

## RECOMMENDED RESOURCES FOR BUILDING PUBLIC AWARENESS OF EITC AND VITA SITES

### Outreach & Publicity Tools for EITC

EITC Carolinas (an initiative of MDC, Inc.)

<http://www.eitc-carolinas.org/taxprep/outreach.aspx>

This resource contains ways for organizations to publicize the EITC and affordable tax preparation services.

### VITA Site Management Tools

EITC Carolinas (an initiative of MDC, Inc.)

<http://www.eitc-carolinas.org/taxprep/vita.aspx>

This resource 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.

### State EITC: 2008 Legislative Update

Center on Budget and Policy Priorities

<http://www.cbpp.org/6-6-08sfp.htm>

This resource provides an overview of activities and engagement strategies for organizations looking to learn more about EITC-related legislative and advocacy efforts.

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Triangle United Way

**THE EARNED INCOME TAX CREDIT & VOLUNTEER INCOME TAX  
ASSISTANCE: HELPING TRIANGLE LOW-INCOME FAMILIES MAKE  
WISE FINANCIAL CHOICES  
A TRIANGLE UNITED WAY CHARTICLE  
SEPTEMBER 2008**

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Triangle United Way

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# EACH YEAR, ALMOST THREE-QUARTERS OF **TRIANGLE LOW-INCOME HOUSEHOLDS** PAY FEES OF UP TO \$300 IN TAX PREPARATION COSTS, OR APPROXIMATELY 10-15 PERCENT OF THEIR EXPECTED RETURN, THAT 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 low-income taxpayers are leaving on the table, consumer financial illiteracy rates nationwide are alarmingly high at an estimated 20 percent. Studies indicate that the main source of a person's financial knowledge comes from personal experiences, family and friends, media, and professional advisors. The billions of dollars 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 programs, and consumers in need of credit counseling.

Each year, the IRS partners with local agencies and community volunteers to provide free tax return preparation at VITA sites across the Triangle. VITA sites rely on certified volunteers; most offer access to electronic filing and can return refunds in less than two weeks. These sites also serve to promote the EITC, the Child Credit Tax, and the Credit for the Elderly. But a disconnect remains. Too many of the Triangle's low-income households are not taking advantage of these services. The solution could come from increased coordination leading to increased awareness 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. Financial literacy can be defined as possessing the knowledge to make wise choices involved with budgeting, savings, insurance, investing, and banking. 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 which already provide this service. The unbanked can be educated about opening up bank accounts and signing up for direct deposit, which in turn reduces dependences on expensive check-cashing services.

One example is EITC Carolinas' promotion of a new method of returning tax payer refunds at a low cost: the pre-paid debit card. These cards, to be provided at VITA sites around the Triangle and state will include a nominal, one-time fee but help the consumer avoid expensive overage charges or high interest rates.

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## PERCENT OF TOTAL TAX RETURNS FILED IN THE TRIANGLE RECEIVING THE EARNED INCOMETAX CREDIT (EITC)

SOURCE: THE BROOKINGS INSTITUTION

