



Compliance

TAX INFORMATION REPORTING

ACA Information Reporting Proposal for The City of West Allis

7/10/2015

Sovos Compliance
Tax Information Reporting Solutions
9800 Bren Road East
Suite 300
Minnetonka, MN 55343

Phone: 1-888-303-1099

Proposal for the City of Allis

Executive Summary

Sovos Compliance is pleased to present the following proposal to the City of West Allis. Sovos Compliance is the industry leader in providing flexible, on-demand tax information reporting and withholding management services and solutions. We leverage our unique application of technology and nearly 30 years of proven experience to serve more than 2,200 clients. The companies we work with trust Sovos Compliance because we tailor our solutions to meet their unique needs, we maintain a high level of expertise in the ever-changing regulatory landscape, and we are committed to providing a superior client experience. Our 98% client retention rate speaks to the value we provide our customers.

Affordable Care Act (ACA) information reporting is very similar to what our business has been 100% focused on for nearly 30 years. The City of West Allis should find comfort in knowing that Sovos Compliance has already successfully processed and delivered nearly 1 Million 1095 tax forms for tax year 2014, a “beta year” according to the IRS. Our industry expertise and proven technology will help City of West Allis satisfy their ACA reporting obligations, ensuring accurate information returns to their employees, a compliant transmittal to the IRS, and peace of mind internally.

Sovos Compliance does not offer any tools or services around tracking or determination.

The following proposal reflects Sovos Compliance’s capabilities that will support City of West Allis in meeting their ACA reporting obligations, and is organized as follows:

- I. *Understanding Your Needs/Obligations*
 - o *Business Goals*
 - o *Challenges & Capabilities Needed*
- II. *Sovos Compliance Solution Recommendation*
- III. *Onboarding / Implementation*
- IV. *Support Hours*
- V. *Value Summary & Pricing*

I. Understanding The State of Your Business

City of West Allis Business Objectives

I have had conversations with City of West Allis’ Willis Representative, Clare Ott, to identify the key objectives driving the need to select a vendor to assist City of West Allis’ ACA information reporting process. Through these conversations I understand their business objectives are:

- Looking for a tool or service to outsource the ACA Reporting workload to a trusted 3rd party organization
- Maintain and ensure compliance around ACA information reporting

- Deliver timely tax forms to employees and the IRS transmittal

Typical Business Challenges

Through our experience in speaking with many organizations around ACA information reporting, we've identified some common business challenges and/or concerns that typically arise during conversations. These identified issues/concerns are outlined below, as are Sovos Compliance's capabilities:

Challenges/Areas of Concern	Specific Capabilities Sovos Compliance Provides
<p><i>Reduce Risk and Ensure Compliance</i></p> <p>ACA reporting is brand new and there are real penalties associated with reporting inaccurate information, for both City of West Allis and their employees. IRS scrutiny and company image are concerns for many organizations around this new reporting obligation.</p>	<p>The ability to outsource the administrative responsibilities of ACA tax information reporting to a proven, trusted and experienced 3rd party vendor, who has already successfully processed and delivered nearly 1 million 1095 tax forms to the IRS.</p> <p>An on-demand system that gives you instant access to all ACA tax information reporting data with the ability to pull ad hoc reports.</p>
<p><i>Improve Operational Efficiency</i></p> <p>Limited resources to manage the printing and mailing process internally based on the volume of 1095 tax forms. Additionally, a new transmittal is required by the IRS for this ACA information reporting obligation.</p> <p>The IRS estimates the time it will take to complete each form will be about 12 minutes per form.</p>	<p>Sovos Compliance's solutions handle forms to employees and transmittals to the IRS and have real-time updates for changes.</p> <p>Our managed services team will work with City of West Allis to make sure they have provided all pertinent information. Your managed services representative would be an extension of your team.</p> <p>The ability to outsource the statement delivery to a proven 3rd party provider with the</p>

	<p>required security controls to handle high volumes of sensitive tax information.</p> <p>Sovos Compliance has the unique capability to accept data from multiple sources in its native format. A huge differentiator for us.</p>
<p><i>Employee Satisfaction</i></p> <p>Employee experience around this new reporting. Providing an accurate and timely information return to your employees.</p>	<p>Our Managed Services representatives will act as an extension of your internal tax team, handling all daily reporting operations up to and including filing during tax season. They handle any necessary correspondence and penalty management.</p> <p>The need to hire and train additional employees will be eliminated and overhead expenses will be reduced.</p> <p>The flexibility to offer paper and/or electronic statements to save on print costs and provide a positive employee experience. Also, the ability to leverage Sovos' nearly 30 year working relationship with the IRS.</p> <p>Ensuring an accurate and timely information return will reduce the call volume during tax season.</p>

II. Recommendation

As discussed, my recommended solution to City of West Allis would be to utilize Sovos' Taxport + Managed Services offering, including Statement Delivery. My recommended solution is outlined below.

Taxport ACA – Taxport is a completely web-based (SaaS) solution that provides a compliant way to deliver informational tax forms to client recipients, government agencies, and also handles the management of recipient tax identity data. Since Taxport is a SaaS solution, it does not require hardware to be installed at the client's site nor will the client need to apply updates or back-up data as it is maintained by Sovos Compliance. Each year, Sovos Compliance researches all federal and state regulatory changes, updating Taxport as necessary with any new regulations and instructions. Taxport also provides on-boarding support, online support, and telephone support.

Taxport Security – Sovos Compliance has comprehensive business continuity and a disaster recovery plan to ensure your data is secure and available when you need it most. We certify to the ISO27001 Information Security Management Standard to ensure our client's data security, availability, and confidentiality requirements are met. We utilize SSAE 16 SOC 1 audited data centers and advanced encryption technology ensuring data security, including transmission of data and data-at-rest encryption (FIPS 140-2 Level 3 Certified) within our software as a service environment.

Taxport Add-on Tools – With Taxport, you also have the option to include a number of tools to make your tax information reporting process go even more smoothly while also improving your customer experience.

- **Managed Professional Services** – Eliminating the administrative effort needed to operate Taxport ACA, Sovos Compliance's Managed Services provide complete administration for security, data import and daily operation of the Taxport solution. The managed services team handles all aspects of security configuration, from initial setup to ongoing maintenance. You never lose control with regular management reporting and a complete audit trail available to you whenever you need one. Just as with security, data import is handled from initial configuration to daily operation and maintenance effort that result from future regulatory or system changes.
- **Statement Delivery** – Sovos Compliance provides both traditional print and mailing of forms and electronic form delivery (eStatements) as a single solution to deliver forms to recipients and vendors. By leveraging both types of delivery the overall cost can be reduced and go green initiatives can be achieved. Form delivery pricing is driven by the number of recipients and vendors that opt-in to receiving their forms electronically. Delivering forms electronically will be credited to your account during the annual reconciliation of printed form volume.

III. Onboarding/Implementation

As an industry leader, I am confident that our on-demand solutions will advance the automation of your organization's ACA information reporting process, create greater efficiencies and reduce compliance risk. Getting off to a good start will encourage a long and rewarding partnership between City of West Allis and Sovos Compliance.

Implementation – To ensure a smooth, timely transition to your Sovos Compliance solution, an implementation Project Manager is dedicated to your team. You will work closely with your Project Manager to define success for your organization and outline a timeframe for implementation.

Training – Sovos Compliance is committed to ensuring our clients receive the highest value from their chosen solution. During onboarding, your team is encouraged to participate in customized training sessions and utilize existing online documentation. Sovos Compliance also provides training sessions throughout the year to ensure added value from your tax information reporting investment.

Client Service – Consider Sovos Compliance client-dedicated compliance for your company. Every tool we create, every service we offer, is backed up by a team of tax technology experts. And we provide our clients with extended support whenever the need arises with 24/7 emergency after hours support.

Support (On Going Service)

Overview

Sovos Compliance Client Support is provided to our Clients for the term outlined within their Master License and Services Agreement and incorporated Schedules, Order Forms and amendments (the “Agreement”).

Client Support shall provide “Unlimited Support” for the Sovos Supported Products and Services during the Standard Support Hours set forth below. Unlimited Support includes general product and technical assistance for all current and supported Product releases, running on the infrastructure and/or environment for which they are intended.

Support Hours

	Toll Free Client Support Hours		Emergency After Hours Support
January 1 through January 31	Monday - Friday	7AM-7PM Central Time	24 Hours per day, 7 days per week
	Saturday	8AM – 12PM Central Time	
	Sunday	Closed	
February 1 through April 30	Monday – Friday	7AM-7PM Central Time	
	Saturday – Sunday	Closed	
May 1 through September 30	Monday – Friday	8AM-5PM Central Time	
	Saturday – Sunday	Closed	
October 1 through December 31	Monday – Friday	7AM-7PM Central Time	
	Saturday – Sunday	Closed	

IV. Pricing Summary

Our goal is to provide our clients with a solution that reduces risk while improving the operational efficiency and employee experience across your organization. The table below provides a snapshot of the fees we recommend to deliver the recommended solution we have agreed you need to meet your objective.

Fully-Outsourced

<u>Service offering</u>	<u>Volume</u>	<u>Annual Subscription</u>	<u>Excess Volume (price per unit)</u>
Taxport + Managed Services - ACA	Up to 700 full-time employees	\$22,408*	\$5.38
Statement Delivery**	Up to 700 forms	\$1,246	\$1.78
Total Annually		\$23,653.84	

Self-Service Tool

<u>Service offering</u>	<u>Volume</u>	<u>Annual Subscription</u>	<u>Excess Volume (price per unit)</u>
Taxport ACA – Includes statement delivery**	Up to 700 full-time employees	\$7000	\$11.70
Total Annually		\$7,000	

*Standard contract is a 3-year subscription

**Statement delivery includes print, first-class postage, and delivery.

Convey is now a Sovos Compliance Company
9800 Bren Road East, Suite 300 · Minnetonka, MN 55343
www.sovoscompliance.com · 800.334.1099 · info@sovoscompliance.com



***Please note this quote expires on June 30, 2015.**

Next Steps

As discussed, I will deliver this proposal and follow up with you to determine what steps are necessary for you to complete the purchase of your ACA reporting solution. If you should need anything before I reach out to you, please do not hesitate to contact me.

Your primary point of contact at Sovos Compliance is:

Kristine Shaughnessy

Corporate Account Executive

Office: 763.235.5848

Mobile: 952.838.5969

Email: kshaughnessy@convey.com

www.sovoscompliance.com