

1099 Pro Corporate Suite Case Study: Onboarding

The Situation

It was November of 2013 and Retirement Investments XYZ was in a bind. Retirement Investments XYZ had used a 1099 software provider for the 2012 tax year but experienced many problems relating to software errors and usability. However, more importantly to senior management, the level of service and timeliness in regards to support functions and a clearly structured filing timeline were never articulated to Retirement Investments XYZ. This left Retirement Investments XYZ in a perpetual scramble to get things done at the last minute. As Retirement Investments XYZ continued to grow, upper management began to search for a new information software, service, and reporting company that could both scale with the company while also meeting rigorous requirements for speedy service. Any additional services or benefits would be considered value-added, but not essential, as there was only a two month window to become fully onboarded before printing & mailing customized tax forms to recipients.

Company Background

Retirement Investments XYZ is a financial firm specializing in retirement plans and investment strategies. Over the decades, Retirement Investments XYZ has grown to support approximately 100 employees and over 300 registered representatives – who in turn support tens of thousands of individual customers. This led Retirement Investments XYZ to have an approximate volume of 150,000 records across two filing entities and four form types (1099-B, 1099-DIV, 1099-R, & 5498) with state direct reporting requirements in addition to IRS reporting. Furthermore, Retirement Investments XYZ was looking for the option of internally or externally hosted software while still retaining full access to, and ownership of, their data.

Onboarding Structure & Timeline

Retirement Investments XYZ and 1099 Pro agreed upon a one-year contract, by the end of November, and quickly began the onboarding process. Contrary to Retirement Investments XYZ's past experiences, 1099 Pro provided an onboarding document which identified key deliverables, dates, and areas for special attention. Key areas of the onboarding process, such as data retrieval/formatting, creating import maps, identifying special/unique fields, prior year importing, custom print statements, and web API integration are described below. Throughout these processes, 1099 Pro was able to add value, increase compliance, and mitigate damages in ways described in the value added section

Data Retrieval & Formatting

1099 Pro immediately identified the process of retrieving existing data as a priority – a process which inherently takes longer than expected. Issues commonly arise where past service/software providers are unwilling to cooperate which amplifies the difficulty (note: 1099 Pro is the only software provider in which customers have complete access to, and control of, their recipient data). 1099 Pro can provide conversion utility programs that can import data into the 1099 Pro software from past IRS 1220 formats, Excel, text delimited files, comma separated value files, fixed length files, and even legacy CheckFree files. Retirement Investments XYZ chose to work with their data in Excel files.

Importing Data

At this point, a dedicated account manager from 1099 Pro reviewed the data with Retirement Investments XYZ and identified an essential column, unique to Retirement Investments XYZ's internal system, for secondary account

information. 1099 Pro then designed customized import maps (Exhibit 1) for Retirement Investments XYZ that allowed for the column to be included in the import and to be referenced within the software (Exhibit 2). Furthermore, the 1099 Pro import validation process identified key compliance issues that are referenced in the “Value Added” section below.

Customized Print Statement & Web API Integration

Retirement Investments XYZ’s business processes centered on a unique print statement that displayed a summary sheet for each taxpayer identification number with aggregate data from 1099-B and 1099-DIV tax forms (Exhibit 3). Further, detailed breakdowns of information were provided that broke the information down by form type and account number. Retirement Investments XYZ, therefore, had legitimate concerns that the unique print statement be replicated to such a level that customers could not tell a difference. 1099 Pro back-end programmers were able to create this exact replica but also provided the ability to include an increased level of detail – which senior managers immediately requested.

The next step in the onboarding process was to integrate the software, data, and customized print statement with Retirement Investments XYZ’s web portal. Retirement Investments XYZ’s web portal allowed customers to retrieve real-time tax documents without Retirement Investments XYZ having to provide phone support or physically mail documents. Accordingly, 1099 Pro Corporate Suite comes standard with a web API module, supporting documentation, and technical support. This supporting documentation streamlined the process and Retirement Investments XYZ had its web portal functioning with live data in only two days.

Value Added

Throughout the onboarding process there were many instances where 1099 Pro was able to match existing processes and then recommend, provide, or advise improvements.

Compliance & Penalty Abatement:

- Negative Value Imports
 - Thousands of negative values were identified, and rejected, which could result in a \$10,000+ penalty.
- Non-Unique Account Numbers
 - Non-unique account numbers were identified and updated in accordance with IRS standards - thereby preventing future corrections issues.
- Improper TIN/EIN formatting
 - Improperly formatted TINs/EINs were identified, researched, and corrected through 1099 Pro’s www.TINCheck.com real-time TIN validation & EIN lookup service.

Process Improvements:

- Custom Print Statement
 - Retirement Investments XYZ dramatically improved the level of detail and readability on their custom print statement.
- Web Portal
 - Retirement Investments XYZ was able to utilize the 1099 Pro API to provide tax documents in real-time to customers rather than having to store outdated PDFs.

In the end, Retirement Investments XYZ was fully onboarded in 45 days and chose to renew the contract with 1099 Pro. Retirement Investments XYZ now enjoys a close professional relationship where new features/services, such as real-time TIN validation via www.TINCheck.com and bulk TIN matching, are further integrated into company-wide services.

Exhibit 1 – Customized Import Maps

1099 Pro Excel Import Wizard

Map the import Fields/Columns to your 1099-DIV data fields
 Drag and drop fields from the left side to the right to match your incoming values with data fields

▶ Match each field from the input file on the left to the corresponding tax form field on the right by dragging and dropping. To cancel a match, drag from right to left or double-click on it.

Drag (map) Fields from here...		Selected - Alternate recipient account		
Col	Input Field Name/Column	Map to Field/Destination	Mapped Import Field/Column/Value	Col
3	Alt Rcp Account			
		Filer Dept		
		Filer Payer Code		
		Filer Phone		
		Rcp TIN	Payee TIN	1
		Rcp TIN Type	Payee TIN Type	2
		Alt Rcp Account		
		First Name	Payee First Name	4
		Last Name/Company	Payee Last Name	5
		Name Line 2	Payee Name 2	6
		Name Line 3		
		Name Line 4		
		Address Type		
		Address Deliv/Street	Payee Address Line 1	7

Exhibit 2 – Additional Information Fields

Changing a Form 1099-DIV Record, #48737

VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. TEST 24969 Mulholland Highway Calabasas, CA 91302 (818) 737-2336 Phone and Dept: 001		1a Total ordinary dividends \$ 10009.00 1b Qualified dividends \$ 209.00 2a Total capital gain distr. \$ 309.00 2c Section 1202 gain \$ 3 Nondividend distributions \$ 99.00 6 Foreign tax paid \$ 509.00 8 Cash liquidation distr. \$ 88.00 10 Exempt interest dividends \$ 609.00 12 State 13 State ID no. CA 123456789	OMB No. 1545-0110 2013 Form 1099-DIV 2b Unrecap. sec. 1250 gain \$ 2d Collectibles (28%) gain \$ 4 Federal income tax withheld \$ 409.00 5 Investment expenses \$ 7 Foreign country or U.S. possess. \$ 9 Noncash liquidation distr. \$ 11 Specified private activity bond interest dividends \$ 709.00 14 State tax withheld \$ 9.00	Dividends and Distributions <input type="button" value="Audit Trail"/> <input type="button" value="Notes/Doc"/> <input type="button" value="Preferences"/> State: CA <input type="button" value="Instructions"/> <input type="button" value="Form Help"/>
PAYER'S Federal identification number 43-6119745	RECIPIENT'S identification number 199-22-1002	Recipient's address (View mode -- click for edit mode) LILLIAN ADAM 2nd Name Line Suite 200 123 Street Calabasas, CA 91302		
Account number (see instructions) 123456789-02	2nd TIN not <input type="checkbox"/>			



Exhibit 3 – Customized Print Statement

1099 PRO	23901 Calabasas Rd. Suite 2080 Calabasas, CA 91302	2013 YOUR TAX INFORMATION STATEMENT Copy B For Recipient Original
Payer Information:	Your Registered Representative:	Recipients's Name and Address:
1099 Pro, Inc. Federal Identification Number: 95-4185342	PM - First Name2 PM - Last Name2 Test Office2 Street Address2 Apt/Suite2 Calabasas CA, 91302 (818)737-2337 x44	LILLIAN ADAM 2nd Name Line Suite 200 123 Street Calabasas, CA 91302
2013 1099-B Summary of Proceeds From Broker and Barter Exchange Transactions		OMB No. 1545-0715
Box		Amount
2A Gross Proceeds-Less Commissions and Fees.....		\$2,003,463.00
3 Cost or Other Basis.....		\$1,022.00
4 Federal Income Tax Withheld.....		\$1,036.00
5 Wash Sale Disallowed.....		\$1,050.00
13 State.....		CA
14 State Identification #.....		123456789
15 State Income Tax Withheld.....		\$158.48
Details are reported to the IRS. Refer to the 1099-B section for the details that are reported.		
2013 1099-DIV Dividends and Distributions		OMB No. 1545-0110
Box		Amount
1a Total Ordinary Dividends.....		\$140,308.00
1b Qualified Dividends.....		\$3,108.00
2a Total Capital Gains Distributions.....		\$4,508.00
4 Federal Income Tax Withheld.....		\$5,908.00
6 Foreign Tax Paid.....		\$7,308.00
10 Exempt-Interest Dividends.....		\$8,708.00
11 Specified Private Activity Bond Interest Dividends.....		\$10,108.00
12 State.....		CA
13 State Identification #.....		123456789
14 State Income Tax Withheld.....		\$308.00
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.		
Please note that the information provided to you on your 1099b and 1099 div may be amended or updated as a result of fund updates and / or the fund providing information that was not previously available. Please keep this in mind when filing your taxes. If you file your taxes and receive an amendment, you may consider consulting a tax professional and / or re-filing your taxes.		

Recipients's Name and Address: LILLIAN ADAM 2nd Name Line Suite 200 123 Street Calabasas, CA 91302	Account Number: 123456789-04 Recipients Identification Number: 199-22-1002	2013 YOUR TAX INFORMATION STATEMENT Copy B For Recipient Original								
2013 Form 1099-B Proceeds from Broker and Barter Exchange Transactions		OMB No. 1545-0715								
(For individuals, report details on Form 8949 and Form 1040: Schedule D: Line 1,2,8 or 9.)										
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.										
SECURITY DESCRIPTION AND STOCK SYMBOL (BOX 8) AND (BOX 1D)	CUSIP	DATE OF SALE OR EXCHANGE (BOX 1A)	DATE ACQUIRED (BOX 1B)	QTY. (BOX 1E)	GROSS PROCEEDS-LESS COMMISSIONS AND FEES (BOX 2A)	COST OR OTHER BASIS (BOX 3)	AMOUNT OF GAIN OR (LOSS)	FEDERAL INCOME TAX WITHHELD (BOX 4)	WASH SALE LOSS DISALLOWED (BOX 5)	STATE INCOME TAX WITHHELD (BOX 15)
SHORT-TERM CAPITAL GAINS OR LOSSES ¹ (BOX 1C)										
COVERED (BOX 6B) ALL SECURITIES THAT ARE COVERED WILL BE REPORTED TO THE IRS.										
Testing Stock-7	Desc.#31 CUSIP#TEST-4	8/17/2013	4/27/2012	106	\$206.00	\$100.00	\$106.00	\$101.00	\$102.00	\$11.41
Testing Stock-8	Desc.#32 CUSIP#TEST-4	8/17/2013	6/30/2005	107	\$207.00	\$103.00	\$104.00	\$104.00	\$105.00	\$11.42
Testing Stock-9	Desc.#33 CUSIP#TEST-4	3/15/2013	9/14/2012	108	\$208.00	\$106.00	\$102.00	\$107.00	\$108.00	\$11.43
GRAND TOTAL SHORT TERM COVERED					\$621.00	\$309.00	\$312.00	\$312.00	\$315.00	34.26
LONG-TERM CAPITAL GAINS OR LOSSES ² (BOX 1C)										
NONCOVERED (BOX 6A) ALL SECURITIES THAT ARE NONCOVERED WILL NOT BE REPORTED TO THE IRS. ³										
Testing Stock-10	Desc.#34 CUSIP#TEST-4	3/15/2013	12/17/2009	109	\$209.00	\$109.00	\$100.00	\$110.00	\$111.00	\$11.44
Testing Stock-11	Desc.#35 CUSIP#TEST-4	3/15/2013	2/17/2010	110	\$210.00	\$112.00	\$98.00	\$113.00	\$114.00	\$11.45
Testing Stock-12	Desc.#36 CUSIP#TEST-4	3/15/2013	4/27/2012	111	\$211.00	\$115.00	\$96.00	\$116.00	\$117.00	\$11.46
Testing Stock-13	Desc.#37 CUSIP#TEST-4	3/15/2013	6/30/2005	112	\$212.00	\$118.00	\$94.00	\$119.00	\$120.00	\$11.47
GRAND TOTAL LONG TERM NONCOVERED					\$842.00	\$464.00	\$388.00	\$458.00	\$462.00	45.82