



**AFI**

# EITC and the Disability Community: At Tax Time and Beyond



AFI Webinar

January 27, 2012

## Assets for Independence

- ▶ The entire IDA Resource Center team would like to thank you for joining the webinar today.
- ▶ The Administration for Children and Families (ACF) is extremely supportive of asset building strategies for people with disabilities. Today you will hear a bit about one of our initiatives underway.
- ▶ If you have questions after the call, the IDA Resource Center is available to provide support in enhancing asset building efforts. Please use the following link (<http://idaresources.org>).

# Purpose of the Webinar

▶ Purpose:

To provide strategies to increase your ability to reach out to individuals with disabilities during tax time and support low-wage taxpayers with disabilities claiming their EITC.

▶ Goals:

1. Review the 2012 Earned Income Tax Credit updates and strategies for providing effective tax preparation services
2. Better understand strategies to increase the number of individuals with disabilities served through VITA sites.
3. Receive guidance on assisting individuals with disabilities in leveraging their tax preparation experience and tax return to participate in other available financial stability strategies, including IDAs.
4. Hear from an AFI IDA provider who is successfully reaching out to individuals with disabilities, providing accommodations and assisting taxpayers in leveraging their EITC to open IDA accounts.

## Today's Speakers

- ▶ Richard Keeling, Senior Tax Analyst, National Partnerships, Internal Revenue Service - Stakeholder Partnerships, Education and Communication
- ▶ Michael Roush, National Director, Real Economic Impact Tour, National Disability Institute
- ▶ AFI Grantee - Ellen Stoffer, Director, Financial Stability Initiatives, United Way of Tampa Bay
- ▶ Facilitator: Susan O'Mara, Project Director, VCU's Work Incentives Planning and Assistance National Training Center

# Agenda

- ▶ Quick review – Basics of the Earned Income Tax Credit
- ▶ Percentage of eligible tax payers who don't claim and why individuals with disabilities don't claim
- ▶ Opportunities for free tax preparation
- ▶ Resources to support efforts to serve the disability community at tax time
- ▶ Strategies for taking individuals with disabilities from tax filing to asset building
- ▶ Putting it all together – story from IDA provider
- ▶ Resources
- ▶ Questions and Answers

# Earned Income Tax Credit (EITC)

## EITC is One of the Largest Antipoverty Programs

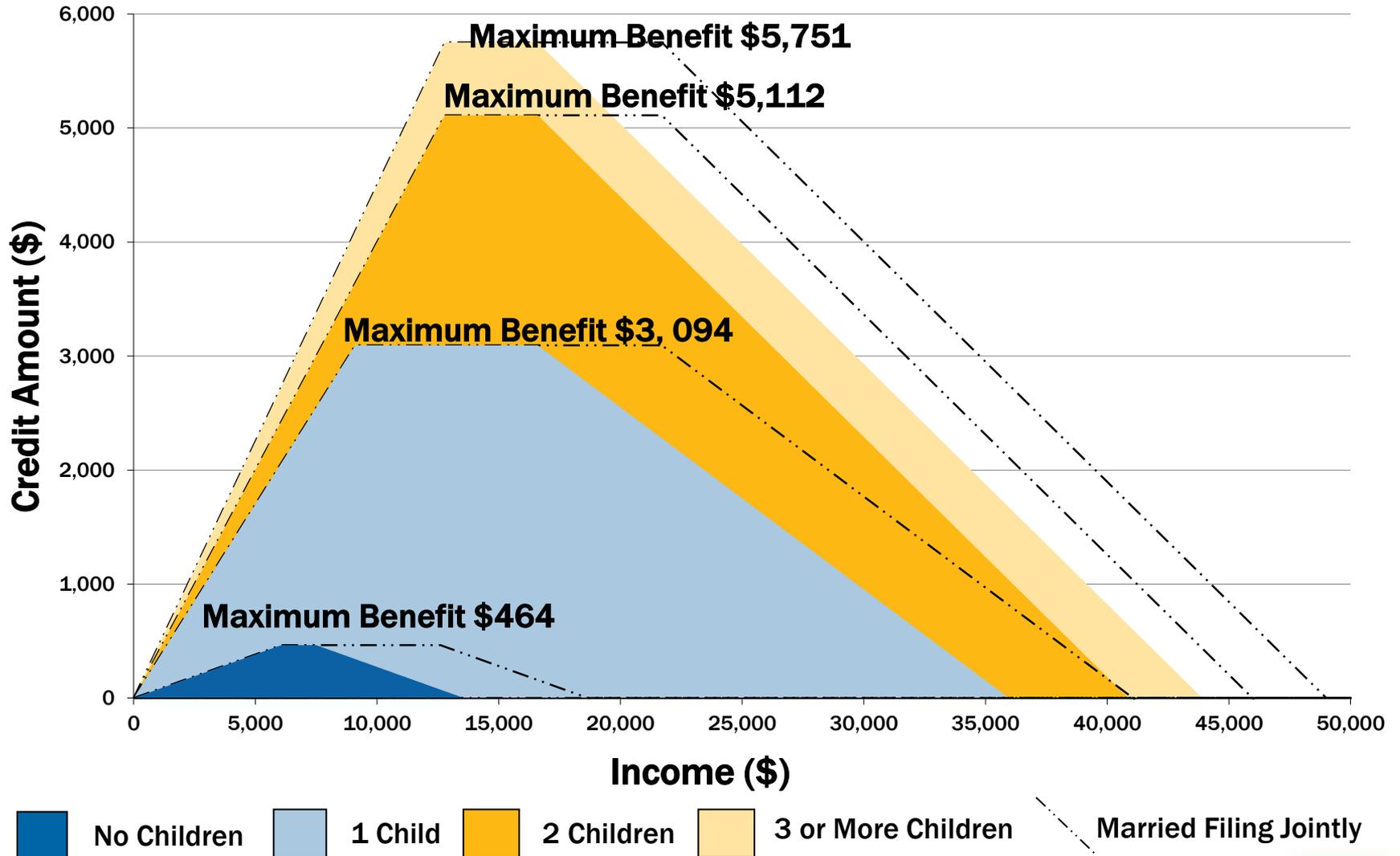
- Nationwide last year, 27 million people received \$59.2 billion in EITC.
- EITC lifted an estimated 6.6 million people out of poverty, including 3.3 million children
- The cost of administering the EITC program ratio to claims paid is less than one percent.

# EITC For Tax Year 2011

| Number of children: | Income less than: | EITC up to: |
|---------------------|-------------------|-------------|
| 3 or more children  | \$43,998          | \$5,751     |
| 2 children          | \$40,964          | \$5,112     |
| 1 child             | \$36,052          | \$3,094     |
| No children         | \$13,660          | \$464       |

\*The American Recovery and Reinvestment Act (ARRA) provides a temporary increase in EITC and expands the credit for workers with three or more qualifying children. These changes are temporary and apply to 2011 and 2012 tax years.

# Maximum EITC in Tax Year 2011



# Why is Outreach Needed?

## EITC Eligible Workers



75 – 80% Claim EITC

20 – 25% Do Not  
Claim EITC

# Why Are Free Tax Preparation Services Important?

- ❑ Complexity of tax law
- ❑ Tax preparation fees erode the value of refunds
- ❑ Must file if they have earned income to receive refunds of credits and/or withholding
- ❑ 69% of EITC Income Eligible Taxpayers Used a Paid Preparer
- ❑ Opportunity to link to asset building strategies

# Taxpayers with Disabilities

An estimated 1 million individuals with disabilities annually do not claim the EITC.

- As with other communities, this number reflects individuals who are not aware of their right to claim.
- Individuals on public benefits have an added fear of a loss of public benefits when the EITC is claimed.

# Free Tax Help

## **EITC - Eligible Taxpayers Can Get Free Help Preparing Their Taxes**

- ▶ Taxpayers who qualify for EITC have several free options for preparing their returns and claiming their EITC, including:
  - More than 12,000 free income tax preparation sites nationwide. (Volunteer Income Tax Assistance or VITA)
  - Any of the approximately 400 IRS Taxpayer Assistance Centers nationwide.
  - Free File through IRS.gov for internet-enabled do-it-yourselfers.
  - Virtual VITA and Facilitated Self-Assistance

# IRS SPEC – How you can participate

- ▶ Educate Clients/Employees about EITC
- ▶ Join Existing EITC Coalitions
- ▶ Become a Free Tax Preparation Site
- ▶ Take a Leadership Role
  - [www.irs.gov/eitc](http://www.irs.gov/eitc) - Individuals
  - [www.eitc.irs.gov](http://www.eitc.irs.gov) - Partners and tax preparers
- ▶ Join the Real Economic Impact Tour

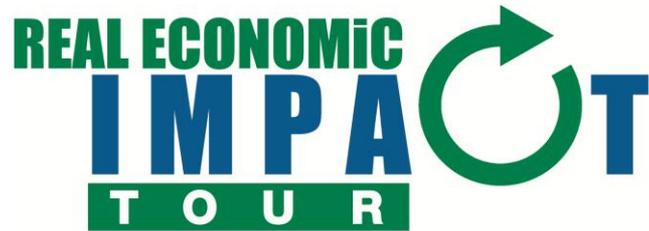
# Resources

- [www.reitour.org](http://www.reitour.org) (Real Economic Impact Tour)
- [www.irs.gov](http://www.irs.gov) (Keyword “disability” - Disability Information for Individuals, Businesses, and Partners Providing Services)
- [www.eitc.irs.gov](http://www.eitc.irs.gov) (EITC Central)
- [www.irs.gov/freefile](http://www.irs.gov/freefile) (IRS Free File)
- [www.fdic.gov/consumers/consumer/moneysmart](http://www.fdic.gov/consumers/consumer/moneysmart) (FDIC Money Smart)
- [www.cbpp.org/eic2012](http://www.cbpp.org/eic2012) (Center on Budget and Policy Priorities site and Access to EITC Toolkit)
- <http://cfed.org/programs/idas/> - IDA Program

# Contact Information

Richard Keeling  
Senior Tax Analyst, National Partnerships  
404-338-8814  
richard.keeling@irs.gov  
partner@irs.gov

Thank you!!!



*A Program of the National Disability Institute*

## PURPOSE

- ▶ Build disability-inclusive free tax assistance, financial education and asset building opportunities for persons with disabilities through trusted networks

## OUTCOMES

- ▶ Growing awareness that disability is a key component of diversity
- ▶ New income poverty research linked to disability
- ▶ New partnerships between the asset building and disability communities
- ▶ Improving access and accommodations to VITA and financial education programs

# National Community IMPACT

| Year | Cities       | Local Partners | Returns Prepared | EITC Claims    | EITC Amounts     | Refunds Received | Tax Prep \$ Saved |
|------|--------------|----------------|------------------|----------------|------------------|------------------|-------------------|
| 2005 | 11           | ----           | 7,600            | 1,710          | \$0.7 m          | \$ 6.8 m         | \$1.5 m           |
| 2006 | 33           | 200            | 17,223           | 3,875          | \$1.6 m          | \$15.3 m         | \$3.4 m           |
| 2007 | 54           | 355            | 36,275           | 8,162          | \$3.7 m          | \$32.6 m         | \$7.2 m           |
| 2008 | 62           | 555            | 90,653           | 20,397         | \$9.7 m          | \$81.5 m         | \$18.1 m          |
| 2009 | 84           | 634            | 181,152          | 40,759         | \$19.4 m         | \$176.6 m        | \$36.2 m          |
| 2010 | 100          | 710            | 360,499          | 81,112         | \$38.5 m         | \$351.5 m        | \$72.0 m          |
| 2011 | 100          | >800           | 397,090          | 119,127        | \$43.7 m         | \$387.1 m        | \$87.4 m          |
|      | <b>TOTAL</b> |                | <b>1,090,492</b> | <b>275,142</b> | <b>\$117.3 m</b> | <b>\$ 1.05 b</b> | <b>\$ 225.8 m</b> |

*MyFreeTaxes.com services are free for everyone who earns less than \$57,000 per year.*

**MyFreeTaxes.com is made possible through funding from the Walmart Foundation. One Economy Corporation, the National Disability Institute's Real Economy Impact Tour and United Way Worldwide are committed to online and on-the-ground free tax filing and preparation.**

**Easy. Free. Tax Filing Online.**

# REI Tour Tools

## Virtual REI Tour Toolkit

[www.reitour.org/Resources/Virtual-Toolkit.aspx](http://www.reitour.org/Resources/Virtual-Toolkit.aspx)

Includes online tools that will assist in building your disability initiative.

## Increasing the Number of Individuals with Disabilities served

- ▶ Connect with existing coalitions!!!
- ▶ Market to the disability community
- ▶ Engage disability partners
- ▶ Create an inviting environment
- ▶ Keep the momentum beyond Tax time

# Marketing to the Disability Community

- ▶ Include images of individuals with disabilities
- ▶ Use people first language
  - <http://www.reitour.org/data/files/rei%20tour/virtual%20toolkit/people%20first%20language.docx>
- ▶ Include language about requesting accommodations
  - <http://www.reitour.org/data/files/rei%20tour/virtual%20toolkit/making%20accommodation%20requests%20for%20taxpayers%20with%20disabilities.docx>
- ▶ Address disability concerns
- ▶ Market through disability partners

## Address Concerns & Eliminate Myths

- ▶ Will my tax refund cause me to lose benefits?
- ▶ Do I have to spend the money I get to stay within asset limits?
- ▶ Persons with disabilities do not have to file income taxes because their income is too low.
- ▶ Affordable tax preparation is not available.

## EITC & Benefits: New Legislation!

- ▶ PL 111-312, Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, Sec. 728
- ▶ Passed by Congress in December 2010
- ▶ Greatly simplifies and standardizes the rules on how tax refunds are treated in determining the eligibility for public benefit programs.

## New Legislation provides for:

### Income

- ▶ Excludes any federal tax refund from counting as income in determining eligibility or the amount of benefit for any federally funded benefit program. Includes state and local programs partially funded by federal dollars.

### Resource

- ▶ Refunds that are saved by the filer do not count against the resource limits of any federally funded public benefit for 12 months after the refund is received.

## Implementation of New Legislation

- ▶ Tax refunds can include benefits from the EITC, CTC, other tax credits, or a refund.
- ▶ New rules are effective for 2010 through 2012, the period covered by the legislation.

## Engaging Disability Partners

- ▶ Identify partners – one partner to begin
- ▶ Start the conversation
- ▶ Share information, training and referrals
- ▶ Integrate disability partners into your work
- ▶ Train staff on disability awareness

# Engaging Disability Partners -

## [www.idaresources.org/disability](http://www.idaresources.org/disability)

**AFI**

Assets for Independence Resource Center

**IDAresources.org**

[AFI Resource Center Home](#) | [Calendar of Events](#) | [AFI e-Newsletter](#) | [Grantee Gateway](#) | [AFI<sup>2</sup> System Login](#) | [Contact Us](#) | Search

### Serving People With Disabilities

#### Increase Access to IDAs for People With Disabilities

AFI grantees and their partner organizations report that some people with disabilities are having trouble accessing and using IDAs. Because they are disproportionately low-income, people with disabilities account for a large share of the AFI target population, but they are underrepresented among IDA participants.

Lack of information about IDAs, misconceptions about how they affect means-tested benefits, and challenges that AFI grantees face in identifying and serving people with disabilities contribute to low participation rates. This section includes information on increasing IDA use by people with disabilities.



#### Resource Categories

[Expand All]

##### Serving People With Disabilities

- ▶ [What Grantees Need to Know About Disability](#)
- ▶ [How IDAs Affect Disability Benefits](#)
- ▶ [Resources for Navigating Disability Services](#)
- ▶ [Serving IDA Participants With Disabilities](#)
- ▶ [Self-Employment for People With Disabilities](#)
- ▶ [Information for People With Disabilities and Disability Service Providers](#)
- ▶ [Additional Resources](#)
  - Asset Development for People with Disabilities
  - Outreach to and Partnering with the Disability Community - October 12, 2010 (Webinar Recording)
  - Outreach to and Partnering with the Disability Community - October 12, 2010 (Presentation)

# Create an Inviting Environment

- ▶ Train staff, volunteers, etc. on disability awareness
  - [http://www.reitour.org/Resources/Virtual-Toolkit.aspx#dis\\_training](http://www.reitour.org/Resources/Virtual-Toolkit.aspx#dis_training)
- ▶ Include disability partners and their stakeholders when recruiting staff, volunteers and service users
- ▶ Know where to turn for disability-specific needs
- ▶ Understand how to provide accommodations
  - <http://www.reitour.org/data/files/rei%20tour/virtual%20toolkit/making%20accommodation%20requests%20for%20axpayers%20with%20disabilities.docx>

# Reasonable Disability Accommodations

[www.idaresources.org/disability](http://www.idaresources.org/disability)

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EITC and the Disability Community

Reasonable Disability Accommodations and Your IDA Program - April 20, 2011 (Webinar Recording)

Reasonable Disability Accommodations and Your IDA Program - April 20, 2011 (Presentation)

Reasonable Disability Accommodations and Your IDA Program - April 20, 2011 (Transcript)

## Keep the Momentum – Engagement Beyond EITC

- ▶ Assume the desire and ability to achieve financial stability
- ▶ Promote other financial stability strategies
- ▶ Mirror best practices from the field
- ▶ Engage with National Disability Institute's Real Economic Impact Tour
- ▶ For many tax coalitions across the country VITA is a year-long program

# Promote Other Financial Stability Strategies

Financial Literacy

Budgeting

Credit Repair

Earned Income Tax Credit

Childcare Tax Credit

Other favorable tax provisions

Medicaid

Buy-In

Programs

Family Self-Sufficiency Programs

Ways to Work

AFI Individual Development Accounts

Assistive Technology Loan Funds

Student Loans

Employment

Use of work incentives

Self-employment

Micro-Enterprise

Home ownership, Post-secondary education, Business capital,  
Savings, Investments, Retirement accounts

## Mirror Best Practices from the Field

- ▶ Host a VITA site at your location
- ▶ VITA is a year-long program for many coalitions across the country
- ▶ Work with VITA coalitions to have your information distributed at VITA sites
- ▶ Become a part of financial coaching programs and train financial coaches in your area about IDAs

# Engage with the Real Economic Impact Tour

- ▶ Webinar Series
- ▶ 30-second Trainings
- ▶ Technical Assistance
- ▶ Social Marketing

# Webinar Series

- ▶ Webinar Series will take place nearly every 3<sup>rd</sup> Thursday at 2:00 PM EST of each month.
- ▶ Check our website to save the dates and review previous webinars: <http://realeconomicimpact.org/Resources/REI-Tour-Audioconferences-and-Webinars.aspx>
- ▶ Webinar series will be free and available to VITA coalitions, disability partners, and asset building partners.
- ▶ The webinars will be delivered by a team of experts on specific topics relevant to economic empowerment strategies for persons with disabilities.

# 30-Second Trainings

- ▶ Designed to be short, easy and fun,
- ▶ They are not designed to be a test but rather to increase knowledge on a variety of topics.
- ▶ The trainings should take only about 30 seconds to review and can be viewed on any computer and downloaded from NDI's website.
- ▶ The interactive trainings will include national resources where individuals can go to get additional information.
- ▶ The 30-second trainings include the following topics:
  - Free Filing Options, Self-tax Preparation, VITA , SNAP/WIC

**You can find 30-second trainings at:**

**[www.realeconomicimpact.org/Resources/Virtual-Toolkit.aspx](http://www.realeconomicimpact.org/Resources/Virtual-Toolkit.aspx)**

**Technical Assistance Liaisons are identified below – please identify the state that you reside in and contact the TA Liaison at the top of that column.**

| Michael Roush<br><a href="mailto:mroush@ndi-inc.org">mroush@ndi-inc.org</a> |              | Katie Metz<br><a href="mailto:kmetz@ndi-inc.org">kmetz@ndi-inc.org</a> |             | Johnette Hartnett<br><a href="mailto:jhartnett@ndi-inc.org">jhartnett@ndi-inc.org</a> |                |
|---|--------------|--|-------------|---|----------------|
| Arizona   | Nebraska     | Alabama  | Michigan    | Alaska  | New York       |
| Arkansas  | Nevada       | Florida  | Minnesota   | Connecticut   | North Carolina |
| California  | New Mexico   | Georgia  | Mississippi | Delaware  | Pennsylvania   |
| Colorado  | North Dakota | Illinois   | Ohio        | Maine   | Rhode Island   |
| Hawaii  | Oklahoma     | Indiana  | Tennessee   | Maryland  | Vermont        |
| Idaho   | Oregon       | Iowa   | Texas       | Massachusetts   | Virginia       |
| Kansas  | South Dakota | Kentucky   | Wisconsin   | New Hampshire   | Washington DC  |
| Missouri  | Utah         | Louisiana  | Wyoming     | New Jersey  | West Virginia  |
| Montana   | Washington   |  |             |   |                |

Caroline Burke provides support to each Technical Assistance Liaison -  
[cburke@ndi-inc.org](mailto:cburke@ndi-inc.org)

# National Disability Institute



[twitter.com/realeconimpact](https://twitter.com/realeconimpact)



[facebook.com/realeconimpact](https://facebook.com/realeconimpact)



[youtube.com/user/RealEconomicImpact](https://youtube.com/user/RealEconomicImpact)



[flickr.com/photos/realeconomicimpact/](https://flickr.com/photos/realeconomicimpact/)



[realeconomicimpact.tumblr.com](https://realeconomicimpact.tumblr.com)

## REI Tour – How you can participate

To become involved with the REI Tour,

Contact:

Michael R. Roush, MA

National Program Director, REI Tour

[mroush@ndi-inc.org](mailto:mroush@ndi-inc.org)

## **AFI Grantee Perspective**

**Ellen Stoffer,  
Director, Financial Stability Initiatives,  
United Way of Tampa Bay**

## AFI Resource Team

- ▶ Technical Assistance available to grantees from the AFI Resource Center Initiative Team, including:
  - Telephone
  - Email
  - on-site TA
- ▶ To contact the AFI Resource Team, call (866)-778-6037 or email the Team at [info@idaresources.org](mailto:info@idaresources.org).
- ▶ Visit [www.idaresources.org](http://www.idaresources.org) for more information.

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# QUESTION/ANSWER SESSION