



MCM Tax Credit Alliance for NAHU Insurance Brokers

Presents:

Got WOTC?

Employer Tax Credit Discovery

New Commission Opportunities with The MCM Tax Credit Alliance for the Work Opportunity Tax Credit

The MCM Tax Credit Alliance

An alliance of professionals offering a suite of value-add services to their clients that they would not provide on their own:

- An alliance with business synergies
- An alliance with client benefits
- An alliance benefiting brokers
- An additional source of revenue

Client Benefits

- Opportunity to save up to \$9600 in tax credits for each *qualified* new hire
- Risk-free contingency pricing with no start-up or hidden fees
- Simple set up with a seamless electronic process & turnkey program
- MCM has 38 years of industry experience

Synergies

- Brokers have trusted relationships with client Finance & HR decision-makers
- WOTC is most often sold, implemented & supported within Finance, HR & Payroll departments.

Broker benefits

- Bringing new opportunities to clients builds on your 'trusted advisor' reputation
- Adds to client 'stickiness' providing a justification path to additional insurance products.
- Saves clients money
- Earns brokers a revenue sharing commission



Questions

mlancey@mckenziechase.com

(866) 547-8277

**“We do all the work and you get all the credit.”
Michael Lancey, President & CEO**

We're here to help...

- As COVID-19 vaccines get distributed, recovery will accelerate.
- As labor demand grows, tax credits will enhance your bottom line.
- **Let us help you recover fully, during this post-shutdown period, by setting up a new program to obtain the tax benefits to which you and your business are entitled.**

**Michael Lancey, President & CEO,
Mckenzie Chase Management**

Tax Credit Potential Increases Due to COVID-19

- More Tax Credit qualifications are expected due to relief legislation passed in response to COVID-19. Economic disruption has increased unemployment and expanded the number of people that will qualify a business for core employer tax credit program, the **Work Opportunity Tax Credit (WOTC)**.
- The COVID-19/ round 2 stimulus relief bill enacted in December of 2020, extended *WOTC for an additional 5 years to Dec 31 2025!*

The MCM Program

- **Over 38 years of specialization** in employer tax credits, culminating with the creation of the “**MCM Program**” which is:
 - WOTC
 - Empowerment Zones
 - Indian Employment Credits
 - COVID-19 Payroll Tax Credits & Audits
 - State and local tax credits and incentives



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W.O.T.C.

**Gets Your Clients Their Fair Share
of the \$5 billion Employer Tax Credit Pie with the
Work Opportunity Tax Credit**



What is the WOTC?

- **Work Opportunity Tax Credit**
- **Federal** income tax credit for employers.
- **Earned** by hiring new employees in target groups (10-15% qualify) with historically high unemployment.
- **Claimed** by properly applying for, documenting, then formally claiming the credit in your tax return.



Limited Tax Engagement



Form **5884**
 (Rev. December 2016)
 Department of the Treasury
 Internal Revenue Service

Work Opportunity Credit

► Attach to your tax return.
 ► Information about Form 5884 and its separate instructions is at www.irs.gov/form5884.

Attachment
 Sequence No. **77**

Name(s) shown on return		Identifying number	
1 Enter on the applicable line below the total qualified first- or second-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who are certified as members of a targeted group			
a	Qualified first-year wages of employees who worked for you at least 120 hours but fewer than 400 hours \$ _____ × 25% (0.25)	1a	
b	Qualified first-year wages of employees who worked for you at least 400 hours \$ _____ × 40% (0.40)	1b	
c	Qualified second-year wages of employees certified as long-term family assistance recipients \$ _____ × 50% (0.50)	1c	
2	Add lines 1a, 1b, and 1c. See instructions for the adjustment you must make to salaries and wages	2	

Form **3800**
 Department of the Treasury
 Internal Revenue Service (99)

General Business Credit

► Go to www.irs.gov/Form3800 for instructions and the latest information.
 ► You must attach all pages of Form 3800, pages 1, 2, and 3, to your tax return.

OMB No. 1545-0895

2020
 Attachment
 Sequence No. **22**

Name(s) shown on return		Identifying number	
b	Work opportunity (Form 5884)	4b	

Millions of Issued Certifications and Unknown



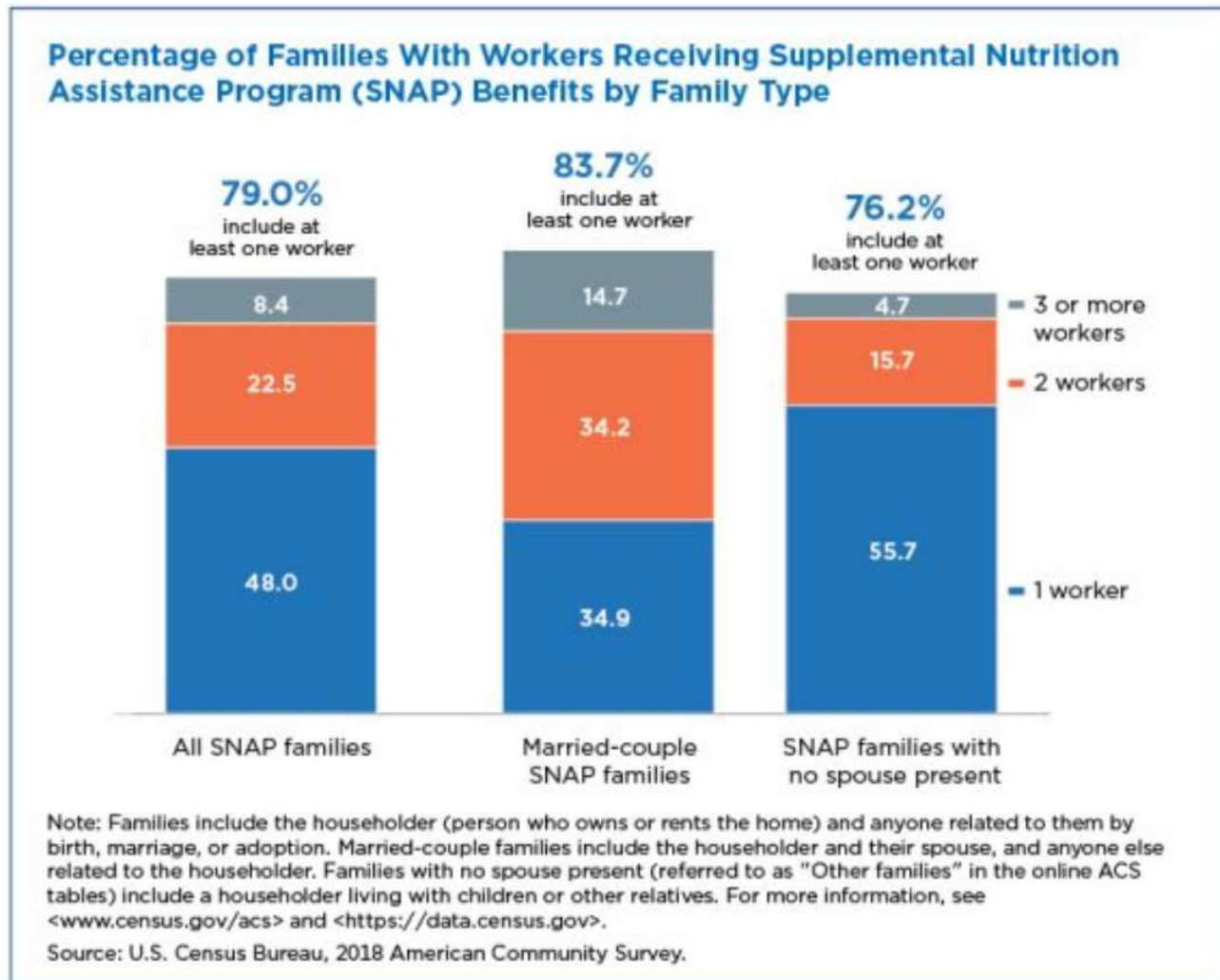
■ Data may change due to performance reporting updates.

Source: U.S. Dept of Labor Employment Training Administration
<https://www.dol.gov/agencies/eta/wotc/performance#nat-tax-cert>

Tax Credit Fast Facts

- 30 Million certifications issued since 1996
- 190,000 veterans were certified in FY18.
- \$202 Billion estimated savings over the past 10 years
- \$16.7 Billion estimated annual federal savings
- \$3.5 Billion estimated annual state savings

Where are the Qualified?

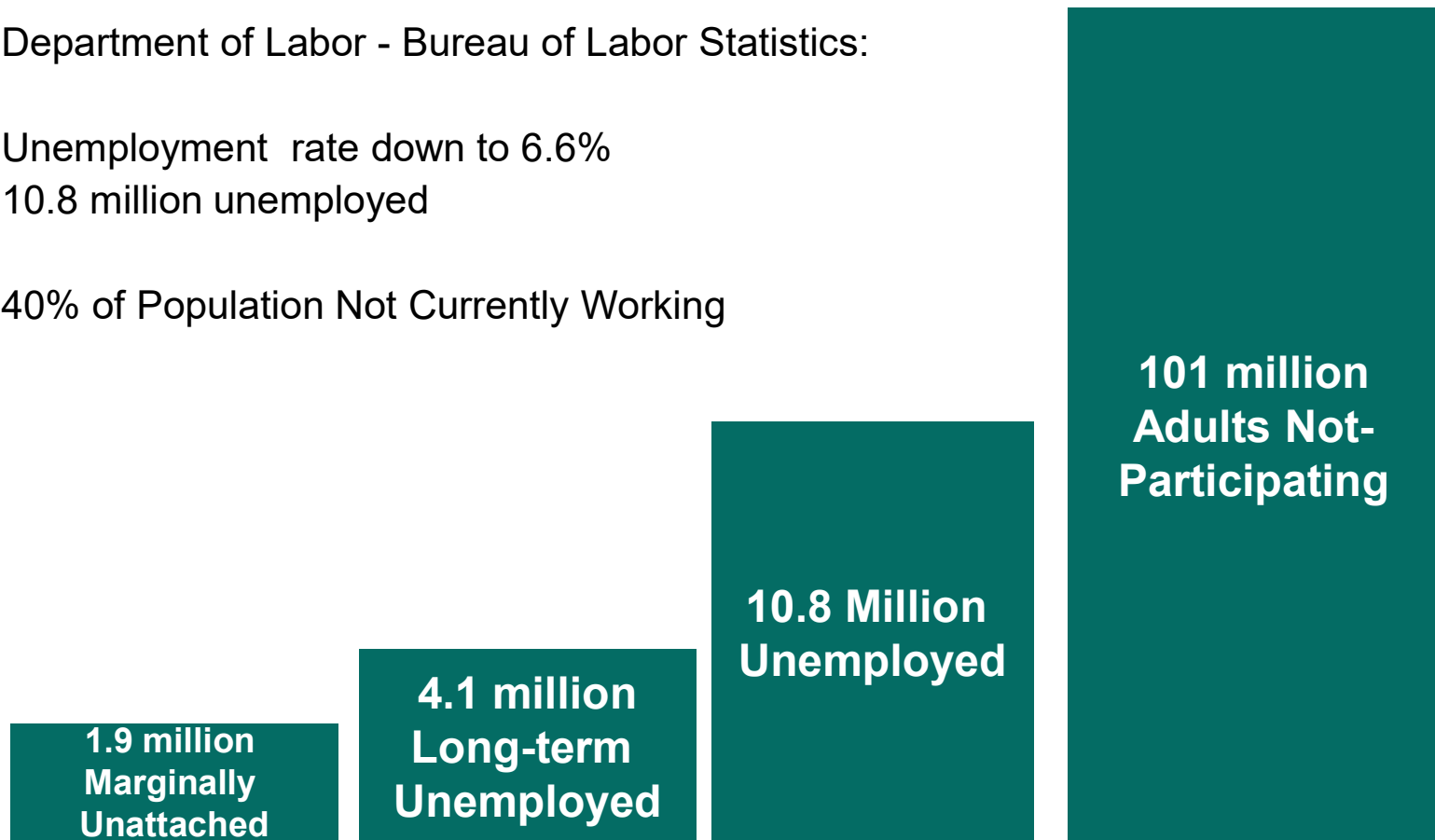


Unemployment Situation

Department of Labor - Bureau of Labor Statistics:

Unemployment rate down to 6.6%
10.8 million unemployed

40% of Population Not Currently Working



New hires from 3 demographics:

A. Received Assistance:

1. Welfare (TANF)
2. Long-term Welfare
3. Food Stamps
4. Vocational Rehabilitation
5. SSI
6. Ex-Felons
7. Long-term Unemployed

B. Veterans:

8. Veterans: Food stamps
9. Veterans: Unemployed 4+ Weeks
10. Disabled: Veterans
11. Disabled: Veterans Unemployed 6+ months

C. Federal Zone – earned simply based on employee's address:

12. Empowerment Zone Resident
13. Summer Youth



Tax Credit Potential per New Hire:

- **\$2,400: WOTC Core Target groups**
- **\$9,600: Veterans, 1 year**
- **\$9,000: Long-term Welfare, 2 years**

HR: EEOC Rulings

- WOTC participating companies are allowed to ask pre-screening questions.
- Why? You are pre-screening in order to favor specific target groups.

Tax Credit Fast Facts

- \$7,600 estimated annual net federal savings per certification.
- \$17,700 estimated total net savings per certification
- \$1,560 credit (maximum value to the employer for the base program)

- Totals
 - Taxpayer gets \$1,560 average per qualified ee.
 - Government saves estimated \$25,300 per ee.



**Are you getting your fair share
of \$5 billion?**



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How the cash flows....

Client Case Example:

- A hypothetical client hires 750 employees in a year.
- 80 certified as WOTC-eligible.
- Total wages of \$420,000.
- Tax credit result of \$168,000
- Clients savings are documented by USDOL certifications and qualified wages.
- Invoices are monthly.

Commissions and Fees

- MCM fees are 15-20% of client savings, based on client size & demographics.
- **Example:**
 - MCM fees are 18% of the savings = \$30,240
 - Broker commission is 10% of the MCM fee, or \$3,024
 - Brokers are paid within 30 days of payment by client

How Much Do Clients Save?

Client's tax credits

Your revenue share

A-\$25,000 (15 to 150 hires)

A- \$500

B-\$50,000

B-\$1,000

C-\$100,000

C-\$2,000

D-\$250,000

D-\$5,000

Clients That Benefit Most

1. Unlimited employee size(s). As a taxpayer you are already enrolled, capturing the credit is the challenge.
2. Companies with frequent turn-over.
3. Businesses hire less-skilled lower-wage workers.
4. Seasonal or part-time.
5. Industry base is broad in 2021.

Top 7 Industries for WOTC

Fiscal Year	Office & Administrative Support (Code 43)	Food Preparation & Serving (Code 35)	Production Occupations (Code 51)	Sales & Related Occupations (Code 41)	Transportation & Material Moving Production (Code 53)	Healthcare Support Occupations (Code 31)	Personal Care & Services (Code 39)
2020	658,786	249,265	201,246	194,658	39,384	47,373	38,594
2019	755,624	361,235	300,365	292,804	58,839	56,338	44,709
2018	766,230	371,509	365,696	350,411	71,428	61,561	35,735
2017	632,390	321,714	366,395	370,558	75,520	61,858	34,344

Note: Data may change due to performance reporting updates.

Source: U.S. Dept. of Labor Employment Training Administration

<https://www.dol.gov/agencies/eta/wotc/performance#nat-tax-cert>

MCM Knows Your Client

1. Health Care
2. Manufacturing
3. Hospitality
4. Agriculture
5. Fast food & casual dining
6. Temp & employment agencies
7. Construction
8. Other service businesses
9. Franchises
10. C-corps, S-Corps, or partnerships.



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Meet Mckenzie Chase

- 1. Personal Service:** Turn the complex into simple tasks that are easy to implement. We listen and help you get it right.
- 2. 38 Years Experience:** We know how to make a very large federal and state system work for you.
- 3. Technology:** High tech that rivals the Fortune 500 with customized reporting and features.
- 4. Return on Budget/ ROI:** Effective programs and competitive rates make the ROI a superior value.

“We do all the work and you get all the credit.”

Throw out the Paper & Go Virtual

ABCD Company Logo

Welcome to ABCD Company

Select your location from the Drop Down arrow, then click 'Go'

Español

Select Region ▼

Employee Starts Here



Reporting

- #Annually, Quarterly, and Monthly
- #Tax Credit with Details by Location and by Employee
- #Applications Completed,
- # Applications Unacceptable,
- #Sent for Approval,
- #Online and Paper programs tracked,
- #WOTC Status, Certifications and Determinations.

MCM Program Summary...

We do all the work – and you get all the credit... Literally.

- The MCM Program works for you.
- Guaranteed risk-free.
 - No fees to start. No monthly fees.
 - 100% contingency based.
 - You only pay after you win!

MCM Basics Training

The MCM Program for tax credits is fast and simple.

1. Clients' new hires complete the forms
 2. Sends the forms to MCM
 3. Clients get generous tax credits
 4. MCM is paid when a client gets a tax credit.
- The process can be completed online even faster.

How To Refer a Client

- You know your clients and the best way to reach out
- In general, it's best for you to make an introduction
- MCM is available to support you by phone or email

Thank you for your trust in us!



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