



# FINANCIAL EDUCATION AND ASSET BUILDING (FEAB)

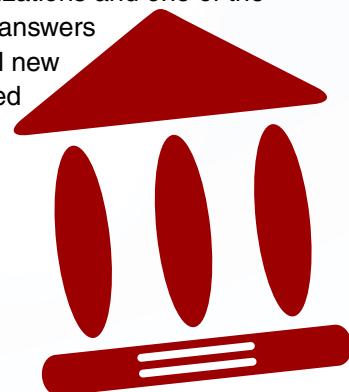
*Opportunities, Ideas, and  
Customer Satisfaction*

## Community Reinvestment Act

The Community Reinvestment Act (CRA) is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations. It was enacted by the Congress in 1977 (12 U.S.C. 2901) and is implemented by Regulations 12 CFR parts 25, 228, 345, and 563e.

The CRA requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for deposit facilities, including mergers and acquisitions. CRA examinations are conducted by the federal agencies that are responsible for supervising depository institutions: the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS).

This act is an important consideration when discussing partnering opportunities with financial organizations and one of the "what's in it for me" answers along with potential new customers, increased visibility in the community and support for their communities.



## Additional resources that may be of assistance:

**Pub 3864 Tax Facts for Seniors** – Information on tax consequences related to death, divorce, marriage, etc.

**Pub 4128 Tax Impact of Job Loss** – Information about taxability of unemployment compensation, accrued leave payouts, moving expenses, COBRA Health Insurance and more. Better to plan ahead than be caught short due to a job loss.

**Pub 4156 Birth Through Childhood** – Tax benefits and credits related to life events. Information on the child tax credit, child and dependent care credit, the earned income credit, adoption credit and education credits.

**Pub 4677 Direct Deposit & You** – This is a good starting point to facilitate a conversation with a partner about financial education. If most of their customer base receives a paper check – direct deposit is a way to go. The partner can also establish a relationship with a local bank or credit union to host session for their clients.

**Pub 4703 Retirement Savings**  
**Contribution Credit** – This publication has been developed to assist with promoting the credit to low-income individuals. Most of the taxpayers that come into our free tax preparation sites could possibly benefit from a retirement saving plan. This publication can be used by the partner to promote long-term retirement – saving for the future but get a tax break today.

**Pub 4705 Tax Relief for Struggling Homeowners (Mortgage Forgiveness)** – An overview of the Mortgage Forgiveness Debt Relief Act of 2007 and frequently asked questions.

## Request for additional information

All of the following forms and publications can be found on the Internal Revenue Service Internet site ([www.irs.gov](http://www.irs.gov)).

For a free paper copy of any listed form or publication, please call 1-800-829-3676 (1-800-TAXFORM).

### Additional forms and publications that may be of assistance:

**Pub 962 ENG/SP** – Earned Income Tax Credit

**Pub 3865** – Money Matters – Domestic Abuse

**Pub 3966** – Living and Working With Disabilities

**Pub 3966 SP** – Living and Working With Disabilities (Spanish)

**Pub 4128 SP** – Tax Impact of Job Loss (Spanish)

**Pub 4141** – Seniors - Taxed on Money You Don't Get

**Pub 4141 SP** – Seniors - Taxed on Money You Don't Get (Spanish)

**Pub 4156 SP** – Birth Through Childhood (Spanish)

**Pub 4156 CN** – Birth Through Childhood (Chinese)

**Pub 4190** – Frequently Asked Retiree Questions

**Pub 4345** – Fact Sheet for Settlements - Taxability

**Pub 4449** – Facts Sheet for Non-custodial Parents

**Pub 4461** – Tribal Per Capita Distributions

**Pub 4513** – Military Pensions and Federal Tax Withholding

**Pub 4714** – Payment Options

**Pub 4782** – Federal Income Tax Withholding after Leaving the Military

## What's in it for you and your clients?

There are great opportunities to enhance your clients' experience and help them reach their financial goals. Now is the time to offer financial education and asset building programs that will allow your customers to improve their financial future.

The IRS develops and supports partnerships that have a commitment to increase the economic well-being of a shared customer. In fact, partner survey results have shown that the primary reasons that our partners engage in free tax preparation services are the financial education and asset building opportunities that occur during the tax preparation process.

Some partners have described this opportunity as the "EITC moment" when taxpayers decide how they are going to use their refund to improve their financial condition!

# Partner FEAB Programs

## SAVINGS/CHECKING ACCOUNTS

## DEBIT CARDS

## INDIVIDUAL DEVELOPMENT ACCOUNTS

## FINANCIAL LITERACY TRAINING

As we work together to educate low-income taxpayers on successful financial education and asset building programs, they will acquire the necessary tools to use to manage the large refunds they receive. The taxpayers will have a good start toward asset accumulation and financial well being. Additionally, the money from refunds received in your community stays in your community, which lends itself naturally to program sustainability.

Currently, many of our partners are leaders in Financial Education and Asset Building programs and initiatives, while others have not yet begun the FEAB journey. For partners who are currently involved, we want to work to enhance their activities. For those who have not yet begun, we want to help them take steps to develop their own programs. Together, we can increase the quality of service to America's taxpayers.

### Savings/Checking Accounts:



Partnering with a financial institution to offer opening checking and/or savings accounts at the tax sites will allow taxpayers to take advantage of direct deposit, US Savings Bonds, and Split Refunds, which are very positive financial options for taxpayers.

### Direct Deposit:

The direct deposit option is one of the best ways to help taxpayers receive their refunds quickly and safely. Every taxpayer should be encouraged to use the direct deposit option to receive his/her refund.

### US Savings Bonds:

Purchasing an I series US Savings Bond can be a valuable asset building option for taxpayers. Starting a savings program can provide many benefits, such as saving for a down payment on a home, higher education, or purchasing a reliable means of transportation. The I bond interest rate is a combination of two separate rates; a fixed rate and an inflation rate.

### Split Refunds:

The use of Form 8888, Direct Deposit of Refund to More Than One Account, is another valuable option for taxpayers. This option will allow the taxpayer to split their refund into as many as three accounts. For example, a taxpayer could deposit some of the refund into their checking account, some into their IRA account, and also purchase a US Savings Bond.

### Debit Cards:



Partnering with a financial organization can allow the taxpayer the option of having their refund

deposited to a debit card. The terms for use can vary, but, the cards usually can be used anywhere major credit cards are accepted. Deposit timeframes are generally the same as direct deposit—in as little as 10 days.

### Individual Development Accounts (IDA):

An IDA is a special savings account that has a matching funds aspect. By partnering with a financial institution in your area, you can offer your clients a 2:1 match. IDA's vary as to rules on how and when the funds can be used.

### Financial Literacy Training:

These are financial courses, usually free or very low cost, that help taxpayers learn about managing their money, budgeting, checking/savings accounts, credit scores, etc. There are several courses available through financial organizations, such as the FDIC Money Smart program.

The IRS goal regarding Financial Education and Asset Building is to collaborate with partners to provide taxpayers with the information, knowledge and skills to evaluate their financial options and to identify those that best suit their needs and circumstances.

We want to create a national environment which will foster the growth and scope of FEAB programs through the most effective and efficient use of combined partner resources. IRS is collaborating with the U.S. Department of Treasury and other federal agencies in support of The National Strategy for Financial Literacy. The IRS will champion the national FEAB effort. The IRS has the partnerships needed to deliver FEAB programs and services at all levels (national and local).

The Federal Deposit Insurance Corporation (FDIC), National Survey of unbanked and underbanked households, published in December 2009, indicates that at least 25.6 percent of U.S. households, nearly 30 million households, are either unbanked or underbanked. Approximately 60 million adults reside in these households. Not having enough money to feel they need an account is the most common reason why unbanked households are not participating in the mainstream financial system.

Chicago-based—The Center for Financial Service Innovation (CFSI) reports that Americans spend at least \$10.9 billion on more than 324 million alternative financial transactions a year. So, for financial organizations, there definitely is a financial incentive available in this market segment.

