

## National Survey on Unbanked and Underbanked Households

The Federal Deposit Insurance Corporation (FDIC) recent National Survey of Unbanked and Underbanked Households, indicates that an estimated 25.6 percent of U.S. households, about 30 million, are either unbanked or underbanked. This is approximately 60 million adults. Underbanked households are defined as those who have a checking or savings account but rely on alternative financial services. Specifically, underbanked households have used non-bank money orders, non-bank check-cashing services, payday loans, rent-to-own agreements, or pawn shops at least once or twice a year or refund anticipation loans at least once in the past five years.

In fact, Chicago-based—The Center for Financial Services Innovation (CFSI) reports that Americans spend at least \$10.9 billion on more than 324 million alternative financial transactions a year.

## Disability Resources:

**National Disability Institute** – NDI partners with IRS to assist those with disabilities in the realm of tax education.

<http://www.ncbcapitalimpact.org/default.aspx?id=116>

**The Real Economic Impact Tour (REI Tour)** is a national initiative delivering free tax preparation and filing assistance, along with other asset building strategies to low-income persons with disabilities. The REI Tour is a public-private collaboration designed to provide Americans with disabilities insight, tools and resources to improve their lives through financial education, training and counseling. <http://www.realeconomicimpact.org/REITour.aspx>

## 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 is 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 – what a concept.

**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



# FINANCIAL EDUCATION AND ASSET BUILDING (FEAB) OPPORTUNITIES FOR TAXPAYERS

*Put Your refund to work*

## What's in it for you?

If you are like many taxpayers, the federal tax refund you receive is a great opportunity to invest in your financial future. There are numerous financial education and asset-building programs available to you to enhance your goals. Start saving for a home, a reliable vehicle, or going back to school. You could start a retirement savings fund and watch it grow!

## Available FEAB Programs:

Financial Literacy Training

Savings/Checking Accounts

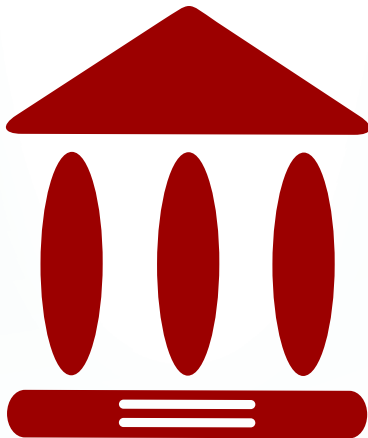
Individual Development

Credit Counseling

Home Ownership

Debit Cards

There are several FEAB programs available to help you on the road to your financial goals. We will discuss the ones listed above. You will also see several other resources available for more information.



**Debit Cards:** You can have your federal refund deposited to a debit card set up by a financial organization. The fees and terms vary, but, generally, there is not a charge for purchases. Debit cards can be used anywhere major credit cards are accepted. In some instances, the debit card is tied to your bank account which, in essence, makes them reloadable, (i.e. payroll and other deposits can be routed to the debit card.) Deposit timeframes are generally the same as direct deposit—usually in as little as 10 days.

**Home Ownership Programs:** The US Department of Housing and Urban Development, (HUD), has programs available for low to moderate income individuals and families to make affordable housing a reality for millions of low and moderate households. <http://portal.hud.gov/portal/page/portal/HUD>

**Credit Counseling:** Several resources are available, such as;

**Annual Credit Report.com** – This central site allows you to request a free credit file disclosure, commonly called a credit report, once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion.

**Community Investment Network** – Information and links to scores of government, social profit (non-profit) and private sector educational programs that are focused at helping taxpayers become financially literate or knowledgeable about personal money management and asset building.

## Individual Development Accounts

**(IDA):** An IDA is a special savings account that has a matching funds aspect. Each time you add to your savings, you receive an additional deposit. The IDA is called a matching account and can increase from one time to several times the size of each deposit you make. For example, if you receive a 2:1 match, each time you deposit \$20, you get an additional \$40 toward your savings goal. While IDA's vary as to rules on when you receive the match and how the funds are used, many IDA's are set up for a specific purpose, such as buying a home, going back to school, or purchasing a car.



## Savings/Checking Accounts:

Most financial organizations such as banks or credit unions offer savings or checking accounts. Opening a savings or checking account allows other financial options such as direct deposit, purchasing U.S. Series I savings bonds, and splitting your refund into up to 3 accounts. Many of the free tax preparation locations supported by the IRS have financial institution partners on site to open an account for you. Please check with the tax assistance location for information on the services they offer.

## Direct Deposit:

The direct deposit option is one of the best ways for taxpayers to receive their refunds quickly and safely. The IRS encourages every taxpayer to use the direct deposit option to receive their refunds.



**US Savings Bonds:** Purchasing a US Savings Bond can be a valuable asset building option. 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.

**Split Refunds:** The use of Form 8888, Direct Deposit of Refund to More Than One Account, is another valuable option for taxpayers. This option can 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.

**Financial Literacy Training:** There are financial education courses, usually free or very low cost, that help you learn about managing your money, budgeting, savings and checking account management, credit scores, etc. There are several courses available, such as the FDIC Money Smart program. (Note: Please check with the free tax site where you have your tax return prepared to see if they offer this service or can provide an appropriate referral.)

**Money Smart:** The Federal Deposit Insurance Corporation (FDIC) initiated a national financial education campaign in 2001. Money Smart is a comprehensive financial education curriculum designed to help individuals develop financial skills and positive banking relationships.