

Asset Building and Federal Poverty Level Guidelines and Programs



Community Tax Preparation



- CBOs provide free or low-cost tax preparation in low-income communities from mid/late January through Tax Day
- Often as part of the IRS's Volunteer Income Tax Assistance (VITA) program
- National Community Tax Coalition provides technical assistance and national advocacy for all community tax organizations in the U.S.
- Organizations delivering community tax preparation services have been shifting away from providing ONLY tax prep to more asset building initiatives.



VITA (Volunteer Income Tax Assistance)

- IRS-sponsored (tax software, training, publications)
- Grant available for qualifying organizations
- IRS certified volunteers
- Adherence to standards of conduct and quality

TCE (Tax Counseling for the Elderly)

- IRS-sponsored (tax software, training, publications)
- Separate grant program than VITA
- Focus on taxpayers over 60 years old
- Largest provider: AARP



Service providers outside of VITA

- United Way
- Goodwill
- Community Economic Development Agencies



How does the Center provide free tax service?

- VITA program and federal grantee
- Recruit over 1,200 volunteers
- 30 locations throughout Illinois
- \$54 million in refunds for clients



More about EITC and other tax benefits

Uniform Definition of a Child



Age - under 19 or <24 if full time student and must be younger than the taxpayer. (Child can be any age if disabled)

Relationship - Child, stepchild, adopted child, foster child, sibling, step sibling, or descendent of any of these

Residency - In general, child must live with the taxpayer for more than $\frac{1}{2}$ the year

Support - Child did not provide over $\frac{1}{2}$ his or her own support

Uniform Definition of a Child



EITC - Up to \$5,666 with 3 children

Child Tax Credit (CTC) - \$1,000 per child up to age 16

Dependent exemptions - \$3,650 per dependent. Other ways to claim a dependent: qualifying relative

Filing Status - affects standard deduction: \$8,400 for Head of Household vs. \$5,700 for Single, also tax rates are lower.

Child and Dependent Care Credit - up to \$6,000 for two children

Refundable vs. Non-refundable



Refundable: even if you owe \$0 tax, the credit can still generate a refund

Non-refundable: tax credit can lower your taxes down to \$0 but if there's any credit leftover, you can't pocket the difference



American Opportunity Tax Credit: (formerly Hope Education Credit)

Max: \$2500, 40% (up to \$1000) is refundable

Making Work Pay Credit:

6.2% of earned income up to \$400 (\$800 for married couples filing jointly) and is refundable

Why combine Asset Building with Tax Prep?



- Tax refunds can be up to 40% of yearly income for a low-income family
- a financial windfall equals an impressionable client
- It's not “money in the bank” if it's “cash under the mattress”
- Direct deposit is faster and safer than a check



Our Asset Building Initiatives



- Financial institution partnership program
- Provide year-round financial coaching and FAFSA assistance
 - Coaching process includes screening for public benefit program eligibility
- Encouraging clients to direct deposit and save a portion of the tax refund through
 - Tax Preparation volunteers
 - Site Staff
 - Money Management Assistant volunteers (NEW for 2011)

Tax Time Financial Partnership Program



- Bank and credit union partners helped over 1500 tax site clients open savings and transactional accounts in 2010
- 26 tax sites staffed by financial institutions
- 10 credit unions
- 8 banks
- 503 accounts opened by credit unions
- 65% of tax site clients direct deposited the tax refund
- 10% of clients saved 10% or more of refund

Federal Poverty Guidelines 2010



Persons in Family	Poverty Guideline
1	\$10,830
2	\$14,570
3	\$18,310
4	\$22,050
5	\$25,790
6	\$29,530
7	\$33,270
8	\$37,010

For families with more than 8 persons, add \$3,740 for each additional person

Percent of Poverty Guideline 2010



FAMILY SIZE	PERCENT OF POVERTY GUIDELINE								
	100%	120%	133%	135%	150%	175%	185%	200%	250%
1	\$10,830.00	\$12,996.00	\$14,403.90	\$14,620.50	\$16,245.00	\$18,952.50	\$20,035.50	\$216,600.00	\$27,075.00
2	\$14,870.00	\$17,484.00	\$19,378.10	\$19,669.50	\$21,855.00	\$25,497.50	\$26,954.50	\$29,140.00	\$36,425.00
3	\$18,310.00	\$21,972.00	\$24,352.30	\$24,718.50	\$27,465.00	\$32,042.50	\$33,873.50	\$36,620.00	\$45,775.00
4	\$22,050.00	\$26,460.00	\$29,326.50	\$29,767.50	\$33,075.00	\$38,587.50	\$40,792.50	\$44,100.00	\$55,125.00
5	\$25,790.00	\$30,948.00	\$34,300.70	\$34,816.50	\$38,685.00	\$45,132.50	\$47,711.50	\$51,580.00	\$64,475.00
6	\$29,530.00	\$35,436.00	\$33,274.90	\$39,865.50	\$44,295.00	\$51,677.50	\$54,630.50	\$59,060.00	\$73,825.00
7	\$33,270.00	\$39,924.00	\$44,249.10	\$44,914.50	\$49,305.00	\$58,222.50	\$61,549.50	\$66,540.00	\$83,175.00
8	\$37,010.00	\$44,412.00	\$49,223.30	\$49,963.50	\$55,515.00	\$64,767.50	\$68,468.50	\$74,020.00	\$92,525.00

For family units of more than 8 members, add \$3,740 for each additional member

What is the Federal Poverty Level?



Commonly known as FPL

Used to measure if a person or family is eligible for assistance through various federal programs

How to calculate FPL?

- Calculate Gross Income
- Size of household
- After Gross Income and Size of Household are known then refer to the Federal Percent of Poverty Guidelines to find the FPL



Clients are eligible for a variety of programs based on FPL

Eligibility can vary from state-to-state

Most Common Programs

- State Children's Health Insurance Program (SCHIP)
 - In Illinois, All Kids/Family Care/Moms and Babies
- LIHEAP(Low Income Home Energy Assistance Program)
- WIC (Women, Infants, Children Program)
- SNAP (Supplemental Nutrition Assistance Program)

All Kids Program



Sliding scale health insurance
for all Illinois kids

Qualifications

- 18 and under
- Illinois resident

No FPL cap



Family Care



Health care coverage for parents living with their children 18 years old or younger (or relatives caring for children in place of parents)

Must be U.S. Citizen or meet immigration requirements

FPL cap is 185%



SNAP



Monthly allotment on Link card, which is used to pay for groceries

Must be age of 22 or living by yourself

FPL cap is 185%



Child Care Assistance



Cost sharing program for child care

Offered through Action for Children in Illinois

Must have children living then under 13

Must check eligibility online



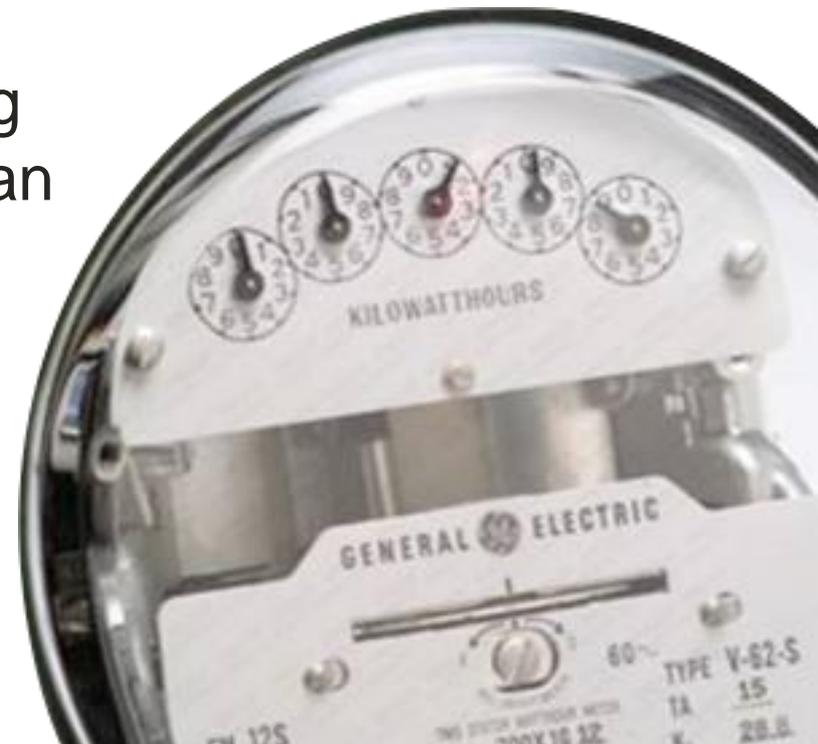


Annual credit on utility bill to offset the high cost of gas or electricity bill

Qualifications

- Must pay for heating or have heating included in rent which costs more than 30% of your monthly income to your rent

FPL cap is 150%





Vouchers for pregnant women and women with children under 5, to pay for basic food items for children as they grow

Qualifications

- Vary according to county

FPL cap is 185%



Moms & Babies



Covers health services for women who are pregnant

Helps cover the cost of both inpatient and both inpatient and outpatient services while they are pregnant and 60 days after

FPL cap is 200%





Offers free mammograms, breast exams, pelvic exams and Pap tests to eligible women

If diagnosed with cancer woman can still receive treatment if she qualifies

Qualifications

- Living in Illinois
- Without insurance
- 35-64 years old (younger women in some cases)
- Apply by calling the Women's Health Line



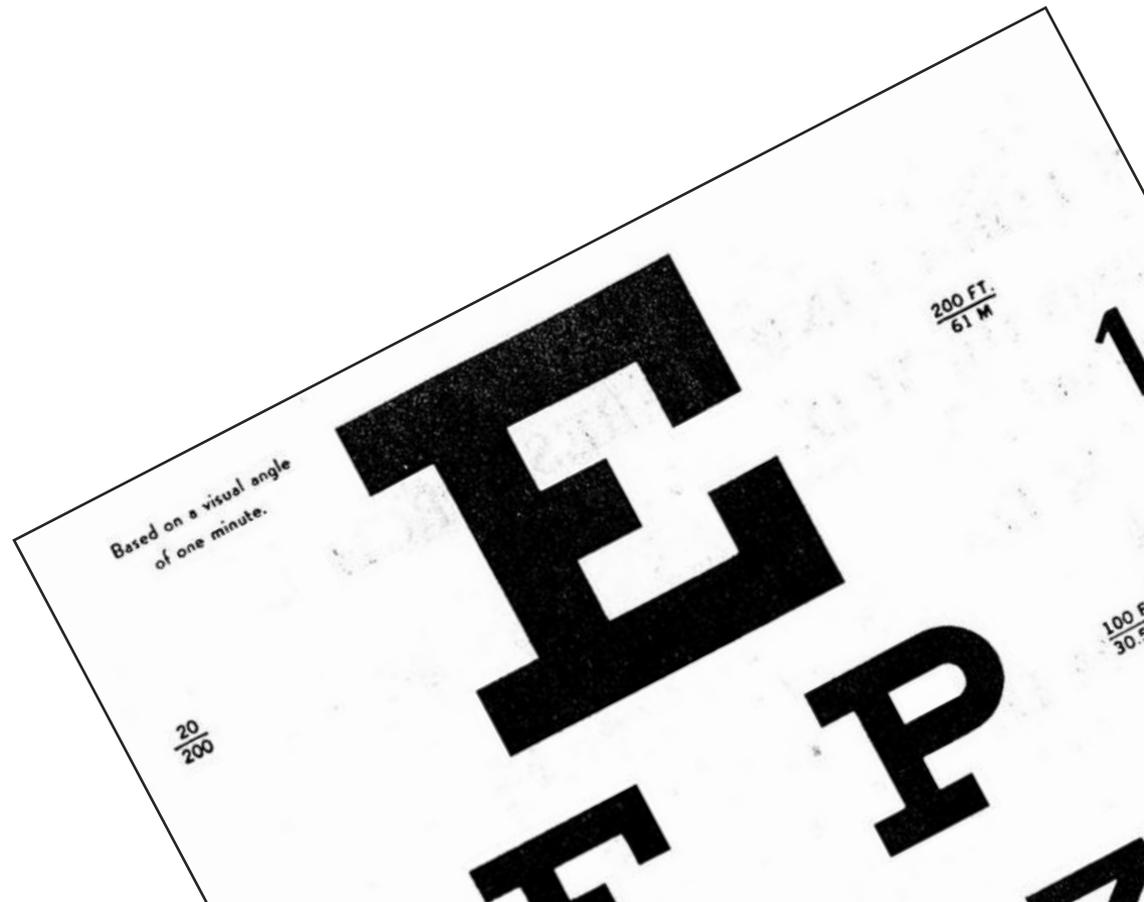


Provides comprehensive eye care to uninsured, low-income adults in Chicago

Eligibility

- No vision insurance
- Vision problems

FPL cap is 200%





Comprehensive and affordable healthcare coverage for uninsured Illinois Veterans

Coverage

- doctors and clinic visits
- hospital inpatient and outpatient care
- limited dental
- therapy
- mental health
- substance abuse services



Veterans Care



Does NOT cover nursing home stays

Eligibility

- Veteran of U.S. Armed Forces
- NOT dishonorably discharged
- 19-64 year old resident of Illinois
- Have not had health insurance covering physician and hospital care for last 6 months
- Do NOT qualify for Federal VA healthcare or other Illinois Healthcare programs

FPL Cap is 450%





Number of Household
Members: 5

- Joel, age 45
- Wife, age 45
- Children ages 4, 6 and 8

Income (bi-weekly)	\$650
Rent	\$700
Dependent care costs	\$300
Assets	\$0
Annual Gross Income	\$16,900
FPL	65%

What programs are Joel and his family eligible for?



Based on FPL and having members of the household that are children and a woman, Joel's household qualifies for:

- All Kids/Family Care Assistance
- Illinois Breast and Cervical Cancer Program
 - But could not use this program once Joel and his wife enrolled in Family Care
- SNAP
- LIHEAP
- WIC
- Child Care Assistance