

Financial Education and Asset Building

Turning Partnerships into Opportunities

Webcast Series Transactional Activities

Presented by
IRS - Wage and Investment Division
CARE/SPEC





Rita Eygabroad
Garretson



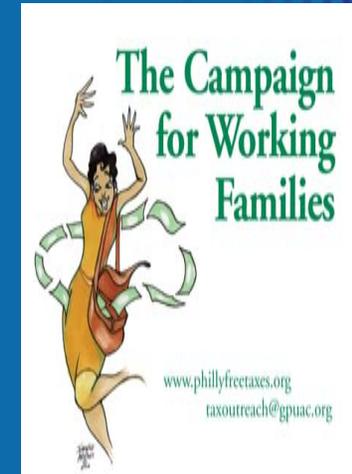
Beth LeVine



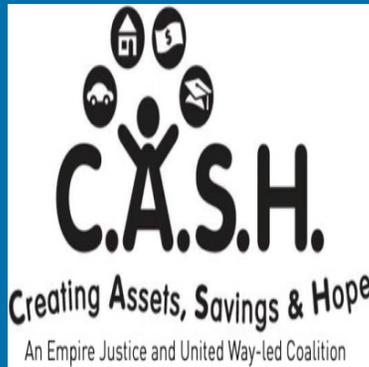
United Way
of the Greater Capital Region

Kathleen Bushnell

Megan Kiesel



Banking the Unbanked *at VITA Sites*



Rita Eygabroad Garretson
Director C.A.S.H.,
Rochester, NY

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C.A.S.H. History & Mission

- Creating Assets, Savings and Hope
- Convened by United Way of Greater Rochester in 2002
- EITC/Asset Building Initiative
- Mission: Provide opportunities to workers with low incomes to get, keep, and grow their money
 - Increase uptake of the Earned Income Credit
 - Offering alternatives to predatory financial services
 - Maximize assets through financial education, credit repair, savings programs, and home ownership



C.A.S.H. Service Area & Results

- Located in Upstate NY - Primarily Urban/Suburban
 - Monroe County: population ~ 730,000
 - City of Rochester: population ~ 220,000
- 2010 Tax Season
 - 12,500 households served
 - \$23 million federal refunds & credits (\$10 million EITC)
 - 550+ volunteers; 14 seasonal staff
 - 3 super sites (85% of returns); 13 partner sites



More than Tax Return Preparation

- Fee-Free Bank Accounts
- US Savings Bonds
- Affordable Prepaid Cards
- Free Credit Reports & Credit Counseling
- Health Insurance Facilitators
- Referrals to Community Resources and Public Benefits – Food Stamps, Health Insurance, Child Care, Money Management Training, Home Buying Programs, etc.



2010 Asset Building Results

- Direct Deposit: 70%
- New Savings and/or Checking Accounts: 240
- New Prepaid Card Accounts: 368
- Savings Bonds: 304 purchased 520; more than \$70,000

Super Site Work Flow

1. Client completes intake sheet along with customized questionnaire
2. Client waits – Asset Specialist works the room
3. Client meets with C.A.S.H. Advisor – eligibility, privacy/consent, tax prep readiness, community resources and asset building

Super Site Work Flow

4. If interest in new account, client meets with Asset Specialist – complete application, fax to bank or enter via internet, place hold on e-filing return
5. Client meets with tax preparer – return prep, encourage direct deposit and savings
6. Quality Review - final check of the tax return and a final opportunity for client to hear about savings and direct deposit options.



Bank Product Features

- Fee free savings and checking
- No minimum balance required during first year
- CHEX System: Savings Account with no ATM
- Credit Unions typically more flexible than Banks

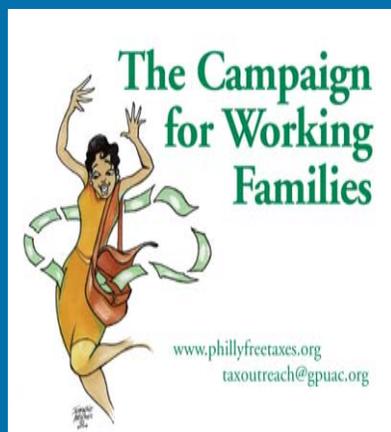
Prepaid / Debit / Direct *Deposit Card*

- No CHEX system filter
- ID requirements met with tax return ID
- No fear of overdraft / insufficient fund fees
- Due Diligence: Fees, Rechargeable, etc.
- Potential for Financial Literacy Training

Lessons Learned

- Train ALL volunteers about Asset Building
- FAQ and Marketing Material for clients and volunteers
- Include Asset Building with Quality Review
- Asset Specialist advantages

Savings Bonds and Financial Resources at VITA Sites



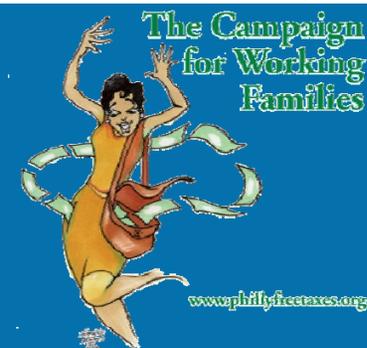
Megan Kiesel
Director, Impact and Outreach
Campaign for Working Families
Philadelphia, PA

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Agenda

- CWF Overview
- Why Offer Additional Resources?
- Highlight: Series I U.S. Savings Bonds
- CWF Resource Builder Program
- What Works
- Challenges
- Advice for Beginners



CWF Overview

Cumulative Program Results (Since 2003)

Returns Prepared	90,610
Tax Refunds Generated	\$146.4 million
Amount Saved in Fees and Charges	\$20.2 million

CWF Overview



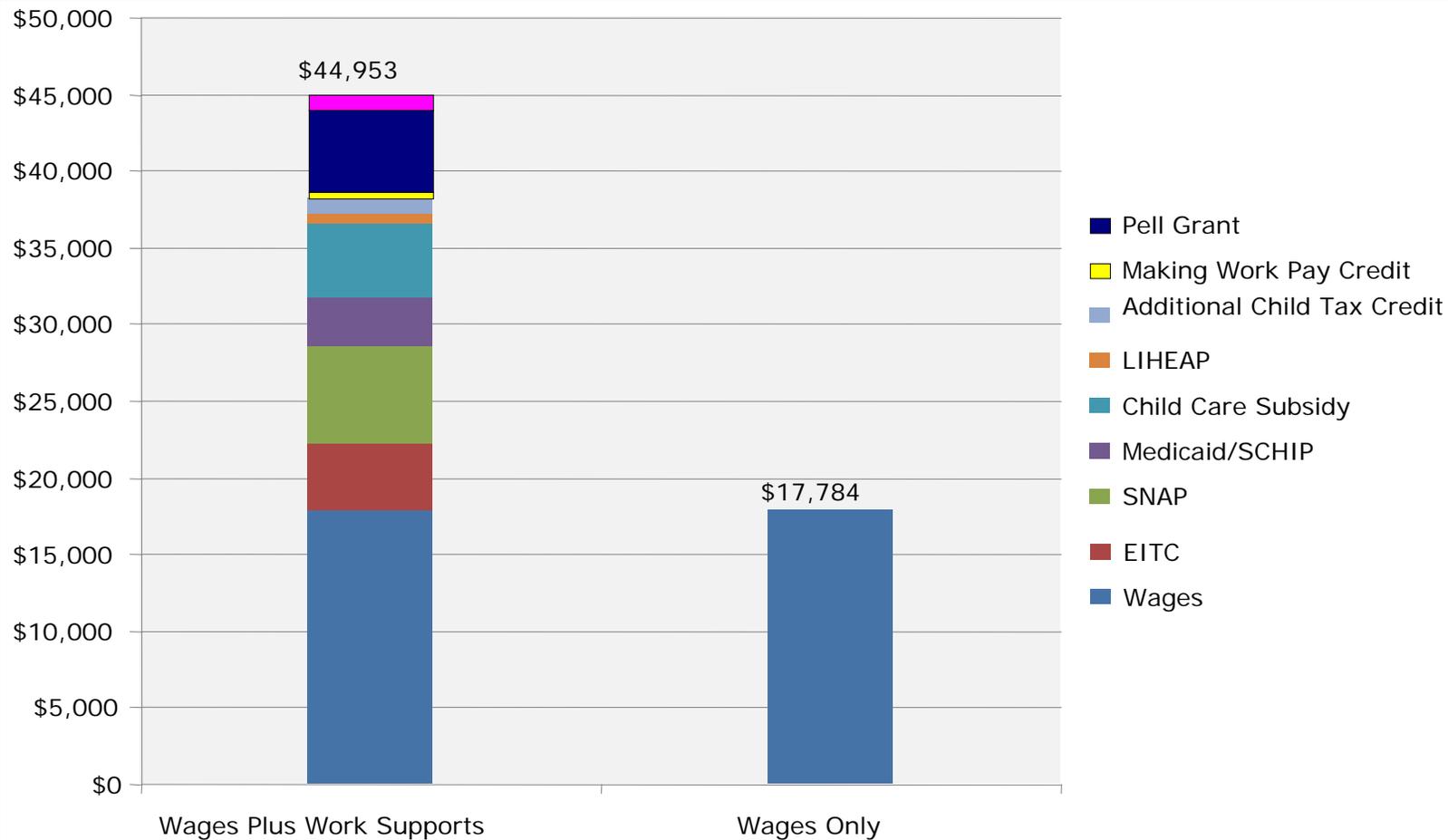
Tax Season 2010 Results

Returns Prepared	11,748
Tax Refunds Generated	\$22.1 million
Total Financial Products	716
Total FAFSA	107
Total Benefits Applications	289 (estimated \$320,000 in annual food stamp benefits)



Why Additional Resources?

Family income before and after benefits



Why Additional Resources?

- Customers might not know about public benefits
- Tax time is a unique financial opportunity to save
 - Customers want to save but often find it hard to locate the money year round
- Direct deposit causes refunds to arrive to the customer quickly and securely
 - Can we offer products that compete with check cashers



Series I U.S. Savings Bonds

- What are Series I Savings Bonds?
 - Federal government-issued, interest earning product
 - Sold at face value (\$50 bond costs \$50)
 - No access to money for 12 months (interest penalty prior to 5 years)

Series I U.S. Savings Bonds

Why Savings Bonds for LMI customers?

Saving Challenge

Small amounts to save
Imperfect credit history
Risk averse
Suspicious of financial service industry
Eager to see results
May not have bank account
Unclear goal(s)
Long-term goals & liquidity need
in tension

Bond Feature

→ Low \$50 minimum
→ No credit screen (e.g., ChexSystems)
→ Principal is risk free
→ Government backed, no fees
→ Competitive return
→ No bank account required
→ Can save for anything
→ Long-term orientation, access after
1 year



New Savings Bond Policy

- Easier for VITA programs to offer
 - New policy for TS 2011 – bonds are available on the tax form!
 - You can train current tax prep volunteers to offer
 - No additional administrative work
- Convenient for customers
 - Lots of utility
 - You can buy for co-owners
 - You can split refund between bonds and paper checks
 - Better long term savings rate than traditional savings accounts



CWF Resource Builder Program

- Tax Season 2010: Resource Builder Program
 - Focused on linking customers to a range of resources
 - Integrated into the intake process/tax site structure
 - Utilized mixed model of paid and volunteer staff
 - 13% take up rate (ranged from 9% to 16% by site)

CWF Resource Builder Program

Tax Season 2010: Resource Builder Program

Product or Benefit	
Savings Bonds	Medical Assistance
Prepaid Cards	CHIP (health insurance for children)
Bank Accounts	LIHEAP (energy assistance)
FAFSA	Rent Rebate (state program)
SNAP (food stamps)	Voter Registration



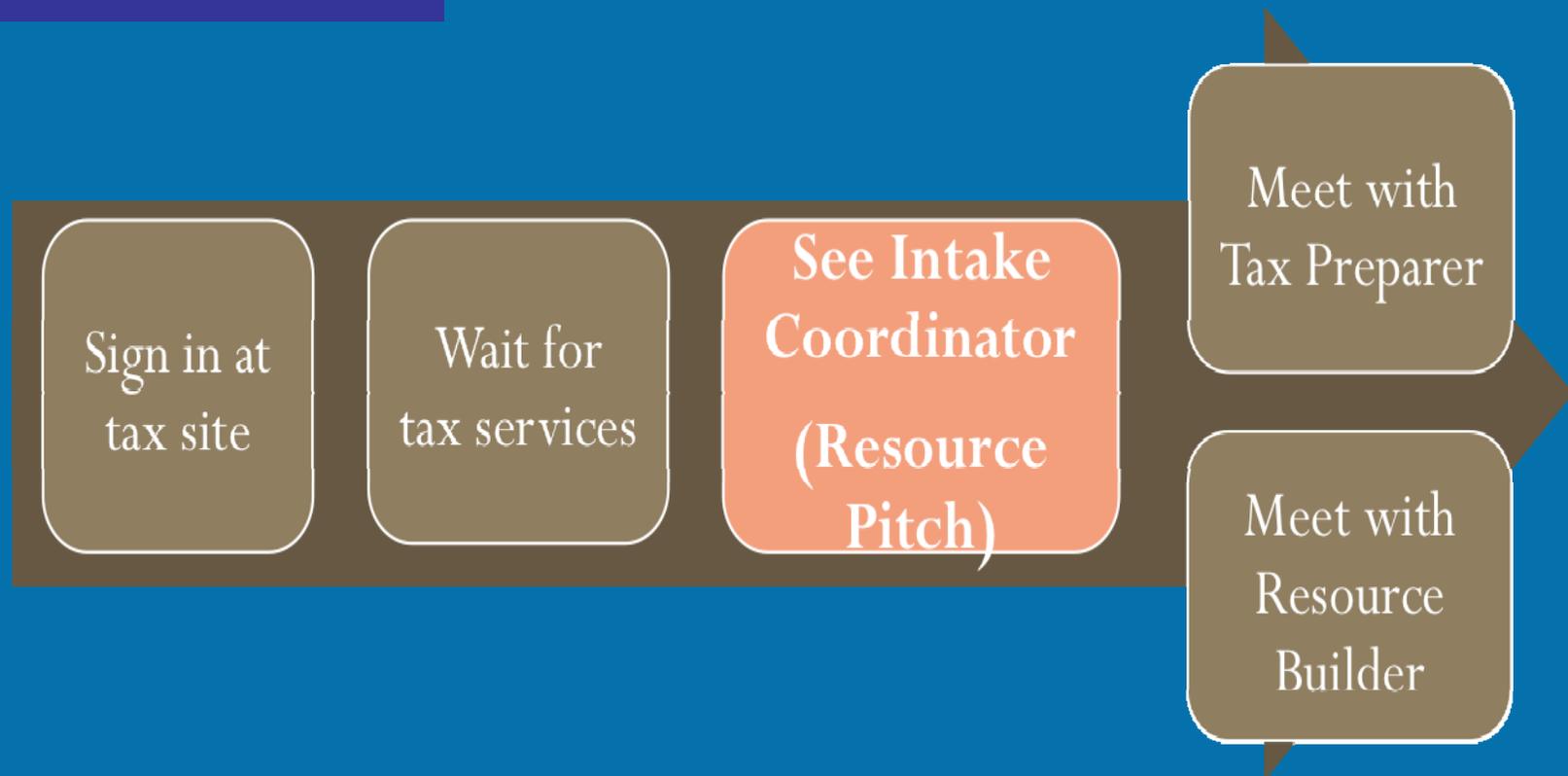
Site Work Flow Process

**2007-2009
Model**



Site Work Flow Process

2010 Model



What Works

- Good marketing or integration into tax site flow
- Designate staff or volunteers to spearhead
- Strong tax operation as base
- Buy-In from site staff
- Spread the knowledge

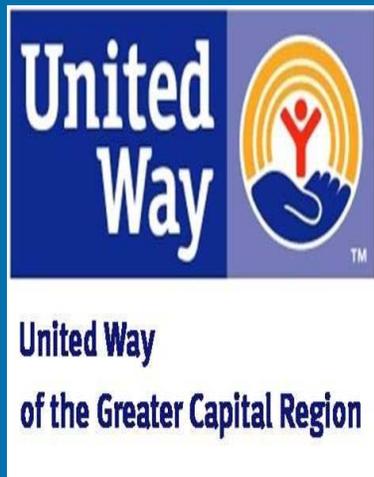
Challenges

- Training is difficult
- Developing relationships for financial products
- Integrating into the tax structure

Advice for Beginners

- ***How***, is at least as important as, ***what***
- Work within your resources
- Be patient

Financial Education Tools at VITA Sites



Beth LeVine
Community Impact Manager of
Financial Stability
United Way of Capital Region
Albany, NY

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CA\$H of the Greater Capital Region

Background

- Creating Assets, Savings and Hope
- Begun in 1998 as Build Your Money Coalition
- Restructured in 2006 as CA\$H of the Greater Capital Region

CASH of the Greater Capital Region

- 90 partner agencies through five counties in upstate New York
- Population: Just under 1 million in five counties
- 30-40% poverty rate in targeted populations, 10% overall poverty in region

Coalition Structure

- Five County Chapters
- Disability Initiative Committee
(20+ agencies working with People with Disabilities)
- Asset Committee
(15+ financial institutions or asset building agencies)
- Tax and Technical Committee
- Public Relations and Outreach Committee

2010 Tax Demographics

- 24 VITA sites, 21 AARP sites
- 10,839 tax returns
- \$15.5 million in return refunds
 - (20% increase over 2009 tax season)
- 15 Mobile sites – 42 days of taxes
 - Outreach to Rural areas, Individuals with Disabilities, Migrant Populations

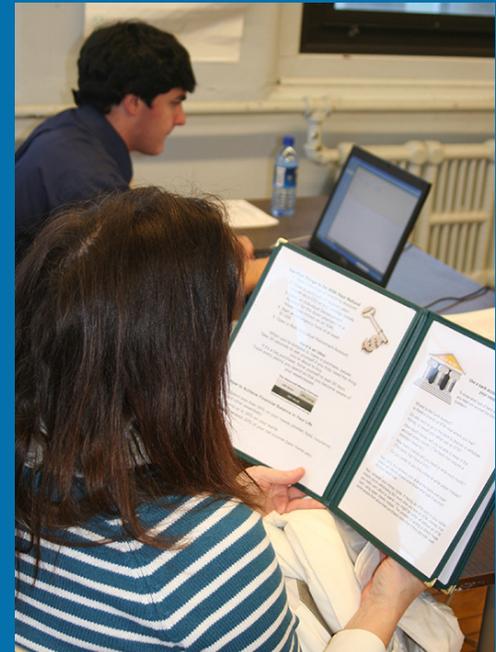


Transactional Activities

- Savings bonds and split deposits available at all sites during tax preparation
- Staff from local asset institutions available at “Super Saturday” events
- Availability of “Money Menu” and “Family Financial Toolkit” at sites
- Introduction of “Money Manager” at sites

Money Menu

- Eight pages in a plastic holder
- Basic Financial Literacy concepts in clear, simple language
 - Budgeting
 - Banking
 - Saving
 - Medicaid Buy In
 - Individual Development Accounts
- Available in Spanish and English



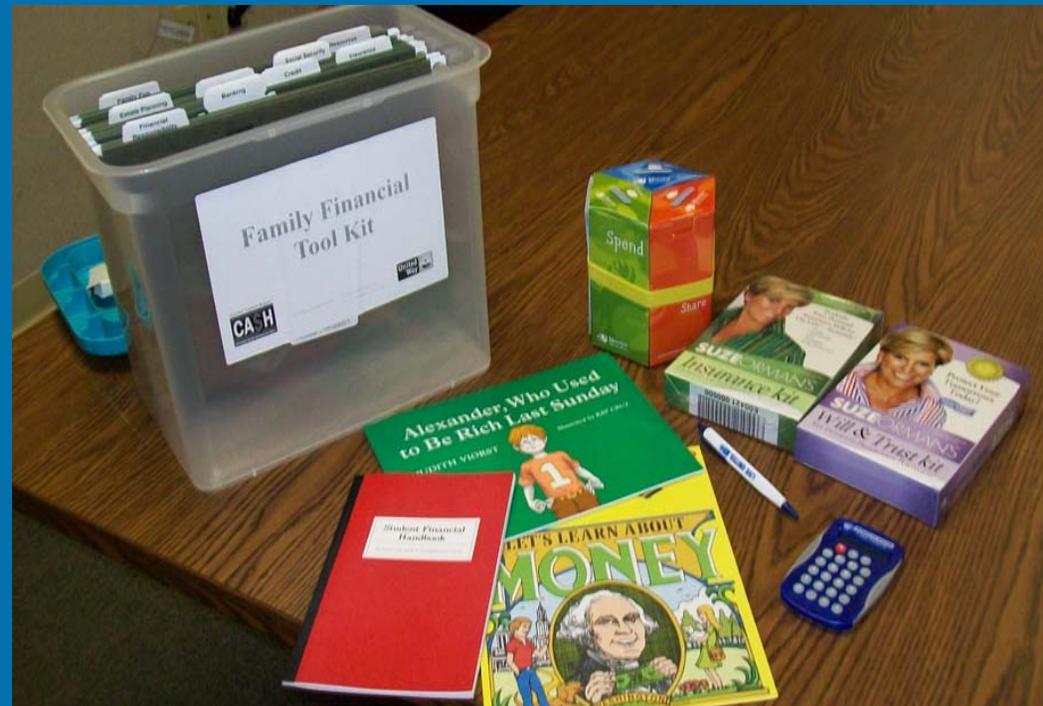
Family Financial Toolkit

- A box to help families become financially stable
- Folders with information and resources on:
 - Banking – including how to write a check
 - Budgeting
 - Credit
 - Insurance
 - Estate Planning
 - Taxes and Social Security
 - Financial Responsibility and Identity Theft



Toolkit

- Includes:
- Software
- Calculator
- Pen
- Blank Forms
- Child's Bank
- Children's Activities



Money Manager

- Volunteers from local banks and credit unions
- Result of Asset Committee call to action
- Assisted taxpayers with new bank accounts, individual development products, and general questions

Super Saturdays

- Events held at a VITA site
- Financial Literacy Presentations
 - Budgeting
 - Credit
 - Withholding
- Sponsoring opportunity
- Resource tables available for area agencies
 - Free Credit Reporting
 - Health Insurance information
 - Individual Development Account Agencies
 - Taxpayer Advocates representing State and Federal



And a special thank you

For all the support and assistance of the local IRS Stakeholders Partnerships Education and Communication team including:

Patricia Faulkner

Shelley Willette

Kathleen McNulty

Barb Pielo

and Joanne Passineau

We couldn't do it without you!



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Contact Information

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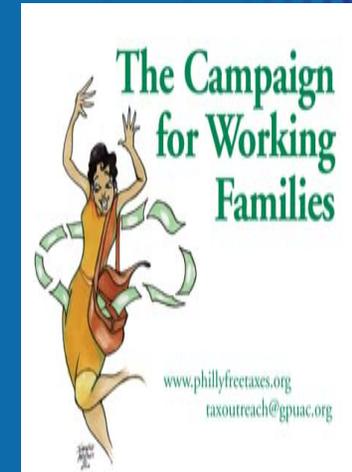


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**Questions?
Please call
1-888-674-0224**

**FEAB Webcast –
Transactional Activities**

**For additional information
please e-mail - FinancialEducation@irs.gov**

