

why the shift to cashless gratuities?

luxury today is about ease, choice, and removing friction — for clients and for our team

on a typical day at ridgefield hospitality ...

10 clients - ask if they could leave a tip on their **credit card** or use **venmo**

2 clients - say they have to come back later to drop off their tip

5 clients - don't leave a tip for a SP because the client simply doesn't use cash

what this tells us:

- clients want to tip, but the method gets in the way
- cash is no longer a reliable assumption
- friction at checkout affects both the client experience and service professionals

why cashless gratuities help:

- meet clients where they already are
- preserve a gracious, pressure-free close to the service
- reduce missed tips due to payment limitations
- align with modern luxury hospitality standards

important reminder:

- gratuities remain optional and earned
- the envelope system stays in place and existing arrangements with your clients
- cashless via tippy is an additional option, not a replacement
- qr codes for venmo are not allowed to be displayed at stations



this shift isn't about changing tipping — it's about removing barriers that prevent it

why did we choose tippy?

one seamless checkout flow

because tippy is integrated with meevo and our terminals:

gratuity prompts happen naturally at checkout

no need for clients to scan qr codes or search on their phone for a venmo/zelle integrates with payroll

this keeps the experience smooth, fast, and professional.

eliminates workarounds & inconsistencies

without integration, tipping often means:
personal venmo/zelle requests
clients asking, "how do i leave a tip?"
one standard experience for every client & no personal payment info exchanged

one standard experience for every client & No personal payment info exchanged

reduces missed gratuities at the point-of-service

because tipping is: embedded directly in the checkout flow
visible at the exact moment payment is completed

clients are far less likely to: forget, say they'll "come back later", not tip simply because they didn't have cash

why not other options?

credit card tips (through the POS)

higher processing costs: credit card processing fees apply to the entire transaction, including the tip, increasing costs for the business.

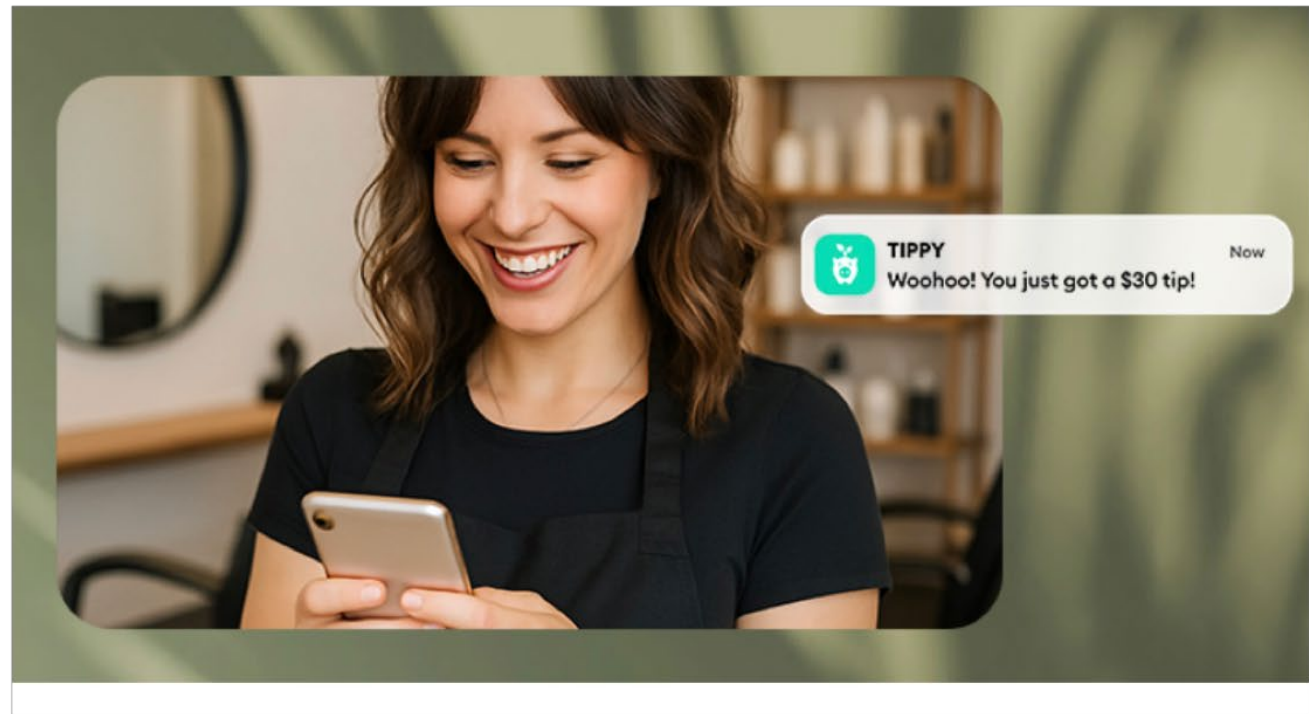
delayed access to tips: Tips are typically paid out through payroll cycles — not immediately.

more complexity behind the scenes: Tips run through payroll, reporting, and reconciliation, adding administrative burden. credit card refunds to clients may include the tip.

venmo / zelle / peer-to-peer apps

not designed for business use: these platforms are personal payment tools, not built for structured service environments.

privacy & professionalism concerns: requires sharing personal usernames or phone numbers with clients.



how it works

100% of tippy processed gratuities go to you

- Customer pays tip plus built-in customer fee.
- **Customer fee is a \$.50 servicing fee and 2.75% of Tip processing fee.**
- Service Provider does not get any part of customer fee.
- Adam Broderick does not get any part of the customer fee.
- Money instantly shows up in your Branch Tip Wallet.
- Branch is FDIC insured

tippy uses branch bank as tip wallet

- To receive tip payments electronically, Tippy requires you to set up a Branch Wallet through their partnership with Branch Bank.
- Branch is the landing zone for your tips and allows Tippy to deposit the \$ to you.
- There are no fees charged to coworkers for inactivity, even if you have not accepted gratuities for an extended period of time as long as a Branch account is connected.
- Branch accounts may be deactivated after 12 months of no deposits, but they can be reactivated at any time if the provider returns. There is no cost associated with this.
- The only scenario where a **\$100 fee** could apply is if gratuities were received, no Branch account was connected, and the funds remained unclaimed for 60 days. This is because Tippy is not a bank and cannot be held liable for holding onto user's funds for indefinite periods of time.

tippy and branch operate at bank-grade security levels

- Tippy and Branch operate under the same security standard used by banks and payroll providers.
- Data is protected using encryption, secure servers and fraud monitoring.
- Adam Broderick does not see or store your personal banking information.
- Social Security # is required to set up because Branch is a regulated financial institution and is used for identity and tax compliance.

you choose how you access your money

- No Fee Options
 - 1) Spend Instantly using your Branch debit card (Master Card Issued) that you physically have or that sits in your apple wallet.
 - 2) ACH transfer to a bank of your choice that takes 1-5 days to arrive . You can set this up to automatically transfer when a tip arrives in your account.
- Fee Option *
 - 1) **Branch offers a same day instant(within minutes) option to transfer to your bank which is \$2.99 -\$4.99 per transfer depending on amount.**

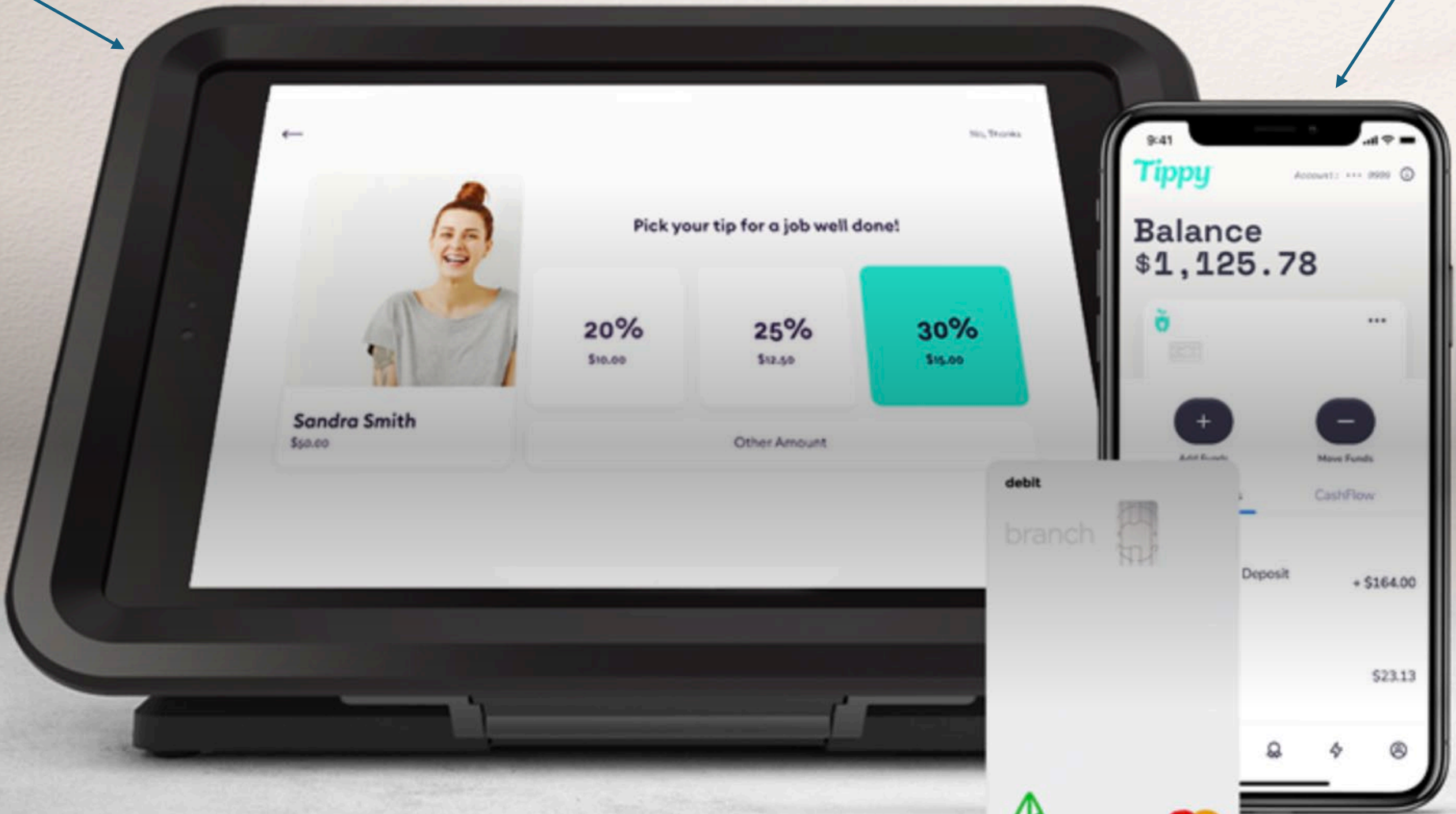
*Similar to Venmo

- free ACH which takes up to 3 days.
- 1.75% of amount for instant transfers.

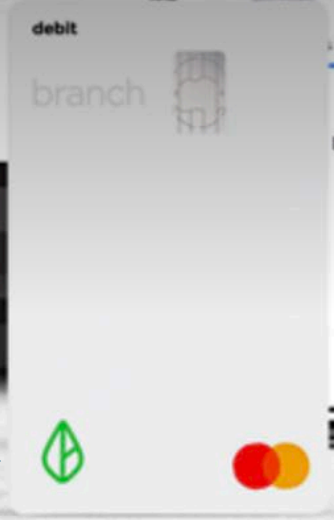
tippy processes the tip, branch holds it securely for you, and you choose how and when to access your money

What Clients See

What You See



Debit Card to put in your wallet to have instant access! (Accepted anywhere Master Card is taken)



why you should consider participating

looking ahead, industry trends indicate a significant majority of clients will prefer a digital way to leave gratuities ... tippy is the platform we've chosen to support that option.

it aligns with how clients already live and pay — many prefer a simple, cash-less way to show appreciation at the end of a great service.

it helps reduce missed gratuities — clients can tip easily even when they don't carry cash, supporting more consistent earnings.

it provides timely, secure access to tips — gratuities are delivered promptly, with a free way to transfer funds.

it supports a consistent, elevated experience — a smoother close that reflects where luxury service is headed.

it supports clear and compliant reporting — digital records help ensure gratuities are documented accurately.

it supports long-term financial outcomes — documented earnings can matter for loans, housing, and social security benefits.

tippy securely tracks all tippy digital gratuities by:

- employee
- location
- pay period

this creates a digital record of tip income

tippy integrates with meevo

- tip totals are associated with each service professional
- this step ensures tips are accurately attributed to the right person

at payroll time, reported digital tip totals

payroll uses this information to:

- include tips as taxable income
- apply required tax withholdings
- ensure compliance with wage and tax laws

important:

payroll uses the tip information, not the tip money as you already received your tip through branch.

how does tippy information show up on my pay stub?

Tip Amount Appears on Your Pay Stub & Tax Forms

- Digital tips are reflected as **reported tip income**
- **Taxes are withheld from your paycheck for those tips**
- This ensures:
 - Accurate W-2 reporting
 - Proper tax documentation
 - Protection for you and the company

EARNINGS

COMMISSION	\$2,450.00
TIPS (Digital / Non-Cash - Taxable, Not Paid)	\$385.00

TAXES (Calculated on Commission + TIPS)

Federal / State / FICA Taxes	-\$615.00
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NET PAY (Commission Only)

Direct Deposit Amount	\$1,835.00
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NOTE: TIPS are paid to you separately via Branch. They appear here for tax reporting only.

tippy pays you your tip through branch, and payroll only receives the information needed to report it correctly

monthly compliance with reporting for all gratuities

ab coworkers who receive gratuities — whether in cash or through any other method — need to complete a short **form 4070 by the 10th of each month**. this is the irs-required form used to report tips so they can be accurately reflected on your paystub and W-2.

the irs requires all employees who receive \$20 or more in tips per month to report them to their employer. many businesses are increasing compliance in 2026 because the irs has strengthened guidance and enforcement.

this is something that affects the entire industry - not just ab.

what this means to you

- you need to complete a simple **monthly** form reporting your cash/venmo/zelle gratuities
- your reported tip amount will appear on your paystub and w-2
- nothing about this process changes how you receive gratuities today
- this requirement is **separate from tippy integrated digital tipping plans**

what this means for adam broderick

- add the employee's reported tips to employee payroll records
- withhold: federal income tax, social security tax, medicare tax
- pay the employer share of social security and medicare
- reflect tip income on the employee's **paystub and year-end w-2**



Employee Gratuity Reporting Form (IRS Form 4070)

This form is used to report cash, Venmo or Zelle gratuities received for client services at Adam Broderick Salon and Spa during the period listed below, as required by the IRS. Please complete and submit by the 10th of each month. Do not include gratuities received through Tippy

What Happens With This Information

- The total tips you report are entered into payroll.
- Applicable federal and state taxes are withheld based on the amount you report.
- Reported tips are included on your W-2 as taxable income.
- This information helps ensure your earnings are accurately reflected for benefits such as Social Security, disability, unemployment, and future income verification.
- The company reports only what you submit and does not estimate, audit, or verify tip amounts.

Employee Information

Employee Legal Name	
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Reporting Period

Calendar Month	
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+ Gratuities Received (Do Not Include Tippy Gratuities)

Cash Gratuities	\$
Venmo/Zelle Gratuities	\$
Other	\$
Total Tips for Period	\$

Note: Tips of \$20 or more in a month must be reported. If no tips were received, you may report \$0.

Employee Certification

I certify that the information reported above is true, correct, and complete to the best of my knowledge.

Employee Signature	
Date	

Please send to payroll@adambroderick.com by the 10th of each month

next steps:

we encourage all service providers to sign up with tippy and **create a branch wallet** so you can receive cashless tips.

tippy terminals will be installed and operational for client use **by february 1st**

january gratuities reporting due to **payroll@adambroderick** by **february 10th**. reminders will be sent last day of each month and the 10th of each month going forward.

