

CLIENT TELL

FINANCIAL HELP FOR FAMILIES

By Robin McKinney, Director of the MD Cash Campaign

The Maryland CASH Campaign (Creating Assets, Savings, and Hope) is a network of free tax preparation sites and financial education programs that help families maximize all of their resources.

The local partners of Maryland CASH make sure that all Maryland residents have access to financial education and counseling, free or low-cost tax preparation, and fairly priced financial products. The local partners include non-profits, community action agencies, state and local agencies, and community colleges. Maryland CASH also advocates for policies that help to build or protect financial stability.

Last year, Maryland CASH partners prepared over 18,000 tax returns, bringing back over \$35 million in Federal and State refunds. Maryland CASH also provided professional development trainings for over 300 practitioners, launched a new discipline called Financial Social Work with University of Maryland School of Social Work, and created a partnership with CCCS

of MD and DE on the Maryland Helpline, a free state-wide financial counseling hotline. Maryland CASH also will open a free state-wide financial education “school” in 2010 called the Maryland CASH Academy.

Tax season is just around the corner and there are several opportunities to help individuals and families connect to valuable resources. It is important to help insure that families receive all of their tax benefits at a fair price for tax preparation and have a plan in place for their tax refund.

Earned Income Credit

The Earned Income Credit (EIC) is a tax provision that allows eligible taxpayers to reduce their tax burden or even get an income supplement up to \$5,000. Some states offer a supplemental state EIC. For example, in Maryland, the state EIC is worth 25% of the Federal EIC. Eligible taxpayers claim the EIC when they file their federal and state tax returns.

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STAY CONNECTED

We live in an increasingly electronic world where more and more communication is conducted using email and the Internet. If you haven't already provided CCCS with your current email address, please do so, and also make sure that the email address we have on file for you is current.

The CCCS web site (www.cccs-inc.org) includes tools, information, and resources on a variety of personal finance topics. Visit the Client Services page to learn about DMP payment options or to log in and check your balance and payment postings.

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FROM THE PRESIDENT
Jim Godfrey

CCCS clients who complete their debt management programs are an amazing group. In the best of times, it takes patience and self sacrifice to stay on budget and make each monthly DMP payment on time and in full. Recently this task has become even more challenging, with job loss, furloughs, and foreclosure at record highs. If you remained steadfast and continued to work toward your financial goals in 2009, you have shown remarkable resilience.

Here at CCCS, we are aware that coming up with a DMP payment each month can be a struggle — especially when it means giving up other items you may want or need. We are committed to giving you the knowledge, skills, and resources to persevere and succeed. We constantly look for ways to instruct and (Continued on Page 3)

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Volume 12, Issue 1
February, 2010

Consumer Credit Counseling
Service of MD & DE, Inc.

757 Frederick Road
Baltimore, MD 21228

www.cccs-inc.org

TRUE GRIT: A CLIENT SUCCESS STORY

Janet always had a job and worked hard, but found herself living paycheck-to-paycheck. She used credit cards to fill in the gaps. As her credit card balances grew and grew, she did nothing at first. She thought being cash poor and in debt were just the way things are. Reality hit when one of her credit cards was turned down when she tried to purchase theatre tickets for herself and her friends. Embarrassed and worried, she realized she needed help getting her finances under control. In an effort to resolve the situation, she started contacting her creditors. The very first one suggested she seek assistance from Consumer Credit Counseling Service of Maryland and Delaware.

Janet recalls: “My CCCS counselor was very good. She wasn’t judgmental - she was very helpful. She negotiated with my creditors and helped me set up a plan for paying back what I owed. With the debt management program in place, it felt like a huge weight had been lifted.”

Janet completed her debt management program in four years and three months. By the end, she had repaid more than \$41,000 to her creditors and gained skills she still uses today. She notes: “I learned how to manage money more effectively and ways to avoid impulse spending. I learned self discipline and how to live within my means. While I was in the program, I opened a savings account. Today we still live on a budget.” Congratulations, Janet!

ANGEL FOOD MINISTRIES — VALUE IN A BOX

If you are looking for a way to cut your food bill and still have high-quality meals, consider contacting Angel Food Ministries. This nonprofit, nondenominational organization provides food relief and financial support to communities across the country. The Angel Food program began in 1934 with 34 families in Atlanta and has since grown to serve thousands of families in 35 states each month.

How it works: Anyone of any income level or denomination can apply for this program. Simply go to Angel Food Ministries’ web site (www.angelfoodministries.com) and sign up with the order and distribution site closest to you. Orders and distribution are handled by local host churches, but you do not have to be a member of the church to take part. Orders are collected during the first part of the month and distributed at the church on a designated day later that month.

What you get: Angel Food provides quantities of fresh and frozen food that fit into a medium-sized box and cost \$30 each (average retail value \$65). Generally one unit of food will feed a family of four for about a week or a single senior citizen for almost a month. Participants can buy as many units as they prefer. The food is the same high-quality that you would find in a grocery store. There are no second-hand, damaged, or out-of-date items. The menu changes each month. Visit the Angel Food Ministries website for further information and to see the food that will be available next month.

HOW TO SELECT A TAX PREPARER

Do choose a preparer who has a permanent office and who will be around after the return has been filed in case there is a problem with your tax return.

Do ask your friends and neighbors who they use and their experience with a tax preparer.

Do ask about the fees up front, before the tax return is prepared. Ask if there are any costs for additional schedules (like Schedule EIC) or forms. Ask about fees for different refund options. Avoid preparers who base their fee on the amount of your refund.

Don’t sign up for “Fast Cash Refunds” or “Instant Refunds.” Most of these quick refunds are actually refund anticipation loans (RALs). When you get a RAL, you’re borrowing against your refund, not getting your refund earlier. These loans are expensive and can cost up to \$100, or even more, on top of what you pay for tax preparation. If you need your refund fast, ask about other options like direct deposit.

Don’t work with anyone who suggests you lie or fudge numbers. You will be responsible for errors.

Don’t sign a tax return that is blank or completed in pencil. Sign the return or authorize e-filing only after you have reviewed it with your preparer. Ask questions about anything you don’t understand.

Do make sure the preparer signs your completed return and includes their address and Employer Identification Number (EIN), Preparer Identification Number (PTIN), or Social Security Number. This is required by law.

Do make copies of all the documents you give the preparer. Be sure to get a copy of your completed return and keep it on file for at least 3 years.

FINANCIAL HELP FOR FAMILIES (Continued)

Families may qualify for the federal and state EIC, if, in 2009, they:

Earned less than \$35,463* and have one dependent child.

Earned less than \$40,295* and have two dependent children.

Earned less than \$43,279* and have three or more dependent children.

Earned less than \$13,440,* are between ages 25 and 64 and do not have dependent children.

Income limit for married workers is \$5,000 higher.

Free Tax Preparation Assistance

Free tax preparation is available to families earning less than \$49,000. Tax preparers are certified by the IRS and must attend annual training and pass an annual exam. To learn the location of free tax preparation sites or to get more information on the EIC, please visit the National Community Tax Coalition at <http://taxcoalition.org/programs.cfm>, the AARP at <http://www.aarp.org/money/taxaide/>, or call the IRS at 1-800-829-1040. In some states, the United Way First Call for Help also keeps a directory of sites.

When to Use a Paid Tax Preparer and Direct Deposit

Taxes can be complicated. If you're a business owner, rental property owner, or if you have taxable investment income or other complicated issues that affect your taxes, it may make sense to pay for professional assistance. You should expect to spend between \$100 and \$150 on average. But not all paid tax preparers are equal. Please see Page 2 for suggestions on how to select a qualified tax preparer.

Take advantage of direct deposit at tax time. It's safe and hassle-free, and your federal refund can be deposited electronically into your checking or savings account within 7-10 days, rather than mailed to you in a few weeks. State tax refunds can often arrive in 1-3 days through direct deposit. Taxpayers can designate up to three different accounts for their refund—including checking, savings, and retirement accounts. New for this year, you can also purchase a savings bond right on your tax return. These bonds can be for yourself, for your children's or grandchildren's education, or just for a rainy day.

Getting your refund by direct deposit helps you avoid check cashers who may charge an extra fee to cash your refund check. **Avoid extra check-cashing fees and direct deposit your refund.** You can put some of your money into a checking account to use now, and put some of your money into your savings for a rainy day!

Inform via the CCCS web site (www.cccs-inc.org), through the *Client Tell* newsletter, and through our community partnerships and educational workshops.

If you fall behind or miss monthly debt management plan payments, we take it very seriously, because this can cause you to lose important concessions and ultimately block your chances for financial stability. Faced with this situation, we may contact you in an effort to provide support and strategies for getting back on track. If you find that you are unable to make a monthly payment on time or in full, please don't give up. Instead, call us! Our staff members are specially trained to help clients with this issue.

And please don't hesitate to call or email us if you have ideas on how CCCS can improve its service. The input you give to us and others is essential to CCCS's continued progress and growth. More than 2,000 clients who enrolled with CCCS this past year did so after talking with past clients who had used our services. You have the power to help other community members who are struggling financially. When you enrolled with us, you took a proactive step toward financial freedom. By sharing your experience, you can give others this same opportunity!

Ask a Counselor

Q: My husband's hours at work have been cut, so we are short on money right now. We know that making our DMP payment is important, but what will happen if we miss making it?

A: Your CCCS DMP agreement requires that you make a payment every 30 days. If you are late or only make a partial payment, CCCS is not able to disburse the amount you agreed to pay your creditors. This could cause you to incur late fees, lose creditor concessions, or even be dropped from the program. To avoid this situation, make the payment up just as soon as possible. For immediate advice, assistance, and support, call CCCS Client Services at 800-571-2227.

PARTING THOUGHTS

Three Easy Payment Options. CCCS offers three ways for you to make monthly DMP payments: 1) Use ACH EASY PAY to have your payment automatically debited from your checking or savings account each month. 2) Use online payment to have payments securely debited from your checking or savings over the Internet. Note: If you don't have access to the Internet, call CCCS Client Services at 800-571-2227 for assistance in making a payment. 3) Mail or bring a money order, cashier's check, or certified check to CCCS's corporate office or place your payment in the secure drop box below.

Money Order Magic. Please follow these guidelines when you make DMP payments using money orders: Legibly print all information. Write *CCCS of MD & DE* in the "Pay to Order Of" blank. Put your address and phone number below your signature and your client number in the corner of the money order. Sign the money order and include the top part of your statement. Keep the money order receipt in a safe place for future reference.

Our Mission

To promote economic self-sufficiency to individuals, families and communities through financial literacy education and counseling.

A personal finance education advocate since 1966.

