

employee faq: meevo tips powered by Tippy

tippy rollout and tax guidelines

1. what is tippy?

we are very excited to introduce an additional way that clients can provide you with gratuities to demonstrate how much they love your service. tippy is a digital tipping platform that allows clients to leave gratuities securely and conveniently through card or mobile payments at checkout. it can replace cash gratuities for those that don't have cash, helping clients give gratuities digitally while ensuring faster, safer, and more transparent payouts to you via your tippy digital wallet or tippy debit card.

2. are we still accepting cash gratuities?

yes. we will use a hybrid model — both cash and tippy gratuities are accepted. clients can still leave cash gratuities if they prefer.

3. why are we making this change?

this change enhances client convenience, provides faster access to gratuities for service providers, ensures irs compliance, and improves transparency.

4. how will this affect my pay?

tippy gratuities will appear on your paystub and w-2, ensuring compliance with irs regulations. cash gratuities will continue to be self-reported as they are today.

5. do i need to do anything for tax purposes?

While we cannot provide tax advice, we recommend reviewing your w-4 and consulting your tax advisor to ensure your withholdings are accurate.

6. how do i set up tippy?

you will need to install two apps on your phone. please download the tippy app which will then prompt you to download the fdic insured branch bank app. you will receive a code from us that is specific to ab so that when you download the tippy app you can link the account to adam broderick. when you set up your branch bank account, you need to use your legal name and provide id information for verification. when you set up your tippy account, you will need to upload a picture. we will provide guidelines on the photo.

6a. what is a branch bank account? a branch account is a digital bank account that allows you to store funds, spend, track payment history, and earn cashback rewards through the branch app. branch works directly with employers.

6b. what if i already have tippy or a branch bank account set up? you can use the ab code to set up ab gratuities to go into your account. if you already have a branch bank account, a back-end connection can be made.

7. when will i receive my gratuities?

gratuities are processed immediately when the client pays and are deposited into your branch bank account.

8. how will this impact clients?

clients will see a clear digital tipping option on checkout screens or printed receipts. the interface is designed to be intuitive, fast, and secure.

9. who do i contact with questions?

- **tippy setup:** kayla vance, margaret kepinska and tippy support
- **payroll questions:** kayla vance and margaret kepinska
- **tax and w-4 form questions:** your personal tax advisor

10. are tippy gratuities automatically reported to the salon or irs?

yes. tippy gratuities are automatically reported on your paystub during each payroll cycle and then reported to the irs as taxable income.

11. do i need to self-report/claim tippy gratuities separately at tax time?

no. tippy gratuities are already included on your w-2. you are still responsible for reporting cash gratuities you receive directly from clients.

12. does the way taxes are taken out of my paycheck for gratuities change?

if you adjust your w-4 it may, but this is why reviewing your w-4 with your tax advisor is important. the new federal tax law ("big beautiful bill") significantly reduces income taxes for many employees beginning in 2025. [\(See question 20\)](#)



13. do i have to participate, or is tippy optional?

participation is required, as tippy is fully integrated with our meevo and adp payroll systems. it ensures accurate reporting and compliance for all coworkers.

14. can i transfer money from my branch bank account to my bank account?

yes. you can transfer your gratuities to your bank account or keep them on your tippy debit card if you choose to use that — it's your choice and fully managed by you in your account settings. please review all of the available wallet features of your branch bank account on the app and any application transfer costs before you consider how you want to transfer or access your gratuities.

15. if i leave adam broderick, what happens to my tippy account?

you own your tippy and branch accounts, and they leave with you.

16. what if a client wants to have their tip refunded?

refunds are handled through tippy's back-end system. no funds are withdrawn from your account. instead, the refunded amount is simply deducted from future tip payouts.

17. will clients see the atm or convenience fee before using tippy?

yes. the tippy console clearly displays the convenience fee before checkout.

18. what are the irs rules for reporting gratuities?

the irs requires all employees who receive \$20 or more in gratuities per month to report those gratuities. gratuities received through tippy will be reported on your paystub. you are still responsible for reporting cash gratuities.

19. what are the salon's responsibilities under the irs tip reporting and compliance program?

- all gratuities received through digital systems like tippy must be reported and included in payroll.
- employees must report all gratuities received — including cash — and ensure accuracy in payroll and year-end reporting.
- gratuities should be recorded daily to ensure compliance and avoid discrepancies.

20. what is the federal tip deduction program (2025–2028)?

Beginning January 1, 2025, a new federal law allows eligible employees in traditionally tipped occupations to deduct up to \$25,000 per year of qualifying tips from their federal income tax.

key details:

- tips must be voluntary, not automatic service charges.
- applies to occupations that customarily received tips before december 31, 2024.
- deduction capped at \$25,000 per year, phased out as income rises:
 - **single filers:** phase-out begins at \$150,000 agi
 - **joint filers:** phase-out begins at \$300,000 agi
- applies only to federal income tax — social security and medicare taxes still apply.
- the program applies to tax years 2025–2028.
- employees should maintain accurate daily records and consult their tax advisor to determine eligibility.

summary:

tippy offers another way for clients to show how much they love your work. it modernizes how gratuities are processed, ensuring faster payouts, accurate reporting, and irs compliance for both coworkers and clients. it supports convenience, transparency, and accuracy while aligning with new federal standards for digital tipping and income reporting.