

# Tax Time Opportunities to Build Assets & Savings



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# Welcome

**What brings  
you to this  
session?**

Name

Organization/  
Tribe

Location

# Get It Back Campaign

National effort to connect eligible workers to tax benefits

Promote the Earned Income Tax Credit, the Child Tax Credit, free tax preparation, and other tax benefits

Work with a network of diverse partners

Provide outreach tools, trainings, and resources to help you link eligible workers to the tax credits and free tax help

[www.eitcoutreach.org](http://www.eitcoutreach.org)



# SAVING SOLUTIONS + AMERICA SAVES

*Lindsay Ferguson*  
*Director of Strategic Engagement*

# INTRO: WHO IS AMERICA SAVES?

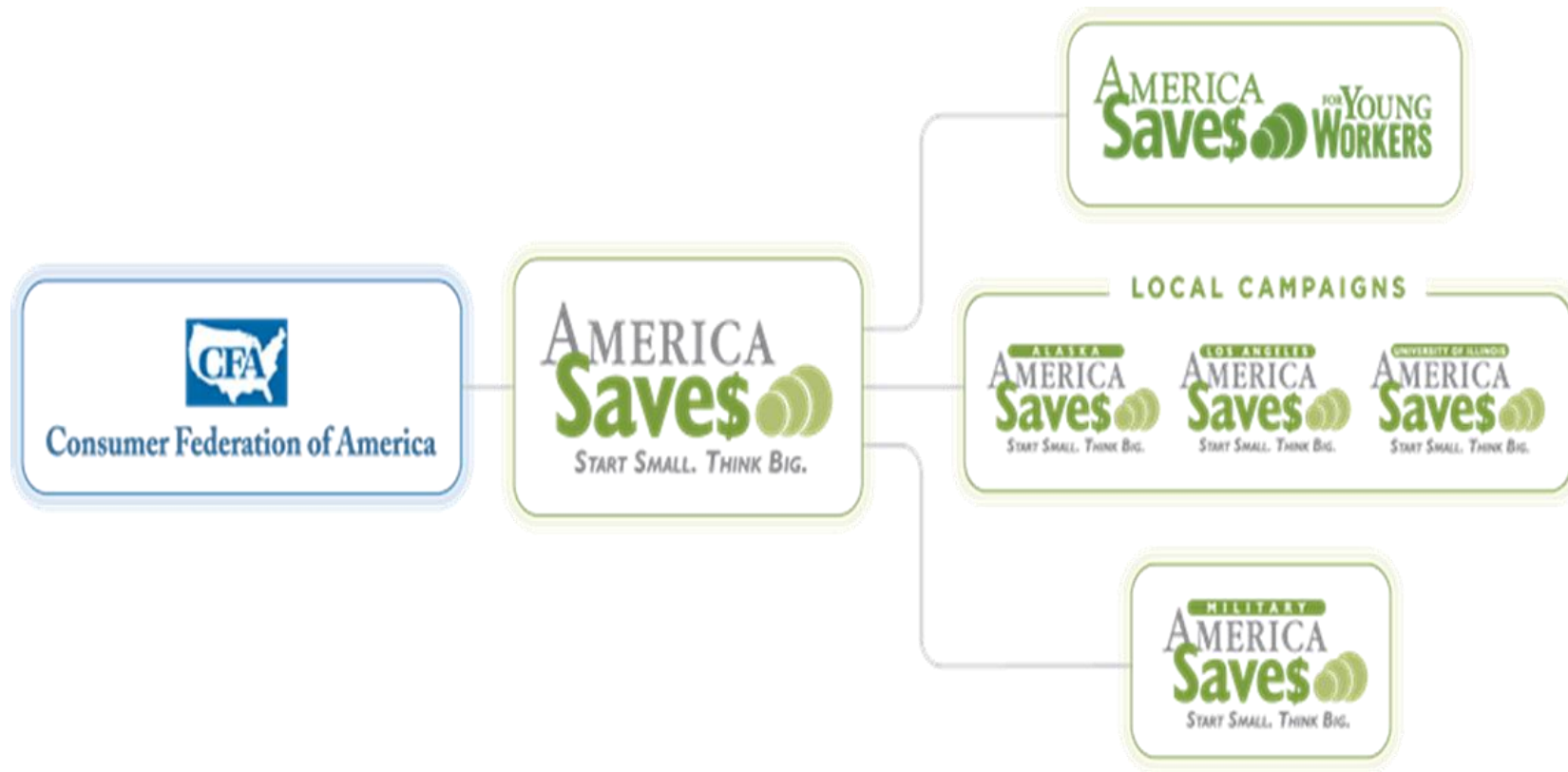
## Mission Statement

- America Saves motivates and encourages people, particularly those who are financially vulnerable, to save effectively in order to reduce debt and build wealth. Whether trying to save the first \$500 of their emergency fund or to contribute for a more comfortable retirement, America Saves provides the support for savers to reach their goals.

## A Tale of Two Audiences

- Savers: those who America Saves encourages to build good savings behaviors
- Partners: those who we encourage to promote savings to their constituents

# INTRO: WHO IS AMERICA SAVES?



# INTRO: AMERICA SAVES INITIATIVES

## **Military Saves**

Dedicated to helping service members and their families save money, reduce debt, and build wealth.

***\*Military Saves Month –April***

## **Local Campaigns**

Campaigns lead by local organizations and working groups who promote savings and the Pledge through financial stability programming.

## **America Saves for Young Workers**

Youth employment program that encourages youth to save a portion of their paycheck.

***\*Jobs Plus & local housing authorities***

## **Split to Save**

Employer tool to motivate employees to split a portion of their paycheck into a savings account.

## **America Saves Week**

Annual opportunity for organizations to promote saving and for Savers to reassess their current savings habits and attitudes.

***\*February 24 -29, 2020***

## INTRO: THE “WHY” BEHIND AMERICA SAVES

- Having a savings account allows people to pay for emergencies, gives people financial freedom, and can contribute to a higher credit score.
- 40% of Americans can't cover an unexpected \$400 expense (*Federal Reserve, 2018*)
- Having money in savings helps Americans avoid utilization of high-cost and predatory credit.
- Savers with a plan are twice as likely to save successfully for things like retirement and emergency savings. (*America Saves + Artemis, 2016*)
- The average employee spends 28 hours every month worried about, calculating, or stressed over finances, costing employers \$5000 a year in lost productivity. (*Federal Reserve, 2010*)



## AMERICA SAVES WEEK 2019 HIGHLIGHTS

*Incredible progress was made in attacking the savings crisis through your efforts and activities during America Saves Week 2019.*

— George Barany, America Saves Director

**2,000+**

Participating Organizations

**40,347**

Savers who took the Pledge

**\$145 Million**

Amount Pledged to Save

**\$5,200**

Average Amount Pledged

### Top Savings Goals



Vacation  
or Special Event



Emergency Fund



Debt Repayment

## AMERICA SAVES + ASW SUCCESSES

- America Saves and Military Saves have helped over **700,000 savers** since their inception.
- **246,677** people deposited **\$503,574,890** during America Saves & Military Saves Week 2019

# *The Tax Time Savings Opportunity*



<https://www.youtube.com/watch?v=TXsdp6SDKcY>

# *Barriers to Tax Time Savings*

# Group Discussion:

What barriers/challenges to saving and tax filing exist in your community?

# ***Tax Credits Provide Opportunities***

# ***The Earned Income Tax Credit***

# What is the Earned Income Tax Credit (EITC)?

- Federal tax benefit for lower- and moderate-income working families and individuals

## Purpose:

- Offsets income and payroll taxes
- Supplements wages
- Provides a work incentive

## Key Features:

- Reduces taxes workers may owe
- Even if workers don't owe taxes, they may be eligible
- Can be claimed with other tax credits



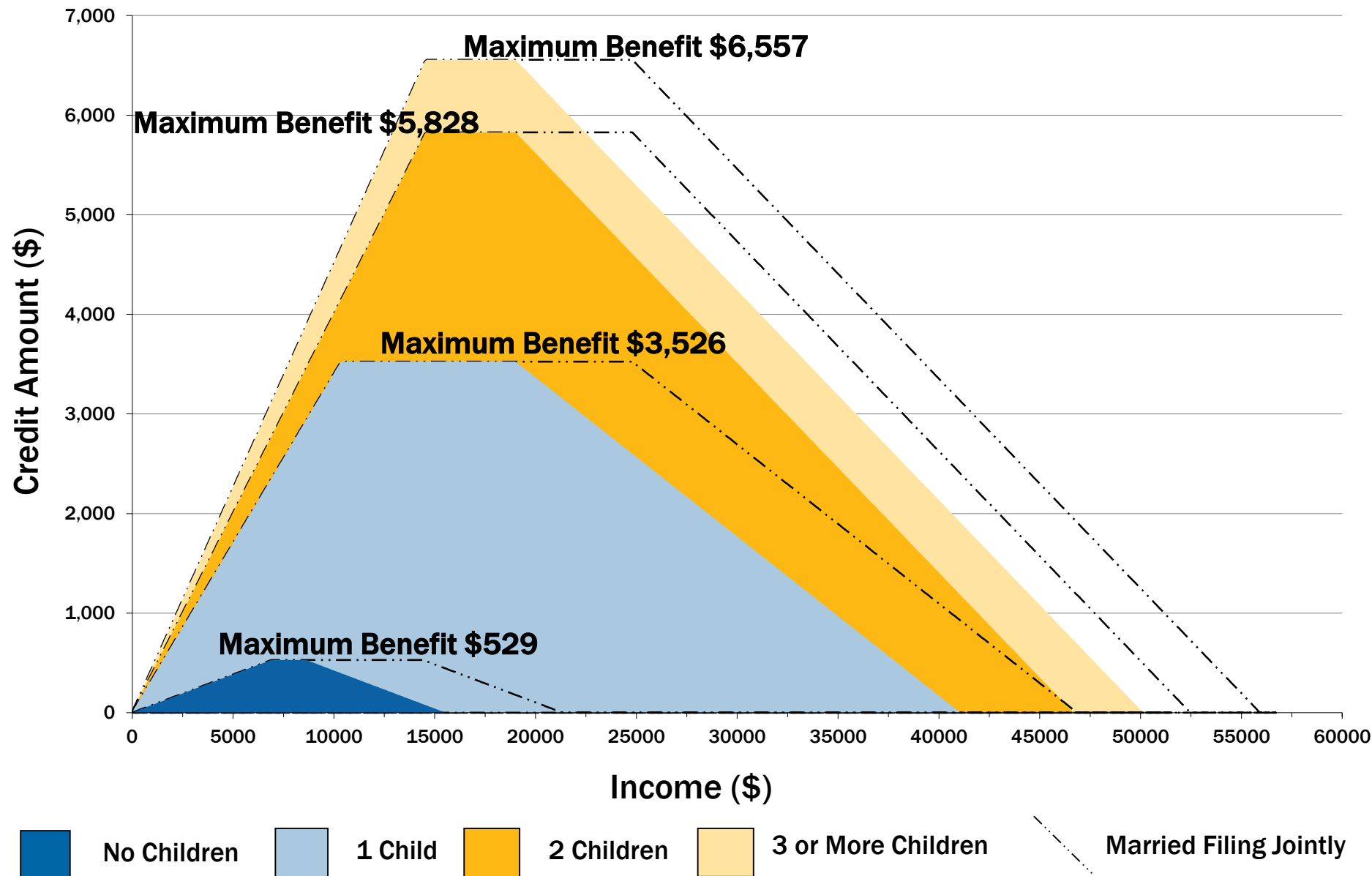
# How Much Can Workers Earn and Qualify for the EITC?

## *Income Limits for Tax Year 2019:*

Number of children:	Single income less than:	Married income less than:	EIC up to:
3 or more children	\$50,162	\$55,952	<b>\$6,557</b>
2 children	\$46,703	\$52,493	<b>\$5,828</b>
1 child	\$41,094	\$46,884	<b>\$3,526</b>
No children	\$15,570	\$21,370	<b>\$529</b>

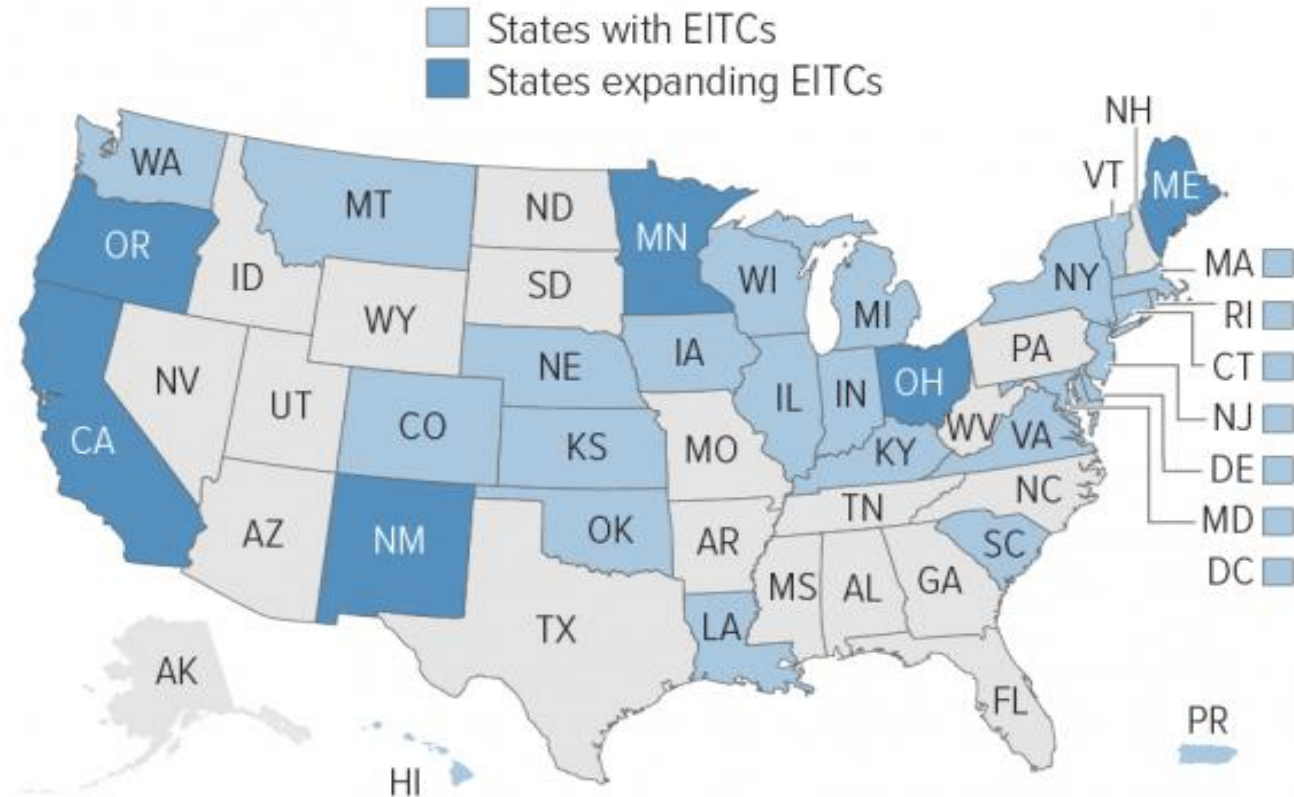
- Workers not raising children must be between the ages of 25 and 64.
- Investment income cannot exceed \$3,600.

# The Federal EITC in Tax Year 2019



# State EITCs

## Six States Expanded Their Earned Income Tax Credits in 2019



Note: EITCs in 25 states are refundable, meaning households receive the full value of the credit they earn even if it exceeds their income tax liability. States with non-refundable EITCs are Delaware, Hawaii, Ohio, Oklahoma, South Carolina, and Virginia.

Source: CBPP analysis

# *The Child Tax Credit*

# What is the Child Tax Credit (CTC)?

- Federal tax benefit that helps to offset some of the costs of raising children.
- How the CTC works:
  1. Reduces or eliminates any income tax owed or withheld.
  2. Provides any remaining CTC as a refund.
- CTC Value:
  - Workers who earn more than \$2,500 in 2019 can get a CTC refund.
  - The CTC is worth a maximum of \$2,000 for each qualifying child. *Up to \$1,400 is refundable.*

# *Who Can Claim the EITC & CTC?*

# What Counts as Earned Income?

## Includes:

- Wages, salaries, and tips
- Net earnings from self-employment
- Union strike benefits
- Employer-paid disability benefits
- Military combat pay

## Doesn't Include:

- Non-taxable earned income
  - Payroll deductions for dependent care or retirement plans
- Public benefits
  - Social security, SSI, welfare
- Other income, such as:
  - Unemployment
  - Alimony and child support
  - Interest on bank accounts
  - Investment income

# Types of Families Who Claim EITC & CTC

- Married and unmarried parents
  - Step-parents
- Grandparents, great-grandparents
  - Grandparent with child and grandchild
- Aunt or uncle
- Older brother or sister
  - Step-brother or step-sister
  - Half-brother or half-sister
- Foster and adoptive parents



# Definition of a “Qualifying Child”

	EITC	CTC
Relationship	Son, daughter, grandchild, stepchild, adopted child, brother, sister, stepbrother, stepsister (or their descendants) or foster child <i>placed by a government or private agency</i>	
Residence	Must live with worker in the U.S. for more than half the year	
Age	Under 19 or 24 if full-time student or any age if totally and permanently disabled	Under 17

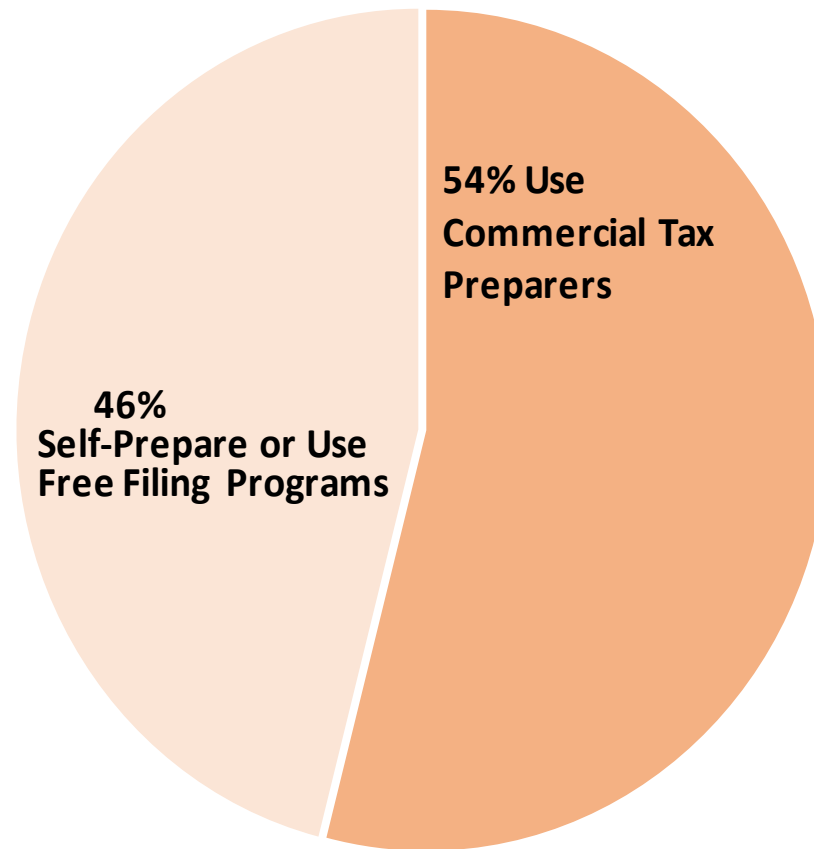
- If you are a qualifying child, you cannot claim the EITC yourself.
- If a child is claimed for both the EITC and CTC, the same worker must claim both credits.

# Are There Special Rules for Native Americans?

- Same eligibility requirements
- Generally, Native Americans pay federal income tax on earnings.
- Exception:
  - Income exempt from federal income tax because of a specific treaty, agreement or Act of Congress
    - For example, tribes in Oregon and Washington have fishing rights established by treaties with the U.S., so income from fishing by tribal members is exempt from federal income tax.

# *Claiming the Credits*

# The High Cost of Commercial Tax Preparation



**EITC Claimants**

# Free Tax Preparation Programs

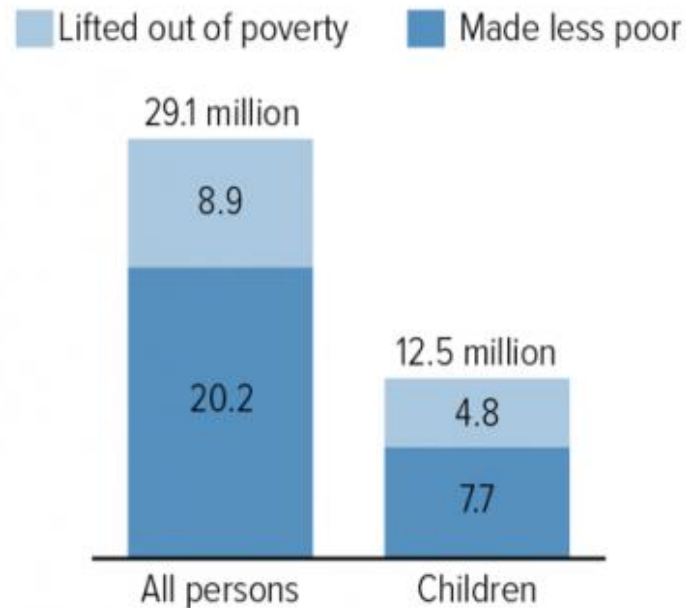
- ▶ Volunteer Income Tax Assistance (VITA)
- ▶ MyFreeTaxes.com
- ▶ Tax Counseling for the Elderly (TCE)
- ▶ American Association of Retired Persons (AARP) Tax-Aide

# ***Tax Credits Impact & Opportunities***

# Tax Credits Lift People Out of Poverty

## Earned Income Tax Credit and Child Tax Credit Have Powerful Anti-Poverty Impact

Millions of persons lifted out of poverty or made less poor (using Supplemental Poverty Measure) by EITC and CTC, 2017

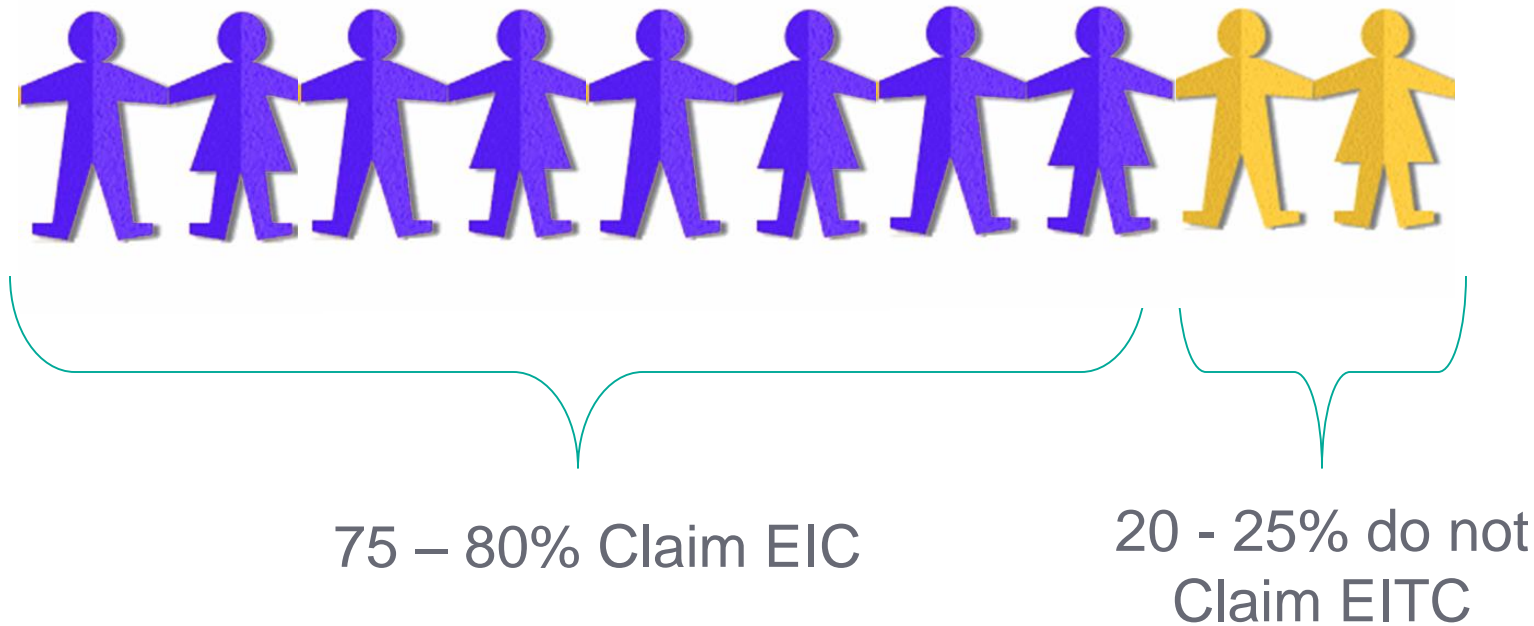


Note: Unlike the Census Bureau's official poverty measure, the SPM counts the effect of government benefit programs and tax credits.

Source: CBPP analysis of Census Bureau March 2018 Current Population Survey and 2017 SPM public use file.

# Why is Outreach Needed?

## *EITC Eligible Workers*





# Tax Credit Policy Expansions

## ▪ Short-term: The Economic Mobility Act

- Expand the EITC for workers without children
- Make the CTC fully refundable
- Create a new Young CTC
- Make the Child and Dependent Care Tax Credit refundable

## ▪ Long-term: Working Families Tax Relief Act

- Expand the EITC for families with children
- Expand EITC eligibility and value for workers without children
- Create a Young CTC
- Allow workers to take a \$500 advance payment on their EITC
- Give the IRS authority to impose standards on paid preparers

# Group Discussion:

Self-employment and taxes

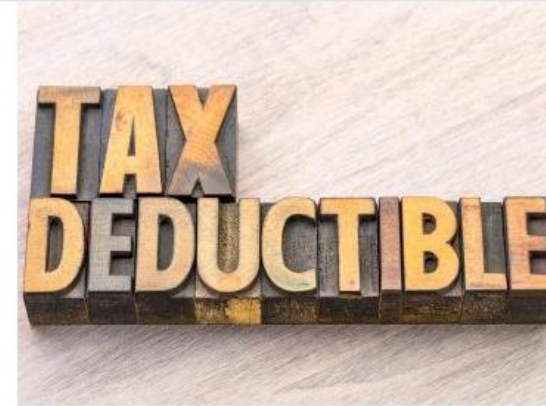
# Roadmap to Rideshare Taxes Project



How Do Rideshare (Uber and Lyft) Drivers Pay Taxes?



A Step-by-Step Guide to Filing Rideshare (Uber or Lyft) Taxes



Tax Deductions for Rideshare (Uber and Lyft) Drivers



How to Claim the Standard Mileage Deduction



Quarterly Estimated Payments Due Dates



Rideshare Tax Organizer 2019 (TY 2018)

**GET IT BACK** Tax Credits for People Who Work

[Skip to the Advanced Estimated Payments Calculator →](#)

# Promoting Tax Time Credits & Savings

- **Tax credits outreach messages:**

1. File a tax return (even if you aren't required)
2. Use free tax preparation
3. Eligible workers can claim EITC and CTC refunds for up to 3 previous years

- **Tax time savings opportunities:**

1. Split refunds
2. Savings bonds
3. Prize-linked savings

# Tax Refunds and Wealth-Building Opportunities

- **Promote the EIC and CTC with asset development programs:**
  - Bank accounts
  - Individual Development Accounts (IDAs)
  - Car ownership programs
  - Homeownership programs
  - Investment clubs
- **Connect taxpayers to financial resources:**
  - Financial education classes or financial coaching
  - Credit reports
  - Credit repair



# SAVING OUTSIDE TAX TIME

RESOURCES AND SOLUTIONS



# SET A GOAL, MAKE A PLAN, SAVE AUTOMATICALLY

## People don't think they can save

- 50% of household decision-makers believe they **“just don't earn enough** money to save regularly.”
- A majority of those making <\$50,000 **feel discouraged from saving.**
- Half of those making \$50,000-\$99,999 feel their **income-level is a barrier to saving regularly.**
- And one-quarter (26%) in the \$100,000 or more bracket are **inclined to believe that their income is insufficient** to allow them to save on a regular basis.

## A savings plan can make all the difference

	Have Savings Plan	No Plan
<b>All Families</b>		
Spend less than income	85%	44%
Sufficient emergency savings	56%	43%
Saving enough for retirement	75%	24%
<b>Families With &lt;\$25,000</b>		
Spend less than income	63%	30%
Sufficient emergency savings	69%	27%
Saving enough for retirement	37%	8%
<b>Families With \$25,000-\$50,000</b>		
Spend less than income	79%	57%
Sufficient emergency savings	79%	52%
Saving enough for retirement	63%	29%

# SET A GOAL, MAKE A PLAN, SAVE AUTOMATICALLY

## The America Saves Pledge

- The pledge is a great tool to support the conversation of goal-setting and developing good savings behaviors. It allows savers to declare a savings goal, a term within which they will save and a dollar amount per month, thereby creating a plan.

Why did you decide to take the pledge?	%
To save more money	79%
To improve my overall financial well-being	63%
To help get out of debt	42%
Be a good role model for my children	19%
To receive updates and resources from America Saves	19%
Be a good role model for my family members (e.g., siblings, spouse) and friends	18%
It was part of a savings program I participated in	12%
New Year's Resolution	4%
A family member or friend suggested that I take it	4%
Other	6%



# SET A GOAL, MAKE A PLAN, SAVE AUTOMATICALLY

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*I pledge to save  
money, reduce  
debt,  
and build wealth  
over time.*

*I will encourage my  
family and friends  
to do the same.*

## THE PLEDGE

I   pledge to save money, reduce debt, and build wealth over time.

I will encourage my family and friends to do the same.

## SET A GOAL AND MAKE A PLAN

I wish to reach a savings goal in order to:

I pledge to save  
\$  for  
 months.

At the end of this time  
I will have saved  
\$ *(per month)*  
to reach my savings goal.

# ACTIVITY: PULL OUT YOUR PHONES

Make a commitment to save money, reduce debt,  
and build wealth over time.

**PLEDGE TO  
SAVE NOW!**

Text  
“AmericaSaves”  
to 877877

**AMERICA  
Saves**   
START SMALL. THINK BIG.

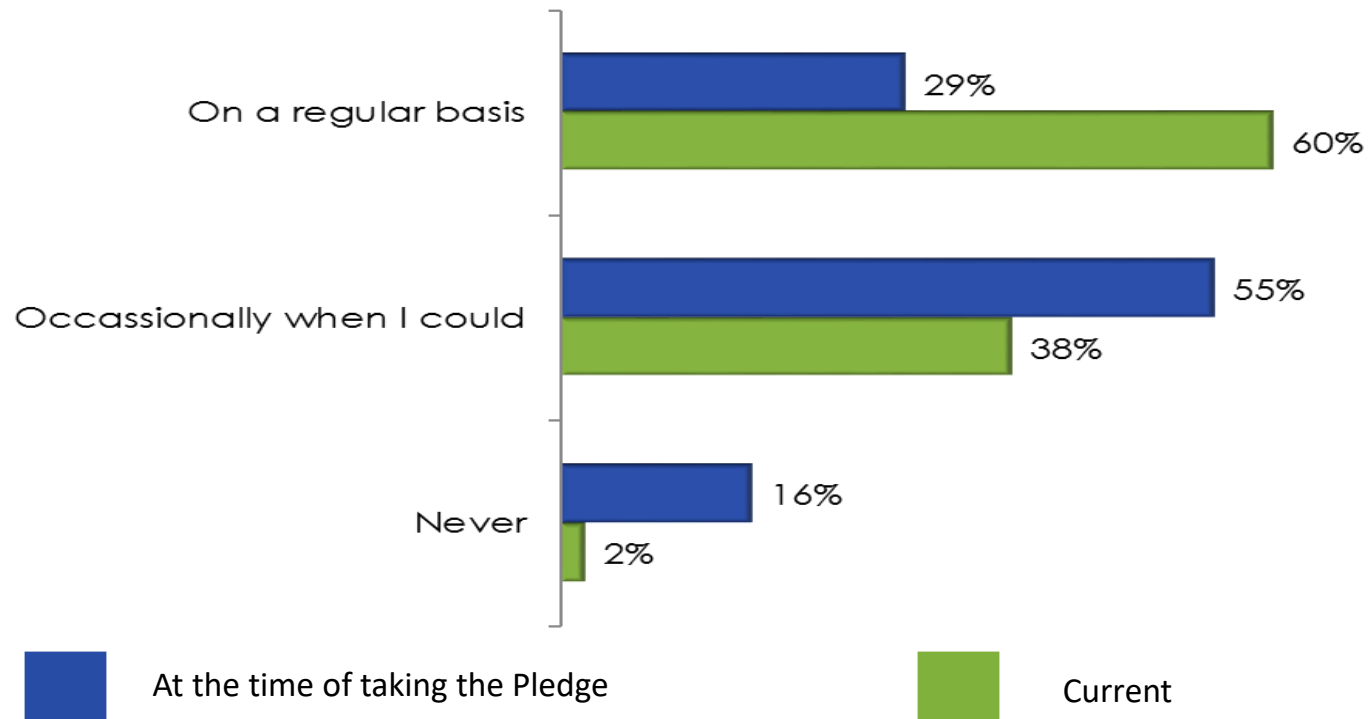


Standard carrier and message data rates may apply. You may receive up to 6 messages per month. Text “STOP” to cancel or “HELP” for assistance at any time.

# TAKING THE PLEDGE PLAYS A ROLE IN CHANGED SAVING BEHAVIOR

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## How often do you put away or save money?



Q2. At the time you took the Pledge, how often were you saving money?

Q9. Since you took the Pledge, how often have you put away or saved money?

Base: N=1056

# AUTOMATIC SAVING

## Start Small, Think Big!

- Automatic savings means you have a process in place to save at regular intervals, whether that's monthly, weekly, or daily. There are two modes to save automatically: digital and analog.
  - Automatic transfers, split deposits, automatic payments, etc.
  - Save your loose change, set aside cash regularly, etc.

## Why Automatic Saving Works

- Over time, these automatic deposits add up. For example, \$50 a month accumulates to \$600 a year and \$3,000 after five years, plus interest that has compounded. Soon you will be able to cover many unexpected expenses without putting them on your credit card or taking out a high-cost loan.

## GROUP DISCUSSION: AUTOMATIC SAVING



Are you promoting automatic saving?

# *Resources*

# FOR SAVERS

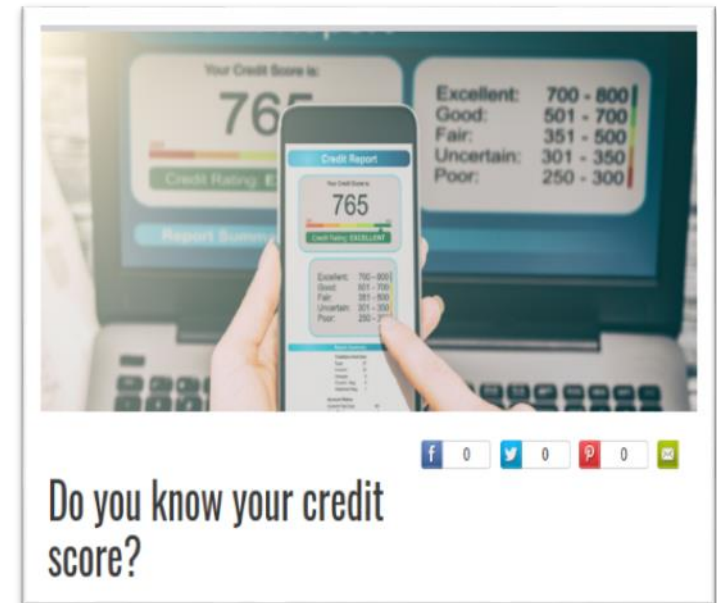
## Saver Supports

- The Pledge
  - *Commitment*
- Ongoing motivational messages and resources
  - *Financial coaching and support*
  - *Text and email*
- Blogs
  - *Continued education*
- Social media community
  - *Peer support*
- Saver stories
  - *Inspiration*
- America Saves Week
  - *National attention and involvement*

 <p><b>americasaves.org</b></p> <p>The America Saves website features a wealth of savings tips, resources, stories, and advice; including our viral "54 Ways to Save"</p>	 <p><b>militarysaves.org</b></p> <p>The Military Saves website features savings information tailored to the unique needs of service members and their families.</p>	 <p><b>Local campaigns</b></p> <p>Over 50 local America Saves campaigns offer resources to their community, including financial counseling and workshops.</p>
 <p><b>Goal-based texts</b></p> <p>Savers are sent periodic savings reminders and tips via interactive text message, based on the goal they selected when they</p>	 <p><b>Goal-based emails</b></p> <p>Savers are emailed periodic reminders of their savings goal, helpful information, and engaging</p>	 <p><b>America/Military Saves Week</b></p> <p>Savers are provided the annual opportunity to assess their savings status through America/Military Saves Week. Typically,</p>

# FOR ORGANIZATIONS

- ✓ Blogs on AmericaSaves.org
- ✓ Use and share our Partner Resource Packets
  - ✓ Sample blog, social media & resources
- ✓ Engage with our social media community
- ✓ Digital Resource Library
- ✓ Partner emails and webinars
- ✓ Promote the America Saves Pledge as a savings tool
  - ✓ Embeddable pledge form





# TAKE ACTION: AMERICA SAVES WEEK 2020

## What is #ASW20?

- It's a time-honored event for organizations all across the country to partner with one another to promote savings as a way to help Americans reduce debt and build wealth.
- Coordinated by America Saves with support from select nonprofit, government, financial services, cooperative extension, and education partners.
- An opportunity to transform the lives of millions by working together with and beyond your community to encourage and support good savings behaviors.

**AMERICA SAVES WEEK**  
February 24 - 29, 2020



# TAKE ACTION: AMERICA SAVES WEEK 2020

## Daily Savings Themes

- Monday, February 24: **TBA**
- Tuesday, February 25: **TBA**
- Wednesday, February 26: **TBA**
- Thursday, February 27: **TBA**
- Friday, February 28: **TBA**
- Saturday, February 29: **TBA**

**AMERICA SAVES WEEK**  
February 24 - 29, 2020

- Digital toolkit
- Digital events
- Partnership opportunities
- Media engagement
- FUN!

Join the **#ASW2020** movement!  
Become a participating organization at **AmericaSavesWeek.org**

# Tax Credit Outreach Resources

- The Center on Budget and Policy Priorities' Get It Back Campaign:  
[www.eitcoutreach.org](http://www.eitcoutreach.org)
- Roadmap to Rideshare Taxes:  
[www.RideShareTaxHelp.com](http://www.RideShareTaxHelp.com)
- IRS EITC Central  
[www.eitc.irs.gov](http://www.eitc.irs.gov)
- Free Tax Preparation Site Locator:  
<http://irs.treasury.gov/freetaxprep>
- First Nations Oweesta Corporation:  
[www.oweesta.org/native-cdfi-resources](http://www.oweesta.org/native-cdfi-resources)
- Tax Credits for Workers & Their Families:  
[www.taxcreditsforworkersandfamilies.org](http://www.taxcreditsforworkersandfamilies.org)

# CBPP Tax Credit Info

- **Center on Budget & Policy Priorities:** [www.cbpp.org](http://www.cbpp.org)
  - EITC Policy Basics - [www.cbpp.org/research/policy-basics-the-earned-income-tax-credit](http://www.cbpp.org/research/policy-basics-the-earned-income-tax-credit)
  - CTC Policy Basics - [www.cbpp.org/research/policy-basics-the-child-tax-credit](http://www.cbpp.org/research/policy-basics-the-child-tax-credit)
  - EITC & CTC State Fact Sheets - [www.cbpp.org/research/federal-tax/state-fact-sheets-the-earned-income-and-child-tax-credits](http://www.cbpp.org/research/federal-tax/state-fact-sheets-the-earned-income-and-child-tax-credits)
  - Women of Color Especially Benefit From Working Family Tax Credits (blog) - [www.cbpp.org/research/federal-tax/women-of-color-especially-benefit-from-working-family-tax-credits](http://www.cbpp.org/research/federal-tax/women-of-color-especially-benefit-from-working-family-tax-credits)



# Questions?

# Stay Connected!

- Website: [www.eitcoutreach.org](http://www.eitcoutreach.org)
- Blog: [www.eitcoutreach.org/blog](http://www.eitcoutreach.org/blog)
- Facebook: [www.facebook.com/GetItBackCampaign](http://www.facebook.com/GetItBackCampaign)
- Tax Credit Outreach News: <http://eepurl.com/bo6ra5>
- Email: [eitcoutreach@cbpp.org](mailto:eitcoutreach@cbpp.org)
- Partner: [www.eitcoutreach.org/partner](http://www.eitcoutreach.org/partner)
- EITC Video: [www.eitcoutreach.org/blog/eitc-video](http://www.eitcoutreach.org/blog/eitc-video)

