Helping Families and Staff Maximize Tax Credit Benefits

Kiersten Beigel: Hello, everyone. I'd love to welcome you all. My name is Kiersten Beigel. And I work at the Office of Head Start. And in our early childhood office here at the Administration for Children and Families. And I want to welcome you back. For those of you who have been part of our Building Foundations for Economic Mobility webinar series. And welcome, those who are new to these series. Happy 2017, everybody. We're really excited to kick off another year of conversation with you all. In Head Start communities, all across the country and our tribal nations about how you are working with families. To help them build on their own knowledge and skills around financial well-being. And thinking about their education and career paths. And where they want to go next in their lives with their family goals.

So as many of you know, we did launch this series. In fact, we started this series back in February of 2016. So we're really at our year annual – our anniversary so you could say. And we really, what we've really been doing is focusing on, you know, different topics around family financial security and economic well-being. As you know, for those of you who are well-versed in one of our central tools. That we use out of the Office of Head Start in our National Center, the Family Engagement Framework. Family well-being is one of the seven outcomes of the PFCE framework. Parent, Family, Community, and Engagement Framework. And there are many, many opportunities for you and your programs to really partner with families. To think about what that family well-being outcome means, for your families and in your communities. And to think about the kind of strategies for long-term economic mobility. That families are, you know, concerned about, thinking about, desiring. Or maybe even not thinking about yet.

At the point in time in which their children are really young. So it's a great opportunity. So last year, we did have around webinars. We talked about a lot of different topics. We learned from you all, and what you're doing in your programs. And from some of our expert partners. We talked about how to have sensitive financial conversations with families. We talked about different money management curriculum that are helpful to you and your programs. And to those that are really targeting families around their financial skills. We talked about building relationships with community partners that help families build wealth. And pursue, you know, their education and different workforce training opportunities. Partnering with community colleges. We also did talk about the link between food security and financial well-being. And we learned about the importance of building and maintaining good credit to achieve financial goals.

So if you missed any of these webinars, though, you can view them. Download handouts and so forth. At some links on the ECLKC. I'm assuming we'll put those links up for everybody in the chat, perhaps. Or off in one of our side boxes here, our information boxes and whatever. But really, the important take away for these webinars, we hope. Is that, you know, we continue to push this idea that while Head Start is really an important player. In the business of supporting families moving out of poverty. We cannot do it alone. And we are part of a network of providers, and agencies, and administrators. Who are really needing to work together on this. And you certainly can't expect to be doing it all in one year either. So our focus is really on what you can do in the time that you have with families. How you can partner with others in the community, to really maximize the resources that are available to families. And to think about new partners in this way.

So it's really about taking some of those first steps that, again, build on that knowledge families bring already. The skills they have and the relationships that will, you know, hopefully, help to sustain them in your program with you, as you guys work toward those goals. So we have, you know, a good lineup of webinars and other things for 2017. Which I think Anna Lovejoy from the National Center is going to fill you in a little bit more on, in just a moment. But we really hope that you continue coming back to these conversations with us. That you let us know how we can make them as useful and informative as possible for you. And look forward to today's conversation. So Anna, why don't you jump on in?

Anna Lovejoy: Thanks, Kiersten. Hi everyone. Welcome back. Happy New Year! We're really excited to be back with you all. To kick off another year of the Building Foundations for Economic Mobility webinar series. It's really just been a great pleasure and an honor to be on this journey with you. And we're just really excited to see where we go next. So thank you for joining with us today. Before we begin today's conversation, I just want to point out a couple of things. One is in the general chat box, you may see some research links. Or recommendation or questions pop up, from some of the staff here at the National Center. And so I just wanted you to be aware of who they are.

So you can look for anything that they put out. That includes Nina Zumpalova [phonetic], Raquan Wedderburn [phonetic], B.B. Otero. You've already heard from Kiersten and Brandi Black-Thacker, among others. So anyway, just, you can just keep an eye out for their names in the chat box. Because they may be adding some tidbits in, as we go along. But, I also, again, want to remind everybody please feel free to add your thoughts, as you hear our presenters today. Add your thoughts and questions. And we'll keep note of them and add that into the conversation. So a few highlights of our plans for 2017. We are going to continue doing these webinars. But we are switching to an every other month schedule. So our next webinar, after today, will be in March. And we'll have a little more information about that at the end of the program today. So stay tuned.

And also wanted to remind everyone that if you haven't already signed up for our newsletter on economic mobility, you should. It's a great way to keep up to speed on what we're talking about. And ensure you don't miss out on future webinars and other things that we have planned. And Raquan is going to post. There's a document with some resources and links that we're going to be mentioned throughout today's program, that you can download. We're going to pull that up in just a minute. And that has all the information about how to sign up for the newsletter. It also has information about the Office of Head Start's Facebook page and Twitter feed. So be sure to like us and follow us, if you're into social media. And the last thing I wanted to mention, and this is kind of the most exciting part, I think. Is we want to encourage you all to sign up for the MangoApps My peers online social learning network. It's intended as a space for Head Start and Early Head Start program staff and other partners to dialogue and share thoughts.

We are actually in the process of creating an open economic mobility learning community. For anyone who is interested in joining conversation threads. Specifically focusing on financial capability, adult education, and employment and training opportunities, and other strategies. So that will be up and running very soon. And we'll be sure to highlight it in the next newsletter. But I just wanted you to be aware of that. And if you haven't already done so, it's a great time to sign up for My Peers. And let's see, I think Raquan is going to put the link to the registration form in the chat box. It's also in the resource document that I mentioned. And once you fill that out and submit the form. You should hear within a few days from MangoApps, which is the company that hosts My Peers. Inviting you to login, create your

account, and create your profile. And there are tutorials on how to actually use the platform, etcetera. So just keep an eye out for that. And hopefully we will see you in virtual space on My Peers. Oh, and there's my picture, sorry. So let's talk about why we're here today. It's January. That means we are at the start of tax preparation season.

And I could tell from everyone's Twitter feeds, that everyone's ready and excited to help staff and families to prepare. So it's the perfect time to be doing that, to be preparing, and helping staff and families to gather all the information. And access the tools they will need to file on time. And receive all of the tax credits and other benefits for which they are eligible. Tax credits for working families help more people out of poverty annually, than any other poverty reduction effort in the U.S. And most of your families, and probably many of your program staff. Also likely qualify for free tax preparation services that you're going to hear about as well. So tax season, we think offers three opportunities, in particular. For low-income families and staff to strengthen their current financial situation. And take steps to achieve long-term financial goals. At the end of the program today, we will leave you with three things that you can do in your role, to maximize these opportunities. And we'll provide you again with links and resources that are available to help you. So today, right now, I'd I like to introduce our speakers. We have two individuals today from an organization called Prepare and Prosper, in St. Paul, Minnesota. So Christine Hazuka has been with Prepare and Prosper since December . Her role is to provide outreach about P and P's free tax preparation and financial services within the greater Twin Cities. Her colleague, Taylor Putz manages the statewide earned income tax credit. And site tax preparation outreach campaign called Claim It.

And additionally, he manages Prepare and Prosper's story collection program. He handles media relations and coordinates their work to support local and national policy effort. And then we are also happy to introduce Dave Sieminski, who is a policy analyst in the Office the Financial Empowerment at the Consumer Financial Protection Bureau. He is currently the lead staff for the Bureau's Savings Initiative, including tax-time savings program. So welcome to our speakers. Thank you so much for being with us today. So I would like to ask our first question to Taylor. And the question I have is how is tax-time a money moment for families? What do we mean by it being a great money moment?

Taylor Putz: Yeah, thank you so much. And at Prepare and Prosper, we often say that tax-time is a money moment. Because low and moderate income individuals and families are receiving significant tax returns. Which could be the largest check they receive all year. So to put some numbers to this, 84% of households, nationally. Making less than $50,000, receive a tax refund each year. And a tax refund can sometimes be up to 30% of a household's annual income.

As Dave will talk a little bit about the earned income tax credits. I do want to mention that the maximum earned income tax credit for this tax season is $6,269. And that's a significant amount of money. And that's just one tax credit for low-income workers. But the average combined refund for a lot of the customers that Prepare and Prosper are serving is around $2,000. So this tax-time money moment can sometimes be a reset in the financial lives of people that we're serving at Prepare and Prosper. And other organizations that are providing free tax preparation. It gives people the opportunity, really, at tax-time, to engage in important conversations about their overall financial situation. Which could include immediate needs like paying down debt. Or long-term goals like savings. So some organizations that run free tax preparation sites also have financial services, programs, and products.

For example, here at Prepare and Prosper at each of our tax sites, we can assist someone in opening a savings account. Pulling a credit report, opening a U.S. Treasury myRA retirement account. Signing someone up for financial coaching or referring them to other organizations, if we can't serve them at Prepare and Prosper. And most importantly, and my last point, is organizations that are running free tax preparation sites are trusted community organizations and sources of information. This is really important, because everyone has their own experiences, right? Talking and dealing with money. So you really want to feel like you're receiving trusted and compassionate advice.

Anna: Thanks, Taylor. Our next question is for Dave. Dave, tell us what the Consumer Financial Protection Bureau is doing to make the most of the tax-time money moment for individuals.

Dave Sieminski: Thanks, Anna. And thanks for everybody having me on today. I'm thrilled to be with this audience. And before I answer that question, I want to just say a couple words about the bureau itself. I think most people know who the CFPB is. But for those who don't, we were created about 5 1/2 years ago, through the passage of the Dodd Frank Act. And we're a 21st-century federal agency that helps consumer finance markets work by making rules more effective by consistently and fairly enforcing those rules. And by empowering consumers to take more control over their economic lives. And we do this in three primary ways. First is education, because and informed consumer is the first line of defense against harmful practices. Second is through enforcement. Because, you know, we know that some financial service providers don't always have the interest of consumers at the top of mind. And so we supervise banks and credit unions. And other companies like non-bank financial service providers. And enforce federal consumer finance laws. And third is through study. And the reason we have a lot of research capacity is because we know the financial service marketplace is really dynamic. And there's sometimes really good products coming onto the market. And other times, maybe not such good products. And we want to know what they are, and how to help them be effective, if they're good. And how to restrict their use, if they may not be so good for consumers.

So one of the many educational strategies that we employ to help consumers maximize the benefit of their financial resources they have available. Is to make – help people make the most of their tax refund. We actually have a mandate to provide opportunities to save while filing for the EITC and other federal benefits. And we believe saving at tax-time is – tax-time is a unique moment for many tax filers. You know, for a couple of basic reasons. First of all, many consumers have little or no savings. And therefore, have nothing to fall back on if some kind of financial emergency occurs during the course of the year.

Second, the tax refund, as Taylor has already said, is, especially for people that are receiving the earned income tax credit. May be the single largest sum of money that they receive all year. And third, saving while you're filing your return can be easy and automatic. The IRS allows people to automatically direct deposit portions of their refund in up to three separate accounts. Which provides them the flexibility so that they can put some of their money in their checking account to use right away. And they can also set aside some money in a separate account for saving. For whether it's just saving for an emergency, or for some longer term goal. And we provide a variety of promotional materials to encourage saving at tax time. Including posters, and flyers, and Twitter, and Facebook, and shared graphics, and marketing video for VITA providers. And also some direct consumer things like handouts on, you know, what to bring to the tax events to make sure that you can save. And, you know, what are easy ways to save, so that the folks know what to do? Know how to plan for it before they actually file their return. And some of the links, Anna will share with you at the end, to some of the resources that we have on our website.

Anna: Thanks, Dave. That, yeah, that's really helpful. And I now want to switch to our next tip. And that is related to the earned income tax credit and the child tax credit. That can really boost family tax refunds and make a good, or make an impact on a family's financial bottom line. So I was going switch to do a quick pop quiz for all the participants, to see how much you know. But I think in the interest of time, since we have so much great content to cover today. I'm going to skip over that part and I'm just going to go straight to you, Dave. To ask us to tell us – ask you to tell us a little bit about what EITC is and what the eligibility requirements are.

Dave: Sure. So the earned income tax credit, I think a lot of people know what it is. But some people may not be that familiar. It's a benefit for working people who have low to moderate incomes. It's a refundable tax credit, which means that it actually can increase the amount you receive in your tax refund. If you've paid more in withholding than you owe in any given year. And it can actually reduce the amount you owe if, for example, you didn't pay enough in, during the course of the year. And people can claim the earned income tax credit if they're U.S. citizens or resident aliens with a social security number that's valid for employment. If they have had some sort of earned income in the past year. If they have income less than $15,010, and they're filing single with no dependents. If they have income less than $38,340, if they're filing single or head of household, with three or more dependent children. And if they have income less than $53,900, if they're filing married filing jointly, with three or more dependent children. And the amount of EITC that you're eligible for is calculated on a sliding scale. So as your income goes up, the benefit goes down. And as Taylor's already said, the maximum benefits that say, for example, somebody with three or more qualifying children can receive, is over $6,300. And the maximum benefit that you can receive if you're just single, with no dependents, is $510

Anna: Great, thank you. So I'm going to now switch to our – give you the answers. I didn't give you the quiz, but we'll – you can at least see what we were trying to accomplish here. So the first question I had wanted to ask was. What is the income cap for a single head of household with three or more children? And this was referring to the EITC. And so the correct answer would have been $47,955 for tax year 2016. And the next question we had was how many eligible workers and families typically receive EITC in a given year? And the correct answer would have been C: million. And then the third question we had, is what is the average amount of EITC received nationwide? And the answer is about $2,455. So great job, everybody. You got 100%. So let's go back to the conversation we were having. David, so I have a few other sort of frequently asked questions that I'd like to ask you. And the first is do you need to have a social security number to apply for EITC?

Dave: Yes, you have to have a social security number. An ITIN or an individual tax ID number is not sufficient. And also, you know, parents, another question is. Are parents who are undocumented eligible for their earned income tax credit? And the answer is no. They can apply for other credits, like the child tax credit, if their child is a U.S. citizen with a social security number. But they're not EITC eligible.

Anna: Great. And what about the child tax credit? Is that the same thing as the child and dependent tax credit? And then I've also heard something about an additional child tax credit. Could you clear that up for me?

Dave: Yeah, I'll try. It's a little confusing. The child tax credit is a credit that may reduce your tax by as much as $1,000 for each of your qualifying children. And it's not the same as the child and dependent care tax credit. Which is effectively just a credit for expenses that you may have during the course of the year. If you pay for childcare out of home. And the additional child tax credit is actually refundable, like

the EITC. And you may be eligible for that if you're not able to claim the full amount of the child tax credit, because your income is not high enough. And to receive the full credit for the child tax credit, the maximum AGI, or adjusted gross income. For single head of household or qualified widower, is $75,000. And for somebody that's married and filing jointly, it's $110,000.

Anna: And is the child tax credit refundable?

Dave: No, credits such as a child tax credit or the child and dependent care credit reduce your tax. But if your tax, you know, if your tax is zero, then it's not refundable. In other words, it's not additive. It only reduces your tax to as, you know, whatever the amount is. But you don't get it in – it's not refundable.

Anna: Great. Now, I also heard that there have been some recent policy changes. That may impact how soon families will receive their returns. Can you tell us about that? That sounds like that would be pretty important for families and staff that are filing.

Dave: Yeah, and it totally is. And it's especially for families that typically file early. And expect to get their refund pretty quickly. You know, oftentimes, within to weeks. So here's the story on that. Actually, right at the end of 2015, Congress passed something called the Protect Americans from Tax Hikes, or PATH Act. And what it did, and this is the first year that it is being implemented. It requires the IRS to hold refunds for tax returns. Where somebody is claiming any portion of the earned income tax credit. Or the additional child tax credit, until at least February 15. So, you know, this change, like I said, affects returns. Especially for people that are filing early in the tax season. And what we've also found out from a release that the IRS sent out just a couple of weeks ago. Is that they anticipate that because of the time that it takes them to process returns. And to transfer funds into bank accounts and things like that. That the earliest that people will start seeing their refunds. If they have any portion that's EITC or additional child tax credit, will be around February 27.

Anna: Wow, so February 27. So that's probably important for families to be aware of. So does this delay raise any red flags that we should be aware about? For families and staff, and others who may be applying?

Dave: Well, yeah. And especially, like I said, for the folks that are, you know, that you are used to filing early. And used to getting their refund in a relatively short period of time. So the, you know, what we're afraid of and are concerned about. Is that some of these folks might be vulnerable to offers of refund advance type loans. Because they're not prepared for the delay and they actually need that money right away. To pay their rent, to pay for food, or pay for some back bills that they might owe, or something like that. So many of the refund advance products, I think a lot of folks remember the old days of refund anticipation loans that had very high costs. And a lot of the refund advance products that are now out on the market that we know about. They're being advertised as no fee and no interest loans. And, you know, we have to take the offers of these loans sort of at face value. And if they say they're not charging for them. But, you know, what we're concerned about, is that, for example. That the fees or interest that they may have charged for those loans could be hidden, for example in the tax fees themselves. So what we're offering as the CFPB. Is if you do hear of a situation where say, one of your clients or somebody you know. Has gotten one of these refund advances, and you think that there may be had been some misinformation given to them. In terms of what it costs for those loans - that you can actually come to our website and you can file a complaint. And all you have to do is go to consumerfinance.gov. You can have your client do it or you can help a client do it for them. You go to

consumerfinance.gov and click on file a complaint. And once we receive that complaint, then we will actually get back to the client and ask them the circumstances. And also contact the lender to find out what the circumstances were. So we, you know, we offer that as a service. To anybody who thinks that they might be – might have been mistreated in getting one of these advanced products.

Anna: Great. And that website again, is consumerfinance.gov, right?

Dave: Exactly. Yes.

Anna: Yeah, great, great. Okay, and so I've heard that tomorrow is EITC Awareness Day. Can you tell us a little bit more about that?

Dave: Sure. Every year, the IRS has something called the EITC Awareness Day. It is actually tomorrow. So what happens on the day is, you know, it's sort of this single focus day every year. That the IRS joins with partners nationwide, like the CFPB but a lot of nonprofits and other organizations around the country. To launch awareness and outreach campaign to ensure that the millions of workers who are eligible, get the earned income tax credit that they deserve. Because while, you know, the subscription rate for the EITC is around 80% or so. And it's a little – it's a little hard to calculate exactly what it is. We still know that there are some people that may not be aware that they're eligible for the earned income tax credit. So this year, they're also aiming to get out the message about the child tax credit and the additional child tax credit. To make sure those folks are getting those credits as well. And the IRS invites community organizations, elected officials, state government, schools, and employers. And other interested parties to join as sort of a national grassroots effort to increase awareness of these credits and make sure that folks know about them. So the goal is to generate extensive news media coverage on this day. And to any days around it to increase awareness among potentially eligible taxpayers.

Anna: Great, thanks. And folks that are interested, there is more information that you can find online, through the IRS EITC page. The link, along with all of the other resources that we've been mentioning, is now available to download. If you see on your far left-hand screen at the bottom. There should be a box that says click on tax-time info. And then an arrow that says download file. If you actually click on that tax-time info tax credit t that whole long screen, the name of the document. And then go down to the button below that says download file. That will either download directly to your computer. Or it may pull up another tab on your browser. And then you have one more step to click, you know, download now. And it should download directly to your computer. So again, hopefully that's a helpful resource for everybody. And we're going to continue to highlight these resources throughout the rest of the program. But we wanted you to know that they're all there in one place, for you to access easily. So, thank you. So now I wanted to turn things over back over to Christine. We've heard a little bit about your organization. But can you tell us more? Like what the mission is and kind of what it is that you all do?

Christine Hazuka: Absolutely. So hi, everyone. I'm so glad to share this important information about free tax prep today. So as we have already touched on, Prepare and Prosper is a nonprofit organization based in St. Paul, Minnesota. And has been providing free tax preparation to low and moderate income individuals and families in the community for over years. So we operate eight tax sites throughout the Twin Cities, January through April. And then offered year-round tax assistance at our main office location. So as Taylor talked about, we think of tax-time as a money moment. And have financial services, programs, and products available at each of our tax sites, to support our customer's motivation

to save. So we support saving through our tax-time financial services. We open savings accounts, prepaid debit cards, savings bond, retirement accounts. The list goes on. But Prepare and Prosper also provides technical assistance and trainings to organizations running free tax sites throughout Minnesota. A lot of them are community action partnerships. And then lastly, we manage a public awareness campaign called Claim It. And the goal of this campaign is to promote utilization of the earned income tax credit. And then free tax preparation across Minnesota.

Anna: So what can you tell us about the customers that you serve?

Christine: Sure, so a little about our customers. Last year alone, we served over , Minnesotans with our free tax prep. The annual income or the average annual income of our customers is around $16,000. Over 60% of our customers self-identified as a person of color. And approximately 36% of households include a person with a disability. Lastly, you know, about 19% spoke a primary language other than English, at home.

Anna: Great. And how do you help families in the Minneapolis-St. Paul region to claim EITC and the child tax credit?

Christine: So I would say aiding around these tax credits is really fundamental for our work in helping families claim the EITC and the child tax credit. So with our Claim It campaign, you know, we spread the word. And educate about qualifications to claim these credits. We do this through printed flyers, posters, and educational booklets. We also train our tax volunteers. So that they're able to give families the opportunity to take advantage of these credits that they are entitled to. A lot of these credits might be ones they don't know about. Or don't know how to take advantage of. And then lastly, we are out in the community giving presentations. Really just educating about these tax credits and other updates and information related to taxes.

Anna: Thanks. So Taylor, I have a question for you now. How is Prepare and Prosper participating in EITC Awareness Day?

Taylor: Yeah, so tomorrow, right, is Earned Income Tax Credit Awareness Day. And we are celebrating by working with some elected officials and community organizations in a city in Minnesota, called Duluth. It has about 90,000 residents. And this is located in Northern Minnesota. And so tomorrow, at 11:00 AM Central Time, we're holding a press conference with the mayor, a state representative. We've had Congressman Rick Nolan submit a video about the earned income tax credit. Our Senator, Senator Al Franken, wrote a letter, and that will be read. We're bringing together nonprofit leaders and an EITC recipient to share her story about how the EITC has impacted her life and her family's life. So, you know, tomorrow you can tweet out, you know, something on Twitter. Use the hashtag EITC Awareness Day. You can follow Prepare and Prosper on Twitter to see what we're up to. And then the following week, we're going to do something really exciting. We love taxes at Prepare and Prosper.

And so we're holding a Taxathon during our biggest week, or busiest weekend, rather. And it's also our biggest weekend. And this is an event where we add hours to our normal schedule. And prepare taxes for hours, over two days. And our goal this year is to return over $700,000. Last year was our first year doing this and I know that it's caught on in other states. Organizations in Utah, Florida, and Colorado are running their own Taxathons. But it's our opportunity to open our doors for longer hours. Instead of having to send people to paid preparers. Because we know the people who are receiving the earned

income tech credits are more likely to file early on during the tax season. So they can receive their refund sooner.

Anna: Great. So how'd you guess that was my next question? And now I'm going to advance to tip number three. Tell us about how free tax preparation services may be available to help qualifying families?

Taylor: Yeah, absolutely. So I think we've mentioned VITA, which stands for Volunteer Income Tax Assistance. Sort of, if you think of the umbrella of free tax preparation, VITA falls under there. And Prepare and Prosper runs VITA sites. So generally speaking, VITA can assist households that made less than $54,000. But it's really important for you to check in your community, what organizations are running VITA sites. And then check the exact income requirements. Because, for example, at Prepare and Prosper, we can help individuals making $35,000 or less. And households making $55,000 or less. So, like I said, there are VITA sites throughout the United States. And there are requirements from which they need to operate. This is really important. VITA is heavily regulated for really good reasons. One of the most important regulations is that all of our volunteers, all of our volunteers that are actually providing or preparing taxes need to be IRS certified. So what this means is the volunteers must go through a certification class. And then pass an IRS certification test in order to prepare taxes. So, as a result, the returns that VITA sites are preparing nationally are extremely accurate. Additionally, all of the returns are reviewed by a second set of eyes, by a reviewer. Who is a volunteer, who has been preparing taxes for a while, at VITA sites. And so because of all of these important, you know, requirements. VITA, nationally, has a 94% accuracy rate. And interestingly enough, this is higher than paid preparers and self-preparation. So when you make a warm referral to a paid, or I'm sorry, a free tax preparation site. You're knowing that you're sending someone to a site where their taxes will get prepared accurately. Which is really important, right? Low and moderate income individuals, and quite frankly, everyone, you know, wants their tax return prepared accurately. So additionally, a lot of VITA sites will have volunteers who could help taxpayers who may speak languages other than English. Moreover, some VITA sites are open year-round. So they can help individuals during the summer and fall, to file taxes from previous years. I also want to mention, you know, sort of under that umbrella of free tax preparation. There's another type of free tax preparation, that's called AARP Tax Aid Program.

I imagine a lot of you have, you know, heard of AARP. And just like VITA, all of the volunteers have to be IRS certified. However, the big difference between VITA and AARP is, you know, AARP focuses their services on people who are or older. But actually, they don't have any income or age limits in its services. So when you find a free tax preparation site in your community. Make sure you know if it's an AARP site or a VITA site. So my advice to you is, like I've been saying, find the free tax preparation site in your community. Introduce yourself to them and really get a sense of, you know, what services or income eligibility that they have. You know, so for example, some sites might require appointments. While others might be walk-in sites. And I can tell you, you know, we love it when we're contacted by community organizations. Wanting to learn more about us so they can make warm referrals to our tax sites. Now, there's always people who prefer to prepare their taxes on their own, with software. So I want to mention two great resources for self-preparation software. First, the IRS has a program called Free File. Where they work with different software companies to provide tax preparation software at no or little cost. Each software is different, and they may have different income qualifications. So IRS Free File is that program. Another self-preparation program is called My Free Taxes. And you just go to www.myfreetaxes.com. And this is free for all households that made less than $64,000. It is managed by

United Way Worldwide, which is an amazing partner in the world of free tax preparation and earned income tax credit. And the great thing about my free tax is they offer an English and Spanish support hotline where you can call them anytime from 10:00 AM to 10:00 PM, Eastern Time, Monday through Friday. And 12:00 PM to 9:00 PM Eastern Time on Saturdays. And that excludes Federal holidays. So those are a little about free tax preparation.

Anna: Thanks, Taylor. I told everyone we have a program chock full of content and resources today. So I hope we are not disappointing on that front. But let's talk about how free tax preparation services help families. So what's the, like, the real benefit to families, besides the fact that, you know, they just get help doing their taxes? Is there more to it?

Taylor: Yeah, I mean, sort of in the name, it's sort of obvious, right? Free tax preparation. And free really means free. But there's some skepticism around the word free. You know, a lot of people think that free is too good to be true. Or it might mean its low quality. But neither of those are true. You know, there are no hidden fees at Free Tax Preparation. And, you know, Free Tax Preparation sites can handle complex situations. So I want to talk a little bit, then, about paid preparers. And sort of the way paid preparers work. There are a lot of great paid preparers. But there, you know, are a lot of paid preparers who want to take advantage of low and moderate income households because they're receiving large refunds, so paid preparers charge high fees. And just to get a sense of the amount. According to the National Society of Accountants, the average fee for preparing a tax return is about $275. But we've heard from the families that we're serving, that sometimes fees are as high as $700. And $700, you know, a couple hundred dollars in fees doesn't seem like a lot of money when you're receiving a large refund. That could be a couple thousand dollars. But, you know, that money could be used in other ways, other than preparer fees.

Anna: Thank you. Thank you, that's really helpful information. And I want to come to Christine now. So Christine, can you tell us a little bit about how the VITA tax services help families to maximize the tax credits that are available? That, you know, they may be eligible for?

Christine: Yeah, so I think Taylor did a great job discussing the differences of VITA versus paid preparers. So I'll just keep this answer simple, short. And just reiterate that families do not need to spend any of their refund. When it comes – whether it come from the earned income credit or other tax credits that they're giving to cover the tax preparation fees. So families – with free tax preparation, families are getting 100% of the money that is entitled to them. And that they have earned throughout the year, by filing.

Anna: Great, so what are some of the results that you can share from your VITA sites and working with families?

Christine: Yeah, so over 1,200 of our taxpayers decided to save part or all of their refund at our tax sites last year. So that totaled over $1.9 million. About 84% of our customers use direct deposit to obtain their refund. For those who did not have an account to deposit the refund. We also opened prepaid debit cards and the savings accounts for them. And, you know, we really encourage our customers to use direct deposit. Because it is safer than receiving a paper check in the mail. And it's also much faster. And then, new this year, was the myRA retirement account. So we opened of those. This was new by the U.S. Department of the Treasury last year. And we were actually the VITA site that opened the most account. So that was kind of exciting.

Anna: Oh, that's really great. Congratulations. I had another question about a couple of other benefits. But I know we're also running out of time. So I'm going to skip over the next question. But what I wanted to do, though, was take a moment just to make sure that folks, participants on the line are aware of a few resources from the IRS that are in place to actually protect taxpayers' rights. So the first is the Taxpayer Advocate Service which is an independent organization within the IRS. And it exists to protect our rights as taxpayers. And to help us with tax problems that we can't resolve on our own. And in the resource document that you can download, there is a link to that. As well as the Taxpayer Bill of Rights, which is a document that groups the dozens of existing rights in the Internal Revenue Code into ten fundamental rights. And make these rights very clear, understandable, and accessible for taxpayers and IRS employees alike. So that's another good resource that you could share with your staff, for yourself, with families, etcetera. And so at this point, I wanted to turn back to Taylor. A lot of times, we've had conversations in these webinars about how we might be able to support families who might be undocumented. So how can free tax preparation services like VITA sites support undocumented parents?

Christine: Yeah, actually, that's a really good question. So filing taxes, right, is obligated by law. And, you know, if someone earned money in the past year. They need to report it through filing taxes. But what if someone is undocumented, and they don't have a social security number? Or social security card. They can apply for what's called an ITIN. Which stands for Individual Tax Identification Number. ITIN – Individual Tax Identification Number. And it's a nine digit number issued by the IRS for tax filing purposes only. An ITIN does not confer immigration status. Give authority to legally work in the United States. Or take the place of a social security number. Nor does it make the applicant eligible for social security benefits. So to obtain an ITIN, someone must file a form W- in conjunction with a tax return. And there might be nonprofits that are providing free tax preparation. Or organizations that can help, you know, someone apply for an ITIN. So, for example, here at Prepare and Prosper, you know when someone comes in and files their taxes. We can help them apply for an ITIN. Otherwise, my advice would be go to the IRS website and look up certified acceptance agents. And they can help people apply for ITINs. And interestingly enough, many who have been ITIN may actually qualify for some tax credits. So unfortunately, they can't – they're not eligible for the earned income tax credit. But they are eligible for the child tax credit and the additional tax credit. As well as the hope and lifetime learning education credits and the child and dependent care credit. I want to mention that, new this year, is a new law. That requires some individuals who currently have ITINs to renew their ITIN.

And there's really two groups of ITIN holders who might need to renew an ITIN. So it can be used when they go to file taxes in . So it includes, you know, two groups, as I mentioned. The first group are people who haven't used their ITINs on a federal income tax return in the past three years. So this covers 2013, 2014, and 2015. And it also includes people who have expiring ITINs. So this is ITINs that are issued before . They'll begin expiring this year. And taxpayers will need to renew them on a rolling basis. And it's sort of happening in different categories. So the first ITINs that will expire are those with the middle digits of and . And the IRS mailed letters to these groups of taxpayers in August. But anyone who currently has an ITIN, it'd be great just to have a conversation with them about these changes. And these changes can be found on the IRS website.

Anna: Great, thank you. So we are getting close to the end of the hour. And we have a few more things that I want to cover. So I'm going to make an executive decision here. And say that and we may have time at the end for one or two questions. But also, we will – we are taking note of the questions that are

coming through in the general chat area. And we will continue to keep the lines open and stay on the line ourselves, after the audio portion of this program is over. And we can address those questions to the extent that we can, through the general chat. So that's another reason for you all to stick around after the end of the hour here. But anyway, I want to just keep moving us forward. Christine, I wanted to ask you to just give us a sense for, you know, if a Head Start family were to walk into one of your VITA sites. What other assistance beyond just, you know, access to safe and reliable tax preparation assistance? What else will they get out of the experience?

Christine: Yeah, so I mean, we've already covered that we offer our financial services to mobilize the intention to save into action. We also pull the credit reports. And while people are talking to financial services, they will have almost a money conversation that we track. And so a lot of questions get answered through that. A lot of resources get shared. And also, with many VITA sites, but ours in particular. We also do provide language assistance in American Sign Language, Spanish, Hmong, and Somali. To reflect some of the populations that we serve here in the Twin Cities.

Anna: So I understand you have a few stories of actual families and individuals that you might want to share with us.

Christine: Yeah, absolutely. So we'll start left to right. So one of the things that we do is collect stories, or interview our customers at our tax site. And then post it on social media and, you know, mobilize our folks to speak at the Capital as well. But the first one is Juana [assumed spelling]. And she's been coming to Prepare and Prosper for a while. And at the tax site, she was able to use her refund to purchase a savings bond for her youngest son, who's in the picture there. So he can start saving with that savings bond. The next picture is, I believe it is Angel. And Angel has this sort of really scary story of driving her car. And it would stop working as she was driving it. And so with her refund this year, she was able to get a new vehicle that she uses to drop her kids off. You know, pictured there with her, at school, and then go to work. But sort of go back five years. Rewind five years. And when she came to Prepare and Prosper, she had a conversation with one of our volunteer financial advocates. And she really discussed that she wanted to change some of her financial habits and really improve her credit score.

So with her refund five years ago, she was able to open a prepaid debit card. And then over the past five years, she's been really able to rebuild her credit. Which then allowed her, this past tax season, you know, to buy a new car at a really good price. Because she had improved her credit score. And then, like I said, she used her refund to buy that car. So tax-time is a great opportunity, as we were talking about a money moment. And then Carlos is a software development student. And he was going to school full-time and had a job. And was really having a really difficult time balancing it. And with his refund, he was able to use it to pay for some of his tuition. So he didn't have to work as much. And so he could focus more on school.

Anna: Great, thank you for sharing those. And thank you to the families, for being willing to share their stories. I think it really helps to put actual faces to, you know, the information that we're sharing. So we just really appreciate you bringing them along with us today. So let's just kind of do a quick recap. We've heard a lot of information today. A lot of, you know, ideas for what you might be able to do. So we thought we'd just very quickly sort of recap, maybe the top three things. That Head Start programs can do to support families and staff during this time. So the first, obviously, is to share tax-time information. And again, these are – these resource links are all listed on the document that you can download to your left. And, you know, we just wanted to remind you that these are – these resources are up here. And

that you can use them to locate your VITA site in your area. There are tip sheets on what to bring to a free tax return preparation appointment. Here's the link for the IRS Free File software in fillable form. The Taxpayer Bill of Rights, the Taxpayer Advocate.

And, of course, several resources are available at the Consumer Finance Protection Bureau's tax preparer site. There are a lot of easy one-pagers, downloads, takeaways. That you can use to, you know, send in flyers and backpacks home. Or hand out at parent workshops. Or, you know, whatever other ways you can think of to share them. So another thing we wanted to mention, or to, you know, recommend. Is looking around and seeing if there's a EITC awareness campaign that you can become a part of. And you can go to the EITC's central website at the IRS. And look for information about the EITC Awareness Day. So there are some useful links for you. Are there any other things that you might recommend, Taylor? Or Christine or Dave, about EITC?

Christine: Yeah. I would say the Center for Budget and Policy Priorities has a national earned income tax credit outreach campaign. And they are really connected with each of the states that run an EITC outreach campaign. So if you can't find an EITC outreach campaign in your state. The Center for Budget and Policy Priorities would be an excellent resource to help you get connected. They have flyers, and also, you know, a list of all of the people who have EITC outreach campaigns.

Anna: Great. So –

Dave: And, you know –

Anna: Oh, yeah.

Dave: I would add one other thing too, if I could. There's another network for folks that are interested, called the Taxpayer Opportunity Network. It's actually run by an organization called the Corporation for Enterprise Development. Or you may know it as CFED. And if you type in Taxpayer Opportunity Network, you can find it. And that's basically a clearinghouse, where virtually all VITA programs around the country are connected. And there's a lot of dialogue back and forth. And a lot of good resources there as well. Including information about how to communicate with folks about the tax refund delays that we talked about earlier in the webinar.

Anna: Right, great. That's really helpful. So another thing you can do, right, is to reach out to your local VITA site coordinator. I understand that they are available to help make a referral to parents. Or if you develop a relationship, you can help make warm referrals of parents to VITA sites. You can request staff training or parent workshops. And the VITA grantee staff can come and deliver those. They often have brochures, handouts that they can send to you to distribute to parents and staff. They may be available to attend a family resource fair that you're holding for families. Are there any other suggestions, Christine that you might suggest? Or anything else you would want to say at this point?

Christine: Yeah, I mean, I think the biggest thing is with like having maybe a quick workshop or a quick announcement. Because right now really is prime time. People are starting to think about taxes. Taxes are on people's mind, as they're getting all their tax forms in the mail. So, you know, I personally have been busy going to small groups of parents, and communities, and service providers giving presentations about taxes and resources. So, I mean, if something that you had time for, to organize. Or else, even just making a quick announcement of where people can find free tax prep in the area, is super timely for right now.

Anna: Great, thank you. And Taylor, was there anything else you wanted to mention?

Taylor: I also – yeah. I also want to mention that, you know if you are interested in becoming a free tax preparation site. Now's the time to start thinking about it for the tax season and feel free to reach out to the IRS. Or, you know, reach out to us at Prepare and Prosper. We have an excellent list of all the things that go into running a free tax preparation site like recruiting volunteers and all of the software. We geek out about taxes here at Prepare and Prosper, so we'd love to talk with anyone.

Anna: Great, thanks. Well, before we go today, sorry, we're going to have to skip over the questions and answers. But we wanted to just mention the Save the Date for our next webinar, is going to be on March , at : o'clock Eastern. We're going to be talking about individual development accounts as a tool and mechanism for helping families to save for their financial goals. And stay tuned for details, and subscribe to our newsletter, so you don't miss a thing. And that's – we've reached the hour top of the hour. I'd just like to say thank you to everyone for being here today. Especially our speakers and our staff supporting us in the background. And again, if anyone wants to stay on and chat. We are going to keep the chat lines open for about more minutes. Otherwise, we look forward to seeing you again in March. Thank you all so much.

[End video]