Bank Products & ERO Funding

Master Study Guide

1. Understanding Bank Products

What Bank Products Are

• Bank products are optional financial products offered through third-party banking partners.

• They can allow taxpayers to pay preparation fees from their refund and may provide access to advance funding programs.

Common Bank Products

• Refund Transfer (RT): allows preparation fees to be deducted from the taxpayer's refund.

• Refund Advance: a loan product offered through participating banks based on bank eligibility requirements.

Benefits to Tax Offices

• Increased accessibility for clients

• Higher funding rates

• Improved fee collection

• Enhanced client experience

Benefits to Taxpayers

• No upfront preparation fees

• Convenient payment options

• Access to eligible loan products

Important Reminder

• Approval decisions are made by the bank.

• Never guarantee approval.

2. Refund Transfers

How Refund Transfers Work

• 1. The tax return is prepared.

• 2. The taxpayer chooses a Refund Transfer.

• 3. The bank receives the refund proceeds.

• 4. Tax preparation fees are deducted.

• 5. The remaining refund is distributed to the taxpayer.

Benefits

• No upfront preparation fee

- Convenient payment process
- Increased accessibility for clients

Considerations

- Bank fees may apply.
- Clients should understand all disclosures.
- Products should be explained clearly.

3. Refund Advances

What They Are

- Refund Advances are loan products offered through participating banks.
- Eligible taxpayers may receive funds before their refund arrives.

Important Facts

- Approval is determined by the bank.
- Not all taxpayers qualify.
- Loan amounts vary.
- Funding is never guaranteed.

ERO Responsibilities

- Explain the product accurately.
- Provide required disclosures.
- Avoid making promises.
- Ensure client understanding.

Approved Language

- Do not tell a client, "You are approved."
- Use language such as, "The bank will determine eligibility."

4. Refund Advantage ERO Loans

Purpose

- Refund Advantage offers loan opportunities designed for qualified EROs.
- These are business funding products intended to support business growth and operations.

Possible Uses

- Marketing
- Hiring staff
- Equipment purchases
- Technology upgrades
- Office improvements

- Business operations

Important Facts

- ERO loans are subject to approval.
- The lesson states that first-year EROs generally do not qualify.
- EROs must opt in through Refund Advantage.
- Loan allocations are managed within the Refund Advantage platform.
- Terms and repayment requirements should be reviewed carefully before participation.

Difference From Taxpayer Products

- ERO Loans are business funding products.
- They are not client refund advances, Refund Transfers, or taxpayer loan products.

5. SBTPG Simply Paid

How Simply Paid Works

- 1. A return with a Refund Transfer is filed.
- 2. The IRS acknowledges the return.
- 3. SBTPG advances a portion of the preparation fee.
- 4. Repayment occurs when the refund funds.

Benefits

- Faster access to revenue
- Improved cash flow
- Reduced waiting period for preparation fees

Why EROs May Use It

- Payroll
- Marketing
- Office expenses
- Administrative support

Key Takeaway

- Programs like Simply Paid are presented in this module as tools that may help bridge seasonal cash-flow gaps.

6. Pre-Season vs. In-Season Funding

Pre-Season Funding

- Occurs before tax season begins.
- May be used for marketing campaigns, hiring staff, office setup, and equipment purchases.

In-Season Funding

- Occurs during filing season.

• Is designed to improve cash flow while returns are being filed.

Important Reminder

• Always understand requirements, fees, and repayment terms before participating.

• Funding should be viewed as a business tool, not free money.

7. Cash Flow Management

Revenue vs. Cash Flow

• Revenue and cash flow are not the same thing.

• A tax office can generate revenue and still experience cash-flow challenges.

Common Expenses

• Payroll

• Marketing

• Software fees

• Office rent

• Utilities

• Administrative support

Best Practices

• Create a seasonal budget.

• Track expenses weekly.

• Maintain reserves when possible.

• Avoid unnecessary spending.

Key Takeaway

• Good cash-flow management creates stability.

8. Using Funding Strategically

Smart Uses

• Marketing

• Training

• Staff expansion

• Technology

• Equipment

• Business growth

Poor Uses

• Personal spending

• Luxury purchases unrelated to the business

- Impulse spending
- Unplanned expenses

Leadership Principle

- Funding should generate future revenue.
- Use funding to grow the business, not create additional financial pressure.

9. Bank Compliance

Areas Commonly Reviewed

- Return accuracy
- Documentation
- Funding rates
- Loan performance
- Security procedures
- Due diligence compliance

Best Practices

- Maintain organized records.
- Follow office procedures.
- Review returns carefully.
- Keep documentation complete.

Key Takeaway

- Strong compliance supports long-term relationships with banking partners.

10. Maintaining Banking Relationships

Ways to Maintain Strong Relationships

- Follow program guidelines.
- Complete requested documentation.
- Respond promptly to inquiries.
- Maintain compliance standards.
- Monitor performance metrics.

Benefits

- Access to programs
- Funding opportunities
- Better support
- Long-term partnerships

Key Takeaway

- Banks want to work with offices that operate professionally and responsibly.

11. Funding Rates

What Funding Rates Measure

- Funding rates measure how many returns successfully fund through bank products.

What Banks May Monitor

- Funding percentages
- Product usage
- Performance trends

Improving Funding Rates

- Verify information carefully.
- Review returns thoroughly.
- Follow bank procedures.
- Reduce preventable errors.

Key Takeaway

- Strong funding performance often supports stronger banking relationships.

12. Building a Funding Strategy

Questions to Consider

- What funding products fit my office?
- What products benefit my clients?
- How can funding improve cash flow?
- What compliance procedures must be followed?

Final Reminder

- Funding should support growth, not replace sound business planning.
- The best funding strategy is built on planning, compliance, and responsible growth.