Tax Reform Design Strategy: Standard vs Itemized (SVI) Recommendation

<u>Key Customer Problems</u>	Tax Reform impacts	Solutions to explore
What are standard & itemized deductions?	 Only ~45% of customers in TY17 had the SVI recommendation topic available to select. Our current experience does a piecemeal job in educating customers about standard vs itemized deductions, let alone the difference between these two deduction types and other above-the-line deductions We need to make this space more clear to build confidence that we're getting their best outcome 	-Be more upfront with what these deductions are during recommendation experience - Force customers through this experience to educate them
Am I getting my best outcome?	- Half of customers who itemized in the past will now take the standard deduction Customers who try to itemize and end up taking standard waste their time and don't pay off the work they did.	-Consider additional content to explain standard versus itemized concepts going into the D&C landing table or topics -Revisit the content and treatment of itemized versus other deductions on our "quick check"/PTT screens, in "my stuff" and on the D&C landing table to differentiate deduction categories -Explore ways to tie these concepts together for customers throughout the experience (not just on the overall SVI results screens) and help them compare their itemized to their standard deduction
How are my itemized deductions calculated?	- We don't differentiate between standard and itemized deductions and above-the-line deductions - We don't demonstrate the refund impact between SVI, just as deductions	-Consider ways to expose the itemized deductions that are included in the customers' total, and address deductions that have been capped or limited -Explore ways to help customers differentiate between deductions that are itemized from credits and other deductions that can be taken without itemizing -Revisit the "Other Income Taxes" topic description, and consider splitting it into federal and state/local to help differentiate between payments (withholding) and potential deductions (state)
How would my refund change if I switched from standard to itemized or vice versa?	- We don't help the customer understand what the impact is and why they should take it	-Consider using a similar side-by-side refund comparison currently used in the upsell on the standard/itemized results screens -Consider having an option on all results screens for standard and itemized deductions that would allow a customer to see the side-by-side refund comparison
Why doesn't my refund change after I select <standard deductions="" itemized="">?</standard>	 The primary payoff for standard vs itemized is after D&C completes, and is disassociated away from the place of entering them in We don't communicate strongly that the standard deduction was already baked into your return 	-Explore ways to display results screen closer to the action or input -Consider contextual help to explain that the standard or itemized deduction benefit has previously been included in their refund (similar to what we do when we pre-calculate CTC and EITC)
Key segments with regard to tax reform	<u>Hypotheses & concepts</u>	
Customers who get an SVI recommendation - if standard: have them understand the value of what they just did and make it harder to get into topics - if itemized: encourage entry of those experiences Customers who took itemized PY and now will take standard - strong anchoring that Itemized is my best path - education needed and a reason to believe	By placing more weight on introducing and referencing the notion standard vs itemized, we help customers understand the differences and paint a more cohesive story about the changes from their PY experience and outcome - open up SVI recommendation to more customers (and uplevel it) - breadcrumb itemized deduction topics in D&C - STEX: Guide Me beefing - Update navigation and topics to guide the customers through topics that have changed or have gone away (2% misc deductions, W-2 job expenses are no longer itemized and are now above the line deductions)	
- could drive SKU selection	Have a stronger celebration around the customer's best outcome	

Selection Have a stronger celebration around the customer's best outcome

- Remove the SVI choice payoff after D&C
- Strengthen ExplainWhys and TPS payoffs in-topic to communicate to customers what their outcome is and why its best for them
- Breakdown the standard & itemized deduction outcomes in Upleveled SVI & ExplainWhy payoffs
- Explore using actual numbers vs deduction amounts to show refund impact of what they just did
- Explain shifts in unexpected negative outcomes due to tax reform

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Make sure customers who itemized last year and are taking standard this year are strongly supported

- Mention the possibility for this in upleveled SVI and other D&C bookend experiences
- Have an explicit payoff for customers who cross over the SVI threshold to celebrate their change in outcome
- Compare and contrast against their PY outcome to illustrate the differences

Customers with states that don't conform to fed tax

Customers with dependents or education expenses

- education and searchability are must-haves

- tee up their best situation as soon as possible for guidance

Customers with deductions that have gone away in TY18

- cannot obfuscate CTC/CDC | 1098-T/1098-E or make them

believe that with a strong SVI lean-in it's not something to enter