

TODAY'S
VISION
TOMORROW'S
REALITY



The 12th Annual GSA SmartPay® Training Conference

GPC Refund

Presented by...
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All of **us** serving you™



Agenda

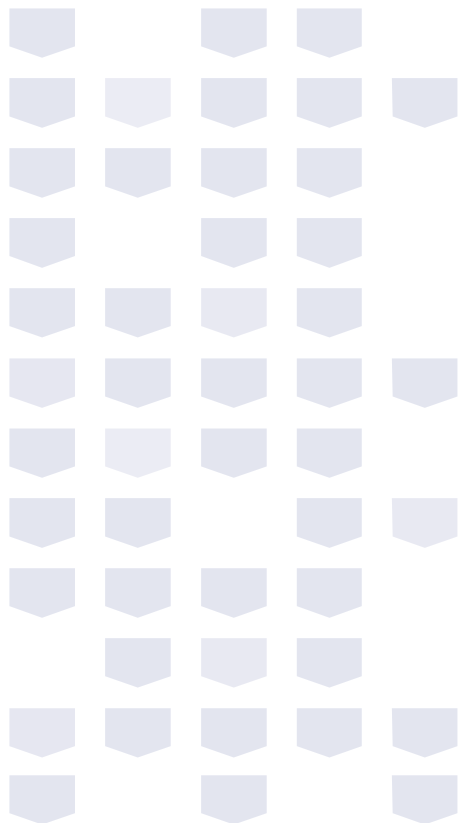
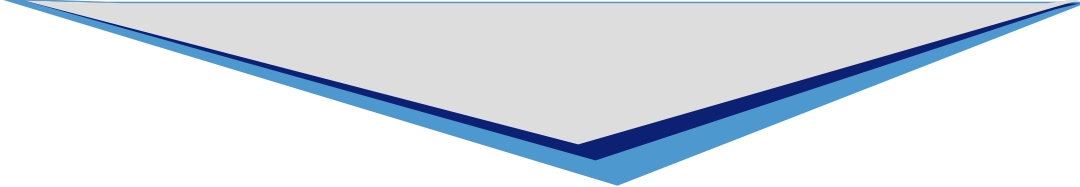
- What is a GPC Refund?
- GPC Refund Breakdown
- File Turn Definition & Calculation Formula
 - Sum of Daily Balance Definition
- Examples of File Turn Calculations
 - Quarter Starting Balance Definition
 - File Turn and Refund Comparison
- Large Ticket Transactions
- Refund Reporting
- Questions



What is a GPC Refund?

- Earned quarterly based on amount of GPC spend and speed of payment
- Maximizing the utilization of the purchase card, each service and organization receives more and more...





GPC Refund Breakdown



Refund Equation & Calculation

- Refund Equation
 - **Net charge volume x (basis points – 4) = refund**
- Refund Calculation
 - File turn determines # of basis points **(bps)**
 - BPS are applied to net charge volume
 - There are 100 bps in a penny. 50 bps = ½ cent



Explanation of Refund Types

- **Sales** Refund
 - SP2 = 12 basis points
- **Productivity** Refund dependent on file turn
- 4 basis points for GSA
- File turn in excess of 60
 - When file turn is 60 = 75.0 basis points
 - Greater than 60 no additional basis points for performance
 - Greater than 60 = only **Sales** Refund (12 bps)





File Turn Definition and Calculation Formula



File Turn Definition & Formula

File Turn is a **number** that represents the cumulative sum of daily balances (**unpaid charges**) relative to the total net purchases for that quarter.

Sum of Daily Balance



Total Net Purchases

= File Turn



Sum of Daily Balance Definition

Sum of daily balance represents the daily balance amount that is added to itself each day until the amount is paid

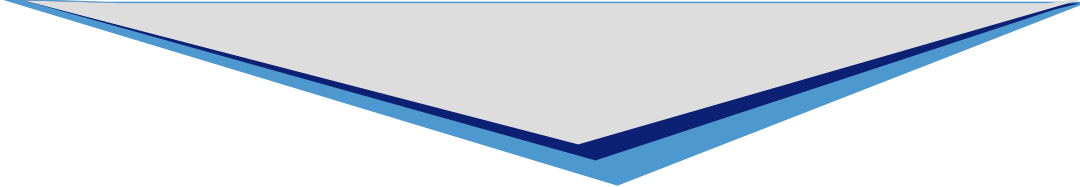
Sum of Daily Balance



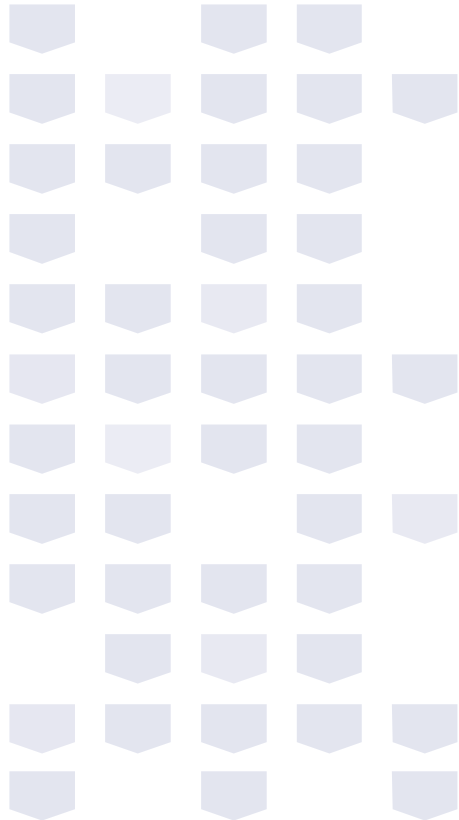
Total Net Purchases

= File Turn





Examples of File Turn Calculations



Examples

- Basic file turn
- Speed of payment
- Low quarter starting balance
- High quarter starting balance
- Speed of payment with quarter starting balance
- Buying pattern



Example 1 – Basic File Turn

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10*	Total
Charge Volume	100										100
Payments										100	100
Ending Loan Balance	100	100	100	100	100	100	100	100	100	0	0
Sum of Daily Balance	100	200	300	400	500	600	700	800	900	900	900

$$\frac{\text{Sum of Daily Balance } 900}{\text{Total Net Purchases } 100} = \text{File Turn of } 9$$

* Example assumes 10 day quarter



Example 2 – Speed of Payment

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10*	Total
Charge Volume	100										100
Payments						100					100
Ending Loan Balance	100	100	100	100	100	100	0	0	0	0	0
Sum of Daily Balance	100	200	300	400	500	500	500	500	500	500	500

Sum of Daily Balance

500

= File Turn

= File Turn of 5

Total Net Purchases

100



* Example assumes 10 day quarter

Quarter Starting Balance

Quarter starting balances occur when purchases are made in a previous quarter but payment is not received until the following quarter. This balance is carried forward into the current quarter as part of the sum of daily balance and has a significant impact on file turn

In the Level 3 Refund Reports this will be listed as:

Company_Quarter_Starting_Balance



Example 3 – Low Quarter Starting Balance

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10*	Total
Charge Volume						100					100
Payment										200	200
Ending Loan Balance	100**	100	100	100	100	200	200	200	200	0	0
Sum of Daily Balance	100	200	300	400	500	700	900	1100	1300	1300	1300

Sum of Daily Balance

1300

*Example assumes 10 day quarter
 ** Quarter Starting Balance = \$100

= File Turn

= File Turn of 13

Total Net Purchases

100



Example 4 – High Quarter Starting Balance

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10*	Total
Charge Volume						100					100
Payment									800	100	900
Ending Loan Balance	800**	800	800	800	800	900	900	900	100	0	0
Sum of Daily Balance	800	1600	2400	3200	4000	4900	5800	6700	6800	6800	6800

Sum of Daily Balance **6800**
 _____ = **File Turn** _____ = **File Turn of 68**

* Example assumes 10 day quarter
 ** Quarter Starting Balance = \$800

Total Net Purchases **100**



Example 5 – Speed of Payment with Quarter Starting Balance

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10*	Total
Charge Volume						100					100
Payment				800						100	900
Ending Loan Balance	800**	800	800	0	0	100	100	100	100	0	0
Sum of Daily Balance	800	1600	2400	2400	2400	2500	2600	2700	2800	2800	2800

* Example assumes 10 day quarter

** Quarter Starting Balance = \$800

Sum of Daily Balance

2800

= File Turn

= File Turn of 28

Total Net Purchases

100



Example 6 – Buying Pattern

	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6	Day 7	Day 8	Day 9	Day 10*	Total
Charge Volume	100									800	900
Payment				100							
Ending Loan Balance	100	100	100	0	0	0	0	0	0	800	800
Sum of Daily Balance	100	200	300	300	300	300	300	300	300	1100	1100

Sum of Daily Balance 1100

$\frac{1100}{900} = 1.22 = \text{File Turn of 1}$

Total Net Purchases 900



* Example assumes 10 day quarter

File Turn and Refund Comparison

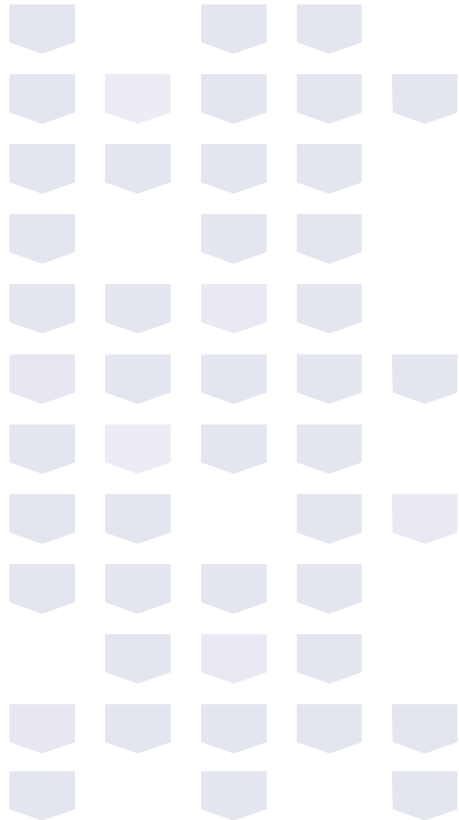
File Turn	Basis Points (Total Sales & Productivity) - 4	Refund *(figures based on a net charge volume of \$1,000,000)*
10	150.00 - 4 = 146.00	\$14,600
20	135.00 - 4 = 131.00	\$13,100
30	120.00 - 4 = 116.00	\$11,600
40	105.00 - 4 = 101.00	\$10,100
50	90.00 - 4 = 86.00	\$8,600
60	75.00 - 4 = 71.00	\$7,100



For File Turn, keep this in mind...

- Lower file turn, means more basis points, which equals.... larger refund
- Making payments as soon as possible, yields a lower file turn
- Quarter starting balances significantly impact the file turn per each quarter





Large Ticket Transactions



Large Ticket (High Dollar) Transactions

- Definition of a large ticket transaction
 - \$5,000 or greater, with a U.S. domestic or territory merchant
 - MCC must not be travel-related
 - Level 2 and 3 data passed
 - Card must be a GSA SmartPay Purchasing Card
 - Receives a discounted interchange fee from VISA
 - 1.2% and \$39
 - Example - on a \$100K transaction, fee would only be \$1239, versus \$1650 if merchant paid 1.65% in transaction fees
- Encourages vendor acceptance
- Encourages vendor sending high quality and detailed data
- Enhances ability to solicit high Volume discounts from key vendors



Large Ticket Example 1

- Large ticket transactions totaling 10% of total net charge volume for quarter receive 100% of refund basis points
- Example 1: \$1M volume, \$100K large ticket (10%)
 - \$900K regular volume receives full refund bps (90%)
 - \$100K large ticket volume receives full refund bps (10%)

Non-Large Ticket Calculation:

File turn = 28 (119.00 basis points): $\$900,000 \times .0119 = \$10,710$

Large Ticket Calculation:

File turn = 28 (119.00 basis points): $\$100,000 \times .0119 = \$1,190$

Total refund = \$10,710 + \$1,190 = \$11,900



Large Ticket Example 2

- Large ticket transactions totaling >10% of total net charge volume for quarter receive 50% of refund basis points
- Example 2: \$1M volume, \$150K large ticket (15%)
 - \$850K Regular volume receives full refund bps (85%)
 - \$100K Large ticket volume receives full refund bps (10%)
 - \$50K Large ticket volume receives half refund bps (5%)

Non-Large Ticket Refund Calculation:

File Turn = 28 (119.00 Basis Points): $\$850,000 \times .0119 = \$10,115$

Large Ticket Refund Calculation:

File turn = 28 (119.00 basis points): $\$100,000 \times .0119 = \$1,190$

File turn = 28 (59.50 basis points): $\$50,000 \times .00595 = \297.50

Total refund = \$10,115 + \$1,190 + \$297.50 = \$11,602.50



Reporting

- New quarterly Level 3 refund reports
 - Reports available during the second Month after quarter end
 - Reports will be **delivered to Level 2** via Data Exchange
 - Refund detail down to level 5
 - Will include all fields to calculate Refund
 - Will include all fields to **calculate Large Ticket**
 - Large Ticket \$ Amount
 - Large Ticket %



Sample Refund Report

Record Updated Date	Fiscal Qtr	Agent ID	Company ID	Dept Agency	Lvl 1	Lvl 2	Lvl 3	Lvl 4	Lvl 5	Corp Acct No.	Net Purchases
4/1/2008	20082	1234	11585	ACCTING	47163	97	99	4321	11585	****3386	3582.79
4/1/2008	20082	1234	32978	ACCTING	47163	97	99	4321	32978	****3387	3344.49
4/1/2008	20082	1234	35208	ACCTING	47163	97	99	4321	35208	****3388	1131.75
4/1/2008	20082	5678	10039	ACCTING	47163	97	66	8765	10039	****3397	9777.43
4/1/2008	20082	5678	10082	ACCTING	47163	97	66	8765	10082	****3398	108.50

Qtr Starting Balance	Sum of Daily Balances	File Turn	Calculated Rebate	Carry Over	Net Rebate	LT Volume	LT Volume w/Adj Refund	Relationship LT Pct
-1979.94	71502.41	20	33.8395	0	33.84			
967.38	109365.89	33	24.5653	0	24.57			
1426.97	55936.36	50	5.3136	0	5.31			
47760.22	3343895.98	34	709.7158	0	709.72			
0	3689.45	34	0.7796	0	0.78			



Large Ticket Summary

- \$5,000 or greater, with a U.S. domestic or territory merchant
- Level 2 and 3 data passed
- Receives a discounted interchange fee from VISA
- Encourages vendor acceptance
 - High quality data sent
- Two large ticket formulas
 - Transactions totaling 10% or less of total net charge volume
 - Transactions totaling more than 10% of total net charge volume
- Can encounter reduced refunds





Questions?





Thank You

Presentations will be available on
www.usbank.com/sp2presentations

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