



Connecting Financial Education to Consumers

Panel 2: Reaching the Financially Disadvantaged

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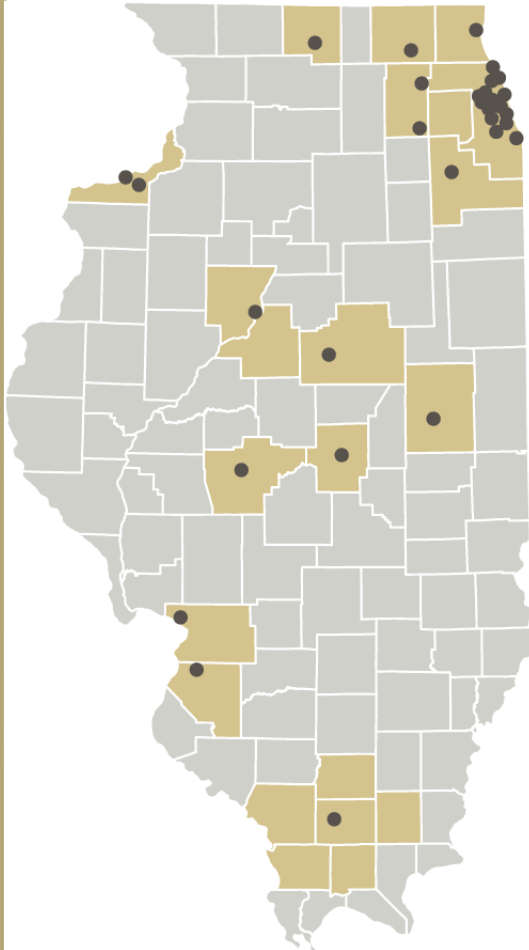


Linking free tax preparation and asset building opportunities

- The Center for Economic Progress promotes financial empowerment and encourages self-sufficiency through the provision of tax and financial services
- The Center's free tax preparation services reach 32,000 taxpayers, generating \$45 million in refunds



2008 Tax Season Totals



- 31,912 Free Tax Returns Prepared
- A Total Value of Tax Refunds \$44,672,334



Center for Economic Progress

- Providing access to low-cost financial products and services since 1999
- Participated in U. S. Treasury First Accounts Program – opened 1,500 bank accounts for the unbanked 2001-2003



Center for Economic Progress

- Offer low-cost checking and savings accounts at tax sites each year
- Opened 1,000 accounts in 2008 with 15 financial institutions
- 55% of tax clients use direct deposit, receiving their refund in 10-14 days rather than 4-6 weeks
- Offered U. S. savings bonds, helping 361 individuals to save \$35,000



Center for Economic Progress

- Centers for Working Families, a program to integrate tax preparation assistance, asset-building services, job supports, and access to benefits
- Work with 12 community based organizations in Chicago offering year-round financial coaching, integrating activities with tax services between January and April



Center for Economic Progress Piloting New Initiatives for the Field

- JPMorgan Chase pre-paid debit card
 - Free card offered in 2006 at tax sites so unbanked taxpayers could receive their refund quickly
 - JPMorgan Chase is updating the product for the 2009 tax season to include the ability to load payroll checks, making it more attractive to unbanked consumers



Center for Economic Progress Piloting National Initiatives

- Worked with Boston-based agency Doorway to Dreams (D2D) to offer U. S. savings bonds in 2008
- In Chicago, 361 individuals purchased \$35,000 of bonds
- Nationwide, 1,261 individuals purchased \$127,750 of bonds
- 71% had never previously saved a portion of their tax refund
- 67% purchased them for children and grandchildren



Center for Economic Progress Piloting National Initiatives

- Financial Opportunities Project
- Developed a plan for offering asset-building opportunities at free tax preparation program sites
- Pilot at two sites in Chicago demonstrated that tax clients will use asset-building services
- Uptake at project sites for asset-building services increased from an average of 2-5% to 8-9%
- In 2009, 3 programs (Detroit, Rochester, and Philadelphia) will test the asset-building delivery model



Center for Economic Progress/National Community Tax Coalition (NCTC)

- Oversee network of community-based free tax preparation programs, many of which have asset building services and programs, the National Community Tax Coalition (NCTC)
- www.tax-coalition.org
- Meetings, conferences, webinars, and on-line library of resources
- Best practices manual highlighting several programs asset-building products and services



NCTC Partners and Practices

Alternative RAL's for taxpayers

- In order to avoid high cost, short term loans for taxpayers (RAL's, often called "rapid refunds") NCTC partners offer a low-cost version
- Accountability Minnesota, St. Paul, MN
- At tax site, taxpayer opens a free savings account and gets an express refund loan equal to their federal refund in 24-48 hours. Over 1,400 new savings accounts have been opened in 3 years, with 81% remaining open at the end of year two



NCTC Partners and Practices

City of San Antonio

- Coalition for Family Economic Progress is a seven year old public-private partnership
- Initial focus centered on Earned income Tax Credit Campaign
- Expanded to include asset building and multi-benefit enrollment
- In 2008, ran 31 coalition sites, completing 43,440 tax returns
- Offer an Individual Development Account for new or used vehicle purchase
- Also run traditional IDA program, with 404 families that completed the program requirement by purchasing their asset
- Offer consumer credit counseling and housing counseling
- Connect families to multiple public benefits, including child care assistance, food assistance, health care assistance, homeowner assistance, and emergency assistance



NCTC Partners and Practices

United Way of Palm Beach County

- Operates four full service, year-round Prosperity Centers
- Services include:
- Free tax preparation
- Credit counseling and financial literacy
- Money management and budget development
- Education and career counseling
- Micro-enterprise education and assistance



NCTC Partners and Practices

C.A.S.H. Campaign Rochester, NY

- 5 banks and credit unions offer free, no minimum balance checking and/or savings accounts to 14,000 taxpayers
- Of the 25% of clients who are unbanked, 10% open accounts
- Volunteer C.A.S.H. advisors meet with clients and discuss banking needs and services



NCTC Partners and Practices

Delaware EITC Campaign

- Offer low-cost, low minimum deposit certificates of deposit to taxpayers
- CD's designed to start at \$50 for as short as 3 months.
- Many taxpayers deposited more money in the accounts for a longer period
- 247 tax clients, or 2% of all tax clients, took advantage of the CD's
- Developed a language and messaging around a "Money Menu" for customers
- Training of staff and volunteers is crucial to the success of this effort