

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

Making Tax Time Pay: How to Claim and Keep the Money You've Earned

By Meg Newman

Did you know that taxpayers leave \$2 billion dollars in tax benefits unclaimed? Is some of this money yours? Free tax assistance is available for income-eligible workers at convenient locations throughout DC. Avoid costly preparer fees and take advantage of fast, free electronic tax filing, beginning in late January!

How can filing my taxes help me?

The Earned Income Tax Credit (EITC) is a unique tax credit for people who work. According to the Center on Budget and Policy Priorities, in 2006, 47,536 working families and individuals in DC claimed the credit—returning nearly \$84 million to DC, with an average refund of \$1,745 per household—equal to more than 10% of the filer's annual income. Yet one of every five or six people who qualifies for the EITC doesn't claim it—either because they don't know about it or can't or don't file their tax returns—potentially losing out on thousands of dollars that they may be owed.

Even if you don't qualify for the EITC, you might also be due a refund because you qualify for other credits and deductions or had too much taken out of your paycheck during the year. Many people who aren't required to file *should file* to get a refund. The only way to know for sure if you are one of these people is to complete your tax forms.

Where can I get free tax help?

Throughout the filing season, the DC Earned Income Tax Credit (DC EITC) Campaign operates sites across the region that offer free tax preparation and other services. Individuals with income below \$22,000 and households with total income below \$40,000 can go to a free tax site to get help completing their tax forms. A full list, map,



and searchable database of these free tax sites is at www.dceitc.org/findasite. Your return will be prepared quickly and filed electronically to expedite your return check. It will also be reviewed several times to ensure accuracy prior to transmittal.

What's the catch? How do you offer this great service for free?

The Campaign is able to operate thanks to more than 600 community volunteers who receive extensive training to provide this service to the public. They are overseen by tax professionals well-versed in tax benefits for low-income filers and, when there is a particularly

complex return, the Campaign can link taxpayers to additional resources in the community. If you or someone you know is interested in registering with the Campaign as a volunteer and participating in training, visit www.dceitc.org/signup. Spread the news about this unique volunteer opportunity – no experience is required!

Do tax sites offer other financial services?

Many neighborhood tax sites will offer asset-building resources in addition to tax filing. Some sites will allow customers to enroll in no-fee bank accounts on-site. Others will offer free credit counseling services, unique savings opportunities, and information about benefits that can increase families' economic security. Visit www.dceitc.org for information about our "Super Saturdays" throughout tax season as well as other resources. Mark your calendar now for the DC Saves Financial Fair at THEARC on April 5, 2008!

I'm ready for my refund check now! Why shouldn't I get my taxes filed early through a paid preparer?

Refund Anticipation Loans, or RALs, are a pricey and dangerous way to get money quick. These loans are made against an *anticipated* tax refund. If the refund doesn't come through as expected or is garnished, then the taxpayer must repay the difference, plus the hefty interest rate (last year

CONGRATULATIONS!

The following savers made asset purchases in the month of December:

Home

Maria Barrera
Tia Coulter

Education

Fekade Amare
Blanquet Morgan
Karen Hicklin
Andrea Howe
Cynthia Simon
Tewelde Tesfagabir

Small Business

Bernardo Figueroa
Xavier Justice

these rates ranged from 58% to 125%).

Pay stub and Holiday RALs are especially risky because there is an increased chance of miscalculating the refund. Using a December pay stub alone, the preparer has no way to know what other income may affect the tax return – income, for example, from unemployment insurance, or another short-term job. Don't get caught in this trap! **Filing your taxes electronically and using direct deposit can get your refund back to you within 7-10 days of filing—and you can avoid extra check-cashing fees and even direct deposit your refund in up to three different accounts.**

Send questions or feedback on this article to saving@caab.org.

For more information about free tax filing options and tips on how to choose a paid preparer wisely, visit www.dceitc.org/howtofile

UPCOMING EVENTS & ANNOUNCEMENTS

New Program for MDA Couples

at 1801 K St NW, Suite M100 (Farragut West & Farragut North metro stops)

Check your mail! CAAB has organized a new program to help couples with how they communicate within their relationships regarding finances. We are kicking off this free service with a group session for married and engaged couples who are part of the Marriage Development Account program. It will be held on **Wednesday, January 23, from 6:30-8:00 p.m.** at the CAAB office. For questions and registration, please call Linda Stroman, at 202-419-1440 x109.

Free Seminar: Investing for College

at 1801 K St NW, Suite M100 (Farragut West & Farragut North metro stops)

Monday, January 28, 6:30 –8:00 p.m.: Laurent Ross from Calvert will explain the DC College Savings Program and other strategies to help you save for education. Get information on how the 529 Savings Plan works, the difference between saving and investing, and other ways to save for college. For further information and to register for the seminar, call Linda Stroman at 202-419-1440 x109.

Business Classes

at MLK Library, 901 G Street NW (Gallery Pl-Chinatown & Metro Center)

The following classes are all free and are sponsored by the Department of Small and Local Business Development. For more information or to register, contact Katina Bolden at 202-727-2241.

Understanding and Building Business Credit (Free) *Wednesday, January 16, 6:00 –8:00 p.m.*

How to Get an SBA 7(a) Loan (Free) *Monday, January 28, 6:00 –7:30 p.m.*

How to Find and Finance Commercial Property (Free) *Wednesday, January 30, 6:00 –8:00 p.m.*

Southeastern University

at Southeastern University, 501 I Street SW (Waterfront SEU metro)

How to Start a Nonprofit (Free) *Wednesday, January 30, 6:00 –8:30 p.m.*

Intro to Self Defense



Who: Teen girls/young women (ages 14-18) and their mothers (or other adult-grandmother, cousin, sister, godmother, etc.)

What: How to prevent harassment, attack, and abuse. How to stop a threatening situation with words. Physical moves to use against common attacks.

When: Saturday, January 26, 2:00-5:00 p.m.

Where: River Road Unitarian Church, 6301 River Road, Bethesda, MD

How: \$69 per pair in advance, \$89 late registration (after January 20)

Contact Lauren Taylor at 301-608-3708 to register.

Free Computer Classes



Hosted and Presented by the Center For Entrepreneurship & Center for Allied Health Education

In today's market, more and more employees are requiring computer skills, even for entry-level positions. Southeastern University offers free short courses in Microsoft Office programs. Classes located at Greater Southeast Community Hospital (1310 Southern Ave SE, 2nd floor rear annex). **Please RSVP two days before each session by calling 202-243-7460.**

Microsoft Excel: Part 1: February 6, 6-8 p.m., Part 2: February 13, 6-8 p.m., Part 3: February 20, 6-8 p.m.

Microsoft Power Point: Part 1: March 5, 6-8 p.m., Part 2: March 12, 6-8 p.m., Part 3: March 19, 6-8 p.m.

Saver's Humor

Joke of the month: A young college co-ed came running in tears to her father. "Dad, you gave me some terrible financial advice!" "I did? What did I tell you?" said the dad. "You told me to put my money in that big bank, and now that big bank is in trouble." "What are you talking about? That's one of the largest banks in the state," he said. "there must be some mistake." "I don't think so," she sniffed. "They just returned one of my checks with a note saying, 'Insufficient Funds'."

CAAB CORNER

CAAB would like to welcome its newest employee, Queen Kuenyehia, who is the volunteer coordinator of the DC Earned Income Tax Credit (DC EITC) Campaign. Queen is working with us part-time through the season and is responsible for recruiting, placing, and supporting volunteers for the Campaign. Queen is currently a law student at the University of the District of Columbia. Before beginning law school, she was a Volunteer Coordinator for the Washington Legal Clinic for the Homeless where she trained volunteer lawyers and paralegals to work with clients who were homeless or in danger of becoming homeless. You can find out more about the DC EITC campaign and free tax preparation services at www.dceitc.org.

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