRITING CHECKLIST



Check “Yes” or “No” to the following questions.

Yes No

CUSTOMER IS APPROVED FOR NORMAL UNDERWRITING CRITERIA?

WOULD WE DO THE DEAL WITHOUT A TAX REFUND?

DOES THE FMS HOTLINE INDICATE “NO DEBTS”?

ARE WE TAKING LESS THAN 30% OF THE TAX REFUND?

IS THE CUSTOMER BEING SETUP FOR SUCCESS WITH THE
SALE OF THIS VEHICLE?

DOES THE CUSTOMER HAVE ADEQUATE INCOME TO COVER
THE WEEKLY PAYMENTS WITHOUT THE TAX REFUND?

IS THE CUSTOMER PUTTING CASH DOWN OR HAVE A TRADE
IN BEFORE THE TAX REFUND?

**IF ANY QUESTIONS ARE ANSWERED WITH A “NO”, PLEASE PROCEED
WITH CAUTION WHEN APPROVING THIS TAX DEAL.**

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The 4 Tax Seasons

- **April – people who owe**
- **January & February – print refunds**
- **October through January – 4th Quarter**
- **All Year – Irregular/Seasonal payments**

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All Year – Irregular/Seasonal Payments

WHY?

Loan Terms are UP

Cost of Cars are UP

Cash in Deal is UP



Down Payments are DOWN



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All Year – Irregular/Seasonal Payments

Benefits:

- **Shorter Terms = Lower Risk**
- **Lower Risk = Fewer Repos**
- **Fewer Repos = More Referral Customers**
- **Fewer Repos = More Repeat Customers**
- **68% will make their last payment**

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All Year – Irregular/Seasonal Payments

Win the BHPH Race ~ What happens first?

- **Car Breakdown/Car Totaled**
- **Divorce**
- **Job loss**
- **Bored with the car**
- **Bankruptcy**
- **Loan Payoff**

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All Year – Irregular/Seasonal Payments

What is that exactly?

Move the car with the NORMAL down payment...

Payments 1 – 17 = \$90

Payment 18 = \$1,200 (accrues interest)

Payments 19 – 70 = \$90

Payment 71 = \$800

Payments 72 – 123 = \$90

Payment 124 = \$600 (If Necessary)

Many loans will be completed BEFORE week 124 (28.6 Months)

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All Year – Irregular/Seasonal Payments

Irregular Tax Estimator.

Client's SSN * <small>xxx-xx-xxxx</small>	<input type="text" value="123-45-6789"/>
Client's Name *	<input type="text" value="Joe Customer"/>
Client's Date of Birth * <small>mm/dd/yyyy</small>	<input type="text" value="12/12/1977"/>
Spouse's SSN <small>xxx-xx-xxxx</small>	<input type="text"/>
Spouse's Name	<input type="text"/>
Spouse's Date of Birth <small>mm/dd/yyyy</small>	<input type="text"/>

Please select a filing status: *

- Single**
Unmarried or legally separated as of December 31, 2015
- Married Filing Joint**
Married on or before December 31, 2015 and filing together.
- Head of Household**
Single Parent - ALL 3 MUST APPLY
 1. Unmarried on the last day of the year OR your spouse did not live with you during the last 6 months of 2015.
 2. Home was the main home of your son, daughter, grandchild, or parent for more than half of 2015 OR home was the main home of your niece, nephew, or fosterchild for the entire year, while claiming said dependent.
 3. Paid more than half of the cost of keeping up your home for 2015.

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All Year – Irregular/Seasonal Payments

Please answer the below questions:

1) Number of biological children (son, daughter, brother, sister, niece, nephew, grandchild) that are **16 and under** as of 12/31/2015 that have lived with taxpayer and/or spouse for at least 6 months of the year? *

3

2) Number of biological children (son, daughter, brother, sister, niece, nephew, grandchild) that are **17 or 18** as of 12/31/2015 that have lived with taxpayer and/or spouse for at least 6 months of the year? *

0

3) Number of biological children (son, daughter, brother, sister, niece, nephew, grandchild) that are **19 - 23** as of 12/31/2015 **AND A STUDENT** that have lived with taxpayer and/or spouse for at least 6 months of the year? *

0

4) Number of other dependents that do not qualify in questions 1 -3 above.*

0

Using the **most current** paystubs for each job worked during the year, please enter the following: (if worked more than 3 jobs, add up remaining paystubs and enter together under Paystub 3)

	Gross YTD Earnings	YTD Federal Withholdings
Paystub 1 *	7000	500
Paystub 2		
Paystub 3		

Today's Date *
mm/dd/yyyy

04/28/2016

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All Year – Irregular/Seasonal Payments

Today's Date *	<input type="text" value="04/28/2016"/>	
mm/dd/yyyy		
Please estimate the anticipated gross earnings and federal withholdings for each of the remaining months below. Be sure to ONLY include federal withholdings. (DO NOT include withholdings for state, social security, medicare, FICA, etc...)		
January (not required)	<input type="text"/>	<input type="text"/>
February (not required)	<input type="text"/>	<input type="text"/>
March (not required)	<input type="text"/>	<input type="text"/>
April	<input type="text" value="1500"/>	<input type="text" value="50"/>
May	<input type="text" value="1500"/>	<input type="text" value="50"/>
June	<input type="text" value="1500"/>	<input type="text" value="50"/>
July	<input type="text" value="1500"/>	<input type="text" value="50"/>
August	<input type="text" value="1500"/>	<input type="text" value="50"/>
September	<input type="text" value="1500"/>	<input type="text" value="50"/>
October	<input type="text" value="1500"/>	<input type="text" value="50"/>
November	<input type="text" value="1500"/>	<input type="text" value="50"/>
December	<input type="text" value="1500"/>	<input type="text" value="50"/>

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All Year – Irregular/Seasonal Payments



Joe Customer has an estimated refund of \$9,308.

Tax Max strongly suggests to not schedule more than \$700 as an irregular payment for this taxpayer.

To correctly view the Irregular Tax Agreement you will need Adobe Acrobat Reader.
You can download [here](#) for free.

[Click here for the Irregular Tax Agreement](#)

[Return to Menu](#)

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Who can handle Irregular/Seasonal Payments?

Tax Max DMS Partners



iDMS



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What is best for your organization?

Go to your NABD workbook

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Who can handle Irregular/Seasonal Payments?

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iDMS



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Irregular Payment & 4th Quarter Program

You WANT \$1,500 down & the customer HAS \$800

Traditional Option #1 - NO Sale

Traditional Option #2 - Move the car anyway

- Higher payments**
- Longer terms**
- Pick Up Payment**

33% of these deals make their last payment

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Irregular Payment & 4th Quarter Program

The NEW Tax Season Deal:

**You WANT \$1,500 down & the customer HAS \$800
(same dollars as before)**

INSTEAD...

- Take the \$800 Down Now**
- Get \$500 - \$1,000 MORE from the refund**

**Now you are getting up to \$1,800+
vs. settling for \$800**

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Irregular Payment & 4th Quarter Program

Your Tax Season Partner should:

- 1. Estimate the refund BEFORE W-2 Forms arrive**
- 2. Show you how to verify with the US Treasury that no current debts/offsets exist**
- 3. Help reduce risk with an Underwriting Checklist**

Why would you NOT do this? This is GOOD risk!

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Irregular Payment & 4th Quarter Program

The Upside:

- **Move cars from Oct. – Jan. AND Year Round**
- **No holding inventory until W-2 time**
- **Weekly payments start immediately**
- **STEAL MARKET SHARE!**
- **Get those large down payments you NEED!**

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Irregular Payment & 4th Quarter Program

The Downside:

NONE!

Risks are the same as any other deal

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Pitfalls

Big refunds DO NOT make a bad customer good

Irregular/Seasonal payments scare me, so I will just take a small down payment

- Loss rates on low down payments are way up

Scheduling big deferred or Irregular payments

- If your customer can get into another car for \$1,800 then the Deferred or Irregular payment should be \$1,700 or less!

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Best Practices

Deferred/Irregular Payment Sweet Spot

- \$800 to \$1,200

Run Early Tax Refund Season promotion

- Purchase inventory in late summer/early fall when prices are lower

- Use the Tax Season Underwriting Checklist!

- These payments are IN ADDITION TO a down payment, NOT IN LIEU OF...

Default Rate Stratification: Down Payment

Lower Limit	Upper Limit	Default Rate
\$600	- \$800	25.8%
\$801	- \$1,200	22.1%
\$1200 or Greater		<u>22.0%</u>
Totals		<u><u>22.5%</u></u> *

*Based on 250,000 Deals

Source: Subprime Analytics

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Best Practices

Use Tax Refunds to COLLECT PAST DUES!

- Dealers can clean up over 50% of delinquent accounts**
- Take a portfolio snapshot in December**
- Work past dues in December**

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Best Practices

Use Tax Refunds to COLLECT PAST DUES!

- **Use a “Promise To Pay With My W-2”**
- **Who is willing to work with you?**
- **Who is ready for repo?**
- **No W-2 by February 15 = REPO**

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Compliance Issues

None to the dealer

100% on your tax partner

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What are our dealers saying?

What prevented your dealership from executing more Tax Season deals?

- Inventory
- Lack of Advertising
- Started too late & waited until January
- Next season we will advertise sooner
- Customers not aware of the program
- Start earlier & advertise

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What are our dealers saying?

What did your customers like?

- **Fast & efficient**
- **Easier to buy a car than expected**
- **Customer can drive before refund arrives**
- **Refund advances with the W-2**
- **Customer can use refund to shorten the number of payments**
- **Tax season starts before Thanksgiving**

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The Future

Tax Season = 365 days a year

Irregular Payments change BHPH model

Shrinking Loan Terms!

More customers making their last payment

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Next...

Get advice NOW

Develop a plan NOW

Start implementing NOW

Educate employees NOW

Customize sales strategies NOW

Capture 2017 tax refund sales NOW

Don't wait for January

Don't wait for competitors to pass you by



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NEXT...

TAX MAX | **DRIVENOW**
NETWORK

DEALER WORKSHOP

LEARN HOW TO MAXIMIZE YOUR NEXT TAX SEASON

WEDNESDAY
MAY 25, 2016
7:30PM TO 8:30PM

ALSACE 1 MEETING ROOM
WYNN LAS VEGAS CASINO

TOPICS:
2015 TAX SEASON REVIEW
1ST QUARTER & 4TH QUARTER
IRREGULAR/SEASONAL PAYMENTS
TAX SEASON LEADS
COLLECTIONS, AND MORE!

5% - 10% 25% - 30%

REPRESENTATIVES ONSITE TO ANSWER YOUR QUESTIONS

866-642-4107 **www.TaxMax.com**

365 DAY TAX SEASON



Dealer Quotes

- ***“I had my best tax season in 8 years!”***
- ***“Customers have been knocking down my door to take advantage of our tax season promotion.”***
- ***“You were right, I should have been doing a tax promotion years ago.”***
- ***“Thanks! I increased my annual cashflow by almost \$1 Million.”***



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- ***“I will be starting my tax season even earlier next year!”***
- ***“This promotion has not only helped our bottom line, but more importantly has helped our customers.”***

QUESTIONS?



(866) 642-4107

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Text REFUND to 77513
and take a quick session survey

Texting solution provided by Solutions by Text