

# Promoting Asset Building with your Clients

*Financial Services Offerings at the Tax Sites*

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CENTER FOR

**EconomicProgress**

Working Solutions for Working Families



# Learning Objectives

- ◆ Recognize opportunities to positively impact financial behaviors of clients
- ◆ Obtain knowledge on direct deposit and savings options at tax sites
- ◆ Gain familiarity with savings default language for encouraging clients to save 10%
- ◆ Be ready to refer clients who would benefit from assistance completing a FAFSA to on-site Financial Aid U trained volunteers or the Financial Services appointment line



# What You'll Need

- ◆45 minutes to review the material and take notes
- ◆Access to the internet to view a complementary video, take the pre-test and complete the post-test and course evaluation (and complete the Advent Get It card system training, depending on your site)
- ◆Good lighting (lots of reading involved!)
- ◆Something to take notes
  - ◆Volunteer Training Manual is recommended!



How comfortable and familiar are you with the Center's financial services offerings? Please take our short survey located at:

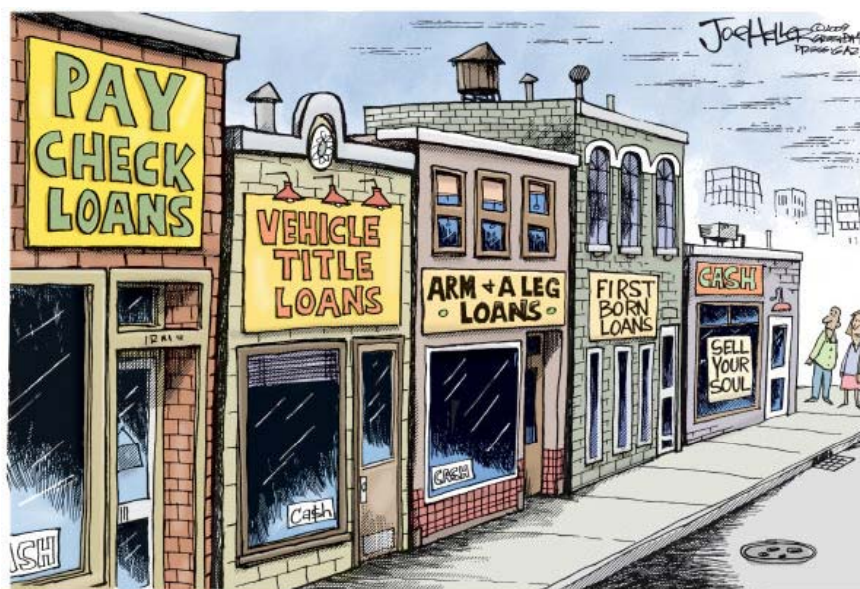
<http://www.surveymonkey.com/s/7FNQWQB>

Click on the link if you are in slide show mode, or cut and paste the web address into your internet browser window



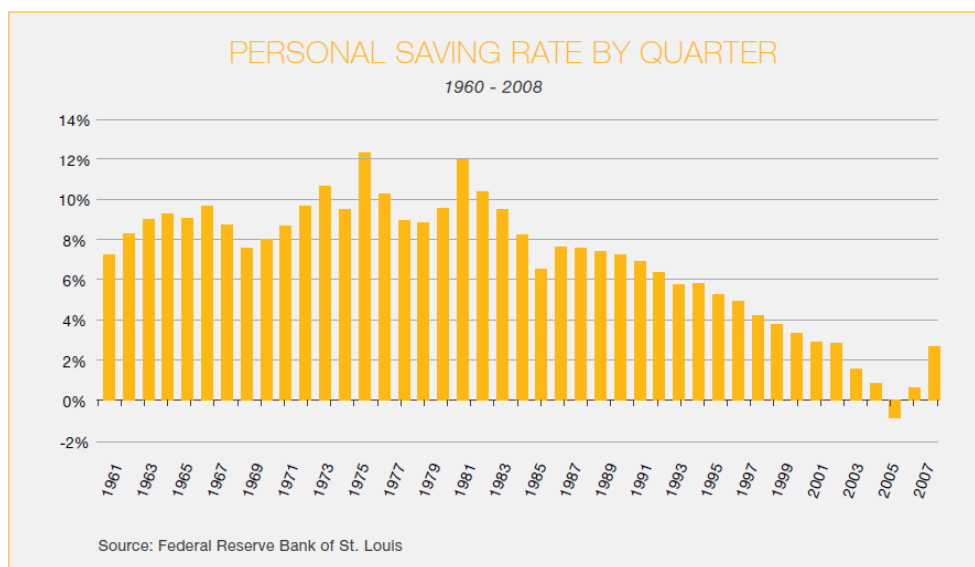
# Don't let them get our clients!

If we don't impress upon our clients the importance of progressive financial behaviors, others will reinforce destructive financial habits!

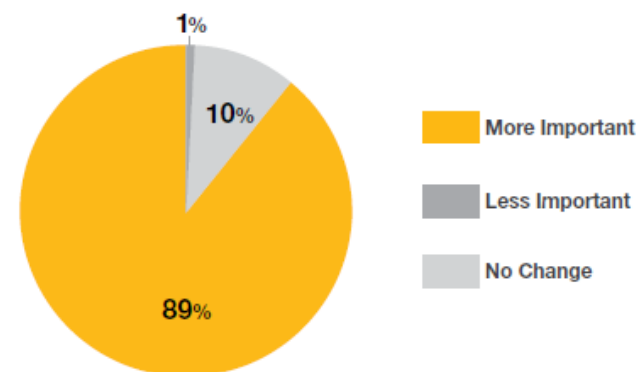




# A Window of Opportunity



Compared to a year ago, for me saving money is:



*Americans are once again embracing more traditional values of thrift and saving*



## Why Think Beyond Free Tax Preparation?

- It's not “money in the bank” if it's “cash under the mattress”
  - Direct deposit is faster and safer than a check (which turns into a wad of cash)
- Referrals to FAFSA services or year-round financial coaching can help a client clarify life goals, structure a financial plan to achieve those goals, and move beyond low-wage work
- Tax refunds can be up to 40% of yearly income for a low-income family
  - Financial windfall = impressionable client!





# What Services Will the Sites Have?

- On-site financial partner (bank or credit union representative, able to open accounts)
- Advent Get It prepaid debit cards (select sites only – see slides at end of presentation)
- FAFSA assistance by appointment
- Referrals to year-round financial coaching or follow-up FAFSA/student financial aid assistance



# Offering the Products and Services at the Site

When should products and services be offered?

- Step One: Intake
- Step Two: Tax Preparation
- Step Three: Quality Review



# The Savings Default Program

Have you ever wound up donating to a charity or opened up a department store credit card to save 10% simply because the sales clerk asked you about it very matter-of-factly while you were checking out? Imagine if the same default language pattern could result in our clients putting 10% of their refund into a savings account or savings bond!

The Center for Economic Progress is embarking on a new program to do just that for our clients, and we need YOUR help!



# The Savings Default Program

*“I’ve finished entering your tax data, and it looks like you’ll be getting a \$5000 refund – congratulations! We recommend that our clients set aside 10% - which would be \$500 – into savings for an important purchase or unexpected expense. Would you like me to put 500 dollars into...”*

The savings vehicle you suggest putting the 10% into will vary based on client account usage and receptiveness to opening account(s).



# Ways the Client Can Save

If the client has...	Options for saving
Savings	<ul style="list-style-type: none"><li>• Direct deposit entire refund into savings</li><li>• Split a portion of the refund (10%?) into savings account</li></ul>
Checking only	<ul style="list-style-type: none"><li>• Suggest client open savings account with on-site partner and split portion of refund (10%?) into newly opened account</li><li>• Put portion of refund (increments of \$50) into savings bond, split remainder into checking</li></ul>
No checking or savings, some interest in opening savings account	<ul style="list-style-type: none"><li>• Refer to on-site financial partner to open savings account, direct deposit all or portion (10%?) into newly opened account</li></ul>
No checking or savings, no interest in opening savings account	<ul style="list-style-type: none"><li>• Suggest purchasing savings bond(s) in \$50 increments, direct deposit remainder of refund onto Advent prepaid debit card</li></ul>



# Tracking the Savings Default Result

- Track client response via TaxWise main info sheet – “preparer use” question:
  - How much of the refund did the client save?
    1. 0
    2. Less than 10%
    3. 10%
    4. Greater than 10%
    5. Client did not get a refund
- Also indicate response on the supplemental intake sheet



# The Savings Default in Action!

- ❑ Ready to watch the mandatory video?
  - ❑ Reminder: two questions on the certification exam come from the material in the video
- ❑ Please access the Financial Services training video online at:  
[http://www.economicprogress.org/index.php/c/Savings\\_at\\_Tax\\_Time](http://www.economicprogress.org/index.php/c/Savings_at_Tax_Time)  
to observe a variety of ways to incorporate the script into your conversations with the client
- ❑ Start with the default language, but freely embellish based on the client's situation and your rapport with the client!



# On-site Financial Partners

- Vetted by Financial Services
- Selected based on:
  - Location in neighborhood
  - Ability to meet important criteria
  - Comfort and familiarity with needs of client base
- Willing to overlook ChexSystems history (except for fraud)
  - ChexSystems provides banks with information on mishandled checking and savings accounts through a central reporting database (similar to the credit reporting system)
  - Not used by credit unions



# On-site Partner Accounts

## Checking accounts

- Free, no balance requirements
- Requires clean ChexSystems record

## Savings

- Requires low minimum deposit
- Will overlook ChexSystems history so long as report does not reveal fraudulent usage of prior account

## Share accounts

- Offered by Credit Unions
- Often requires credit report review



## Benefits to Traditional Accounts

- ❑ Positive usage can build credit and history with local financial institution
- ❑ History and relationship with local financial institution offers access to CDs, low-interest auto and mortgage loans, etc.
- ❑ Greatest opportunity to avoid ATM fees due to proximity of financial institution to home and/or work



# Advent Get It Prepaid Debit Card

- Tax refund is loaded onto card (card given to clients at sites)
- Appropriate for clients unwilling or unable to open account with on-site financial partner
- Card can be used to pay for purchases anywhere MasterCard is accepted
- Client can direct deposit and load cash or checks onto card
- Cash withdrawal available at ATMs accepting MasterCard and surcharge free at All Point ATMs
- Cannot be overdrawn
- No ChexSystems review
- No connection to local financial institution (no brick and mortar)

Ultimately, traditional accounts with on-site partners provide more advantages than a prepaid debit card!



## More Client Action Tracking

- Track client action taken via TaxWise main info sheet – “preparer use” questions:

Did the client open an account at the site?

1. No
2. Yes, savings
3. Yes, checking
4. Yes, both checking and savings
5. Yes, Advent prepaid debit card

- Also indicate the appropriate response on the client’s supplemental intake sheet!



# Series I U.S. Savings Bonds

- Obtained via the 8888 split refund form
  - Requires direct deposit of refund for remainder of refund
- Purchased in increments of \$50
- Paper bond will be mailed to taxpayer address
- Cannot be redeemed for 1 year
- Bond rate from Nov 1, 2009 – May 1, 2010 is 3.36% (fixed rate of .30%)
- Interest rate changes twice a year
  - On May 1st and November 1st



# Series I U.S. Savings Bonds

- Two components to interest rate
  - Fixed rate
  - Variable semi-annual inflation rate
- Interest compounded semiannually based on the issue date
- Bonds redeemed within the (first) 5 years carry a penalty of the preceding 3 months' interest
- Tax is paid on the earned interest when the bond is redeemed
  - Exempt from local and state income taxes





## Financial Aid U Referrals



- Many sites will have tax preparation volunteers dual trained to also provide FAFSA assistance
- Illinois Student Assistance Commission staff will also provide FAFSA services at some sites
- Refer students, clients interested in going back to school, or clients with graduating high school seniors to FAFSA advisors on-site or to the Center's appointment number

–312-630-0248



- Volunteering at an Advent site listed below? Please review the system training to enroll clients in the Advent Get It card:

[http://www.economicprogress.org/index.php/c/Savings\\_at\\_Tax\\_Time](http://www.economicprogress.org/index.php/c/Savings_at_Tax_Time)

- The client can only direct deposit onto an Advent Get It card if YOU know how to use the card enrollment system!
- Usernames and passwords for the card enrollment system will be available at your tax site

Loop/Harold Washington College	Aurora
Bronzeville	Crystal Lake
Chicago Lawn	Joliet
Pilsen	Elgin
Roger's Park	Harvey
Auburn Gresham	Waukegan
Lawndale	Decatur
West Garfield Park	Bloomington MCCA
Uptown/Truman	East St. Louis

THANK YOU for reviewing this material, and  
volunteering for the Center!!

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Please take a short evaluation survey of this course,  
located at :

<http://www.surveymonkey.com/s/GNHVCKB>

Questions, feel free to contact:

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312-630-0286

