

FOR ADDITIONAL RESOURCES ON BUILDING PUBLIC AWARENESS OF EITC AND VITA SITES, PLEASE VISIT TRIANGLE UNITED WAY AT:

[HTTP://WWW.UNITEDWAYTRIANGLE.ORG/NEWS/CHARTICLES.ASP](http://www.unitedwaytriangle.org/news/charticles.asp)

This site contains recommended resource links which address:

- **Outreach & Publicity Tools for EITC:** Contains ways for organizations to publicize the EITC and affordable tax preparations services.
- **VITA Site Management Tools:** Contains the Tax Return Quality Tool Kit to help volunteers manage VITA sites. Among the tools are the appropriate IRS requirements and guidelines for establishing a VITA site.
- **EITC Legislative Updates:** Provides an overview of activities and engagement strategies for organizations looking to learn more about EITC-related legislation and advocacy efforts.
- **EITC Data:** Allows the user to explore EITC and related tax return data from 1997-2005 at the local and state level.


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WISE FINANCIAL CHOICES FOR NORTH CAROLINA LOW-INCOME FAMILIES: EITC AND VITA SITES
A UNITED WAY CHARTICLE
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EACH YEAR, ALMOST THREE-FOURTHS OF NORTH CAROLINA HOUSEHOLDS PAY FEES OF UP TO \$300 IN TAX PREPARATION COSTS, OR APPROXIMATELY 10-15 PERCENT OF THEIR EXPECTED RETURN, WHICH COULD HAVE BEEN SAVED BY UTILIZING A VOLUNTEER INCOME TAX ASSISTANCE (VITA) SITE.

Further, many of these households also fail to claim tax credits designed to provide relief, such as the Earned Income Tax Credit (EITC). While the average EITC recipient receives \$1,700 annually, as many as 20 percent of eligible workers do not collect EITC simply because they are not filing for it and less than 1 percent use a community VITA site.

In addition to the money that low-income taxpayers are leaving on the table, nationwide consumer financial illiteracy rates are alarmingly high at an estimated 20 percent. Financial literacy can be defined as possessing the knowledge to make wise financial choices involved with budgeting, savings, insurance, investing and banking. Studies indicate that the main source of a person's financial knowledge comes from personal experiences, family, friends, media and professional advisors. The billions spent by predatory lenders encouraging unsound financial behavior in low to moderate-income households is a large hurdle for nonprofits and other financial stability proponents to overcome. Financial literacy providers generally use "teachable moments" to tie financial education with specific services, such as the opening of a bank account, home ownership and credit counseling.

Each year, the Internal Revenue Service (IRS) partners with local agencies and certified volunteers to provide free tax preparation at VITA sites across North Carolina. Most sites offer access to electronic filing and can return refunds in less than two weeks. These sites also promote the EITC, Child Credit Tax, NC SAVES and Credit for the Elderly. But a disconnect remains. Too many of North Carolina's low-income households are not taking advantage of these services.

Perhaps the two largest hurdles facing nonprofits engaged in financial stability programs are a lack of awareness by low-income families of the services available, and the lack of coordination among service providers. EITC and VITA sites offer a prime "teachable moment" to increase consumer financial literacy. VITA sites offer the opportunity to promote free or low-cost savings vehicles and provide access to mainstream financial services. Individual financial counselors could be available on-site to expose consumers to financial education or there could be a simple referral process to agencies that already provide this service. The unbanked can be educated about opening bank accounts and signing up for direct deposit, which in turn reduces dependency on expensive check-cashing services.

PERCENT OF TOTAL TAX RETURNS FILED IN NORTH CAROLINA RECEIVING THE EARNED INCOME TAX CREDIT (EITC)

SOURCE: THE BROOKINGS INSTITUTION

