



# How to Leverage the CARES Act Employee Retention Tax Credit

*Presented by Synergi Partners in partnership with  
OneDigital and Leverage.*



# Today's Presenters



**Tom Godfrey**  
National Sales Manager



**Brad Marcus**  
Head of Financial Institutions Alliances

# Synergi Owners / Leaders



Jim Brown

Owner & Chief Executive  
Officer

Jim Brown serves as the Chief Executive Officer (CEO) of Synergi Partners. As one of the leading national voices on tax incentives, he maintains an active pulse on tax credits and incentives as well as federal and state practice and procedure issues.

Jim has over 40 years of experience in the tax credit industry. Prior to starting Synergi Partners with his partners, Jim owned and operated Shelly Management Services (SMS), the largest tax credit practice in the country at the time. SMS was acquired by ADP in 2003. After the acquisition, Jim served as Senior Vice President of Tax Credits and Director of Government Relations at ADP for over 14 years. In 2016, Jim retired from ADP. Realizing there was a need in the industry, Jim set out to start a tax credit and incentive processing company that prioritized customer relationships—Synergi Partners, Inc.



Kerstin Nemeč

Owner & Chief Product  
Officer

Kerstin Nemeč serves as the Chief Product Officer (CPO) and is a veteran in the tax services and consulting industry. She has served in leadership positions with several top companies in the country such as ADP, KPMG & GE. She has helped clients build cost saving strategies utilizing credits and incentives and helped companies save well over \$3 billion throughout her career. Kerstin's experience makes her an expert in developing cost saving solutions for businesses.

She oversees and develops strategies for customer service, implementation, and product development. Kerstin assists companies with developing credit and incentive strategies; negotiating discretionary incentives; brokering transferrable credits; and qualifying, calculating, and preparing hiring, disaster, zone based and investment tax credits.



Tim Norwood

Owner & Executive Vice  
President

Tim Norwood has upwards of 25 years of experience working with state and federal tax credits, regulatory compliance, and employee screening.

Tim has worked with thousands of clients—from small businesses to Fortune 100 companies—providing education about tax credits and guidance through the eligibility and monetization process.

Prior to joining Synergi Partners, Tim worked alongside his long-time colleague Jim Brown at Shelly Management Services (SMS). He later served Vice President of Sales at ADP Tax Credit Services.



Chad Witcher

Owner & Chief Operating  
Officer

Chad Witcher is an industry veteran with ~25 years of tax credit experience. He is results-oriented and is known for recruiting, developing, and engaging the most talented teams to maximize opportunities for his clients and partners. He is using his experiences to ensure Synergi drives sustainable growth while hands on supporting some of our largest clients.

Prior to joining Synergi Partners, Chad held executive/leadership positions with Walmart, SMS Management Services, and ADP. His expertise includes federal and state tax incentives, financial management, operational efficiencies, audits, acquisitions, partnerships, and most importantly ensuring our exceptional client service is leveraged so that Synergi remains the largest solely focused tax incentive firm in the county.

# Synergi Partners Executive Team



Jim Brown  
Owner & CEO



Kerstin Nemec  
Owner & Chief Product Officer



Tim Norwood  
Owner & Executive Vice President



Chad Witcher  
Owner & Chief Operating Officer



Larry Feinstein  
President, CARES Act



Rodrigo Masses  
President, Puerto Rico



Ashley Hogsette  
General Counsel



Tom Scott  
Chief Information Security Officer



Eric Duncan  
Chief Technology Officer



Wilson Huntley  
Chief Data Officer



Jim Warner  
Executive Vice President, Operations



Tom Lutz  
Senior VP Partnerships & Strategy



Jeff Walker  
Senior Vice President Sales



Cindy Martin  
Vice President, WOTC Operations

# About Synergi Partners

- Synergi Partners is an industry leader in business tax credits and incentives
- Executive team of veteran tax credit experts possess more than 200 years of combined know-how, with 40 years in the industry
- Specialize in helping employers obtain federal and state tax credits, as well as disaster relief incentives
- Our reputation as a boutique firm has been built over four decades and is what drives us to be your most trusted partner
- The largest privately held tax credit business in the United States
- Single focus; Synergi Partners leverages a consistent, proven and defensible model in all the work that we do

## Mission

- Bring back relentless passion and innovation
- Transform and apply cutting edge technology and processes to deliver maximum value
- Focus on exceptional service and strengthening relationships
- Pave-the-way for the present and future of the industry

# Why Synergi Partners?



## The Synergi Difference

- “First to Know” – Consistent, Proven, Defendable
- Work with top U.S. legal firm and maintain key connections with Legislators in D.C.
- Interpret & apply legislation – keeping our clients in full compliance

## Experience

- Executive team of veteran tax credit experts – more than 200 years of combined know-how
- More experience processing the Employee Retention Credits than any other company in the U.S.
- Processed thousands of employee retention tax credits to date

## Proven Methodology

- Developed proprietary methodology to match a variety of data points – proven in thousands of submitted Client cases
- Understand different business verticals and identify the best method to determine maximum benefits
- Consistent methodology run through a single business unit; other firms take a regional approach

## Money When it Matters

- Pride ourselves in getting money into our Clients’ hands quickly
- No financial risk to working with Synergi – only charge a contingency fee based on amount of credits delivered
- Look at multiple ways to maximize the credits we uncover

## Audit Support

- Provide credit package to each Client upon completion of our work
- Package provides client piece of mind – we have documented the maximum credit and provide no cost audit support
- Clients rely on us to protect & keep them in compliance; relieving of complexity while taking away risk/liability

# C A R E S   A C T

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Coronavirus Aid, Relief and Economic Security Act



## CARES Act Credits

# PPP vs. Employee Retention Credit



## Feature comparison

### PPP

Public information

Limited to businesses w/ 300 FTEs or less

Limited to decline of 25% of gross receipts

Repayment possibility which drives specific use of proceeds

Maximum loan size not to exceed \$2M / 2.5 months max of avg. payroll

More scrutiny of audits

Private equity owned & public companies not eligible

vs.

### ERC

Not public, part of tax return. Even public companies are not required to disclose, unless material.

Companies of any size are eligible

Businesses either fully or partially suspended due to government orders OR decline of gross receipts

No payback

No specific dollar limitation

Synergi ensures compliance and audit defense

All companies eligible

# Families First Coronavirus Response Act

## Sick Leave Credit

## Family Leave Credit

- Refundable payroll tax credit for 100% of paid leave entitlements
- Expanded Paid Leave Entitlements Are Refundable Against FICA Taxes
- Applies to Leave Taken Between April 1 - Dec. 31 2020
- Company provided additional leave not eligible for reimbursement
- Credit is taken against payroll taxes and excess credit is refundable by filing Form 7200
- Applies to all business types & non-profits with < 500 employees
  - ▶ (Limited exception available to businesses under 50)

# The CARES Act

## Paycheck Protection Program (Forgivable Loan)

- Employers with < 500 employees
- Employers with NAICS Code 72 (Restaurant & Hospitality) with < 500 employees per location
- Loans up to 2.5x avg monthly payroll not to exceed \$10M
- 8 week performance period ending June 30
- Proceed can be used for payroll, utility, rent, mortgage payments and interest
- Loans forgiven based upon proportional performance compared to prior years employee counts
- Unforgiven portion has a loan term of 24 months with 1% rate

**FIRST COME .....FIRST SERVE**

## Employee Retention Credit

- Refundable payroll tax credit for up to 50% of wages paid during epidemic
- \$5,000 per employee cap in credit (\$10,000 wages x 50%)
- Business must be fully or partially suspended or experience 50% loss in gross receipts
- Credit Period is the sooner of recovery to 80% gross receipts or Dec 31, 2020
- < 100 employees can include all wages plus healthcare costs
- > 100 employees can include only wages paid for not providing services and healthcare costs
- Developing methods to measure loss in productivity to maximize credit for employers with over 100 employees
- Credit is taken against payroll taxes and excess credit is refundable by filing Form 7200
- Applies to all business types & non-profits

# Federal vs. State Chartered Credit Unions

## Credit Treatment

	2020 Periods	2021 Periods
Federally Chartered	Not Eligible	Process
State Chartered	Process	Process

Consolidated Appropriations Act of 2021 (CAA) enacted in December 2020 amended previous portions of the Employee Retention Tax Credit (ERC), specifically the 'federal instrumentality' language, clarifying prior language potentially excluding credit unions from obtaining the ERC.

# New Legislation – ERC Stimulus

**PPP Recipients now eligible for ERC**

**Credit up to \$33,000 per employee**

## Significant enhancements to the CARES Act Employee Retention Credit (ERC)

- Businesses that received PPP loans now eligible to receive ERC
- Extension of ERC for 12 months through December 31, 2021
- Enhancement to credit amount and expanded qualifiers
  - Increased credit from 50% to 70% of qualified wages
  - Increases limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter
  - New max = **\$33,000 per EE (\$5K / 2020 + \$7K / 1Q21 + \$7K / 2Q21 + \$7K / 3Q21 + \$7K / 4Q21)**
  - Increased benefits in 2021 for full wages for companies up to 500 employees

Top line credit – receive money through payroll tax – immediate or refund from prior quarters,  
like cash

# CARES Act Stimulus ERC – Client Examples



<b>Mid-Size Financial Institution</b>	<b>Very Small Financial Institution</b>	<b>Large Financial Institution</b>	<b>Very Large Financial Institution</b>	<b>Small Financial Institution</b>
<b>464 Employees</b>	<b>37 Employees</b>	<b>972 Employees</b>	<b>2,675 Employees</b>	<b>68 Employees</b>
Avg. \$14,894 Credit/Employee Data to 4/4/21	Avg. \$18,649 ,Credit/Employee Data to 6/15/21	Avg. \$1,071 Credit/Employee Data to 6/30/20	Avg. \$3,603 Credit/Employee Data to 3/31/21	Avg. \$18,834 Credit/Employee Data to 4/30/21

Client Credit

**\$6.9M**

**\$711K**

**\$1M**

**\$9.6M**

**\$1.2M**

# What businesses are eligible?

Eligible Employers for the purposes of the Employee Retention Credit are those that carry on a trade or business during calendar year 2020, **including a tax-exempt organization**, that either:

**Fully or partially suspends operation** during any calendar quarter in 2020 / 2021 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19.

or

Experiences at least a **50%(2020) / 20% (2021) reduction** in year over year gross receipts during the quarter compared to same quarter 2019.

**Note:** Governmental employers are not Eligible Employers for the Employee Retention Credit. Also, Self-employed individuals are not eligible for this credit for their self-employment services or earnings.

# Examples:

## Impacts Caused by Partial Suspension

### Examples: Federal, OSHA or CDC Orders

✓ Branch and/or lobby closures	✓ Branch access restricted
✓ Branch services limited to drive-thru	✓ Employees may not be “active” all day
✓ Member service by appointment only	✓ Change to work shifts
✓ Suspension of in person business development and community outreach	✓ Impact to lobby hours
✓ Restriction on travel / industry conferences	✓ Time off to care for family, children, etc.
✓ Impact to operations to comply with sanitization requirements	✓ Postponement of scheduled IT projects, capital improvement, etc.

# What Businesses / Organizations are Eligible?

**Intent of Legislation:** Reward employers for retaining their employees

**Fully or partially suspends operation** during any calendar quarter in 2020/2021 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19.

OR

Experiences at least a **50% (2020) or 20% (2021) reduction** in year over year gross receipts during the quarter.

## National Retailer

**Sales/Revenue:** ↑

**Impacts:** Online, Supply Chain, Customer Accommodations, Cleaning, Shipping

## Hospital

**Sales/Revenue:** →

**Impacts:** Elective Procedures / Surgeries, Cleaning, PPE

## Church / School

**Sales/Revenue:** ↓

**Impacts:** Online, Limited in person Attendance, Unable to Host Fundraisers / Events

## Liquor Distributor

**Sales/Revenue:** ↑

**Impacts:** Supply Chain, Impact of Limits on Restaurants & Events

## Bank

**Sales/Revenue:** ↑

**Impacts:** Closed Branches, Closed Lobbies, Cleaning, Employees Remote

# ERC Process – Sale to Credit Package Delivery



## Phase 1

Clients w/ 'ees under 100 in 2020 & under 500 2021

### Kickoff Call

- Introduction of Synergi Team
- Overview of CARES Act ERC
- Eligibility discussion
- Data requirements

### Payroll Analysis

- Synergi's team conducts an in-depth analysis of coded non-service wages and allocates healthcare costs

### Credit Package

- Eligibility and Impact Analysis (EIA)
- Phase I Credit Calculations

#### Deliverables:

- Economic Impact Analysis
- Government Orders
- Qualification Analysis
- Detailed Payroll Reporting
- Support

## Phase 2

Clients w/ 'ees over 100 in 2020 & over 500 2021

### Kickoff Call

- Overview of WTS
- Discuss strategies and methodologies
- Review any supplemental data needed

### Work Task Study

- Synergi conducts in-depth analysis of work task changes due to COVID-19 / determines metrics to capture additional credit

### Credit Package

- Work Task Study narrative added to EIA
- Additional credit from WTS is added to Phase I calculations

#### How is ERC Monetized:

- 941, 941x
  - Form 7200 (<500)
  - Withhold
- \*\* Refundable Credit \*\***

# Synergi Partners Helping the Market

- Gets cash into clients' hands quickly: CARES & FFCRA
- Includes consulting and defending/protecting client in any audit
- The partnership helps take away most of the manual work off the client
- Synergi Partners captures partner's client payroll data needed to calculate the credits
- **No financial risk; success-fee based**

Our clients rely on us to protect them and keep them in compliance, relieving them of complexity while taking away risk and liability

## Better Together

### DIY (Do It Yourself)

- Don't know about tax credit opportunities
- Liability falls on client
- Manual work
- Risk of applying sick leave/FMLA leave/benefits/furloughed/laid off employees incorrectly
- Not knowing how to calculate all eligible wages
- **Don't know the nuances to maximize credits**

### Other Tax Incentive Competitors

- Have other product focuses
- **Don't know the nuances to maximize credits**
- Won't look for other tax credit opportunities
- Small part of a large company product set
- Stagnation
- Passionless
- Aging technology; minimal investment

### Synergi Partners

- **Focus solely on tax credits & incentives**
- **Specializes in the nuances to maximize credits**
- Work close with DLA Piper and Legislators in DC
- Uncover all credit opportunities - evaluate and coordinate all credits
- Developed proprietary methodology to match a variety of data points, saving clients time & money
- Provides audit-ready package and audit support
- Partnership will help clients get cash quickly

*First to Know :: Expertise :: Focused :: Ready*

# Financial Institution Case Study



A community financial institution in the Midwest with approximately 90 full time employees was referred to Synergi Partners through a peer group. The essential business was impacted by county and state mandated orders and follows Centers for Disease Control and Prevention (CDC) and Department of Public Health (DPH) guidelines. The Financial Institution experienced branch closures, limited lobby hours , no in person business development , limited workplace capacity, enhanced cleaning procedures, social distancing, and more.

The Financial Institution originally calculated the Gross receipts test and believed that was the only opportunity to be eligible. Synergi Partners was able to show how we evaluate the facts and circumstances associated with Partial Suspension due to Governmental orders, determine eligibility, calculate and maximize credits. HR was also concerned about the amount of workload that would be put on their internal team and Synergi was able to demonstrate how much of the manual work is taken off their plate, plus by Synergi doing the work, we keep them in compliance and defend all work delivered. While Synergi Partners is still in the process of collecting data to calculate the credit, we estimate the Financial Institution should receive over \$1.6M in calculated credit.

# Examples: Common Misconceptions

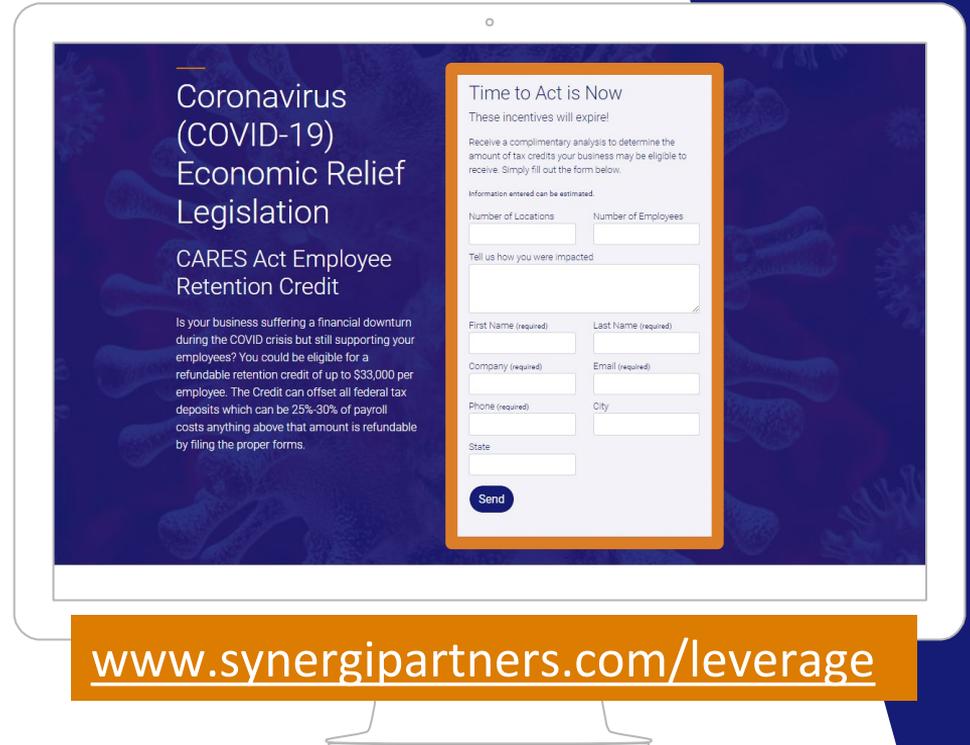
## Examples:

✓ My revenue isn't down	✓ Did not experience revenue reduction of 50%
✓ My revenue is up	✓ My payroll company / CPA can do it
✓ We are an essential business and don't qualify	✓ Our operations were not suspended
✓ Credit unions are not eligible because we were not eligible for PPP	✓ ERC CARES Act is FICA deferral and Net Operating Loss Carryback
✓ The time to apply for ERC has passed	✓ We did not have layoffs or furloughs
✓ Restrictions on use of ERC	✓ We're too big / too small

# Get Started!

## Next Steps:

- You will receive a follow up email with Today's presentation
- You can contact Synergi Partners directly through designated LEVERAGE landing page:  
[www.synergipartners.com/leverage](http://www.synergipartners.com/leverage)
- Service Agreement via DocuSign
- Implementation and Introduction to Tax Consultant



# Have Questions?

Contact a **LEVERAGE** Business Development Consultant at:

Em: [consult@myleverage.com](mailto:consult@myleverage.com)

Ph: 855-9EXPERT (939-7378)

**Get Started:**

[www.synergipartners.com/leverage](http://www.synergipartners.com/leverage)

