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FRANCHISE FOCUS

A COMMUNICATION FROM KEN TREAT TO PROVIDE INSIGHT INTO H&R BLOCK INITIATIVES AND PROGRAMS

H&R Block has always encouraged our tax professionals to become Enrolled Agents. I'm urging you to evaluate whether trying to become an Enrolled Agent during the current exam cycle is right for you or for others in your office(s), because achieving this prestigious distinction continues to take on increased importance in our industry.

As you know, being an Enrolled Agent means the U.S. Treasury licenses you to represent taxpayers in IRS matters such as audits. EAs are governed by Treasury Circular 230, which establishes continuing education requirements and a code of ethics. Those of you who have earned this title should feel proud about it, because your contemporaries and the rest of us at H&R Block recognize that getting to this level takes a special kind of diligence and knowledge.

Because Block feels so strongly about the Enrolled Agent status, our target is 10,000 EAs by the end of fiscal year 2010. **Your goal as a franchisee should be 1-2 EAs per office.**

This is important from the standpoint of taxpayers' perception of professional expertise. We all know that Block has the best preparers in the business. But some members of the public simply don't know this, or they perceive otherwise. It's this gap in knowledge or perception that we must close. H&R Block is going to continue to prioritize the needs of those clients and potential clients whose main concern is preparer credibility.

By working with an EA, and experiencing his or her depth of knowledge, a client senses a total command of the issues and develops complete trust in his tax professional. Some of you already know the feeling, and for the rest of you wanting to get there, EA is the ticket.

Because we consider the attainment of EA so significant, we have attached special benefits to that achievement. **For H&R Block franchisee-EAs and franchise tax professionals who are EAs, the course fees for any H&R Block in-class or online training will be waived.** This policy is in effect immediately for any of you and your tax pros who are EAs, and applies to those who pass the EA exam from this point forward. We also continue to sponsor a corporate discount for franchisees and your employees for membership in the National Association of Enrolled Agents.

To keep track of who's passed the EA exam, we'll refer to the Tax Pro Database. The franchise/franchise tax pro recordkeeping there is spotty. We'll need you to verify that all your tax professionals are correctly entered in the TBDB; watch Franchise News for guidance to help you use the database effectively.

I want to strongly encourage you to use this time outside of tax season to prepare for the "Special Enrollment Examination" that's given at several hundred nationwide testing centers. The current EA cycle (for applying to take the exam, passing the exam, and applying to practice before the IRS) opened May 1 and remains open until Feb. 28, 2009.

Tax Training has revised its courses to make sure you are well-prepared on the path to EA. Look for more information on the updated courses. There's also a very strong new tool for tax professional career-path planning, posted now on the Knowledge Development website.

By the way, regardless of your present certification level, **when you attain EA status and have completed the Representation Series, we automatically advance you within the H&R Block certification system to the top designation of Master Tax Advisor.** So you'll simultaneously have both credentials. This is significant, because we have compelling data that shows a direct link between tax pro certification levels and their client retention. For example, the actual versus expected lift in client retention for a tax pro who has Master Tax Advisor status is 2.3 percentage points higher than that of a Tax Specialist 3, and a full percentage point above Senior Tax Advisor 2.

We tout these credentials. For example, Tax Pro Finder displays the number of hours of training required for each level of certification and a definition for EA, so that taxpayers using the tool understand the significance of the title and recognize your knowledge and experience.

I could go on, but you get the drift! Act now to chart the course to Enrolled Agent, and let us know how we can help.