

UNITED WAY IMPACT STORY

PUTTING MONEY BACK IN ALICE'S WALLET

“Getting my return done and knowing I don’t have to pay \$200 to \$300 for someone to prepare my taxes is a lifesaving thing...especially when you need every penny and you are stretching it for next year.”

– Lynette, a United Way of Northern New Jersey free tax preparation program client



Lynette, a single working mother, can’t wait to file her taxes each year. The sooner she files, the sooner her refund arrives.

She counts on that money to keep her family afloat; covering basics her paycheck cannot. The refund — in the thousands—means her two young children can also access quality educational experiences that otherwise would be out of reach. While she’s working full time, her children can attend afterschool programs and summer camp, expanding their horizons and giving her peace of mind.

“Without that refund, I can’t survive,” she says.

Lynette, a full time clerk at a local police department, represents the one-in-four New Jersey households United Way of Northern New Jersey calls **ALICE®** — **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. These are hardworking residents like Lynette who earn above the poverty level, but less than what it costs to afford basic necessities.

Each year United Way and its partners provide free tax preparation for nearly 6,000 struggling families, bringing \$5.7 million back to clients in refunds. The average refund is \$1,650. This service also saves clients \$1.2 million in filing fees.

“Getting my return done and knowing I don’t have to pay \$200 to \$300 for someone to prepare my taxes is a lifesaving thing,” says Lynette, who used to pay to get her taxes done. “It was a financial strain especially when you need every penny and you are stretching it for next year.”



27.5 million working families and individuals nationwide received about \$66.7 billion in EITC for the tax year 2014.

Source: Internal Revenue Service

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of Northern New Jersey**

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Setting Aside Savings

For Jessica, another client, her refund means her son with special needs could be well cared for if something were to happen to the single mother. She was able to create an emergency fund to support meeting his needs.

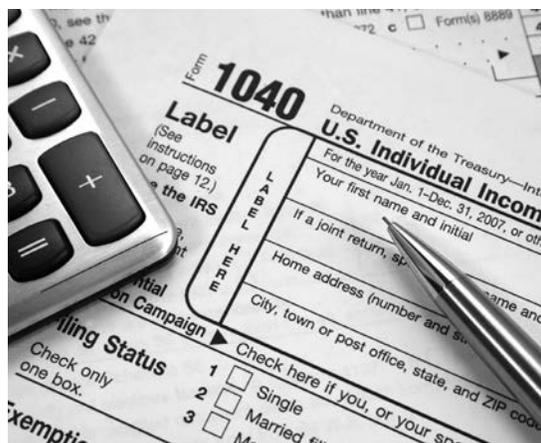
“It’s the only way I ever get to save any money,” says Jessica, a full time office worker. “It’s scary to think that if I got sick or if I wasn’t able to work for awhile – I don’t really know what I would do.”

Both Lynette and Jessica saw their refunds boosted significantly by receiving critical tax credits such as the Earned Income Tax Credit (EITC) and the Child Tax Credit. United Way’s service ensures clients receive everything they are due. According to the IRS, one-in-five households in the United States eligible for the Earned Income Tax Credit does not claim it, leaving an estimated \$1 billion unclaimed.



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– Jessica, United Way
free tax prep client



Jessica says her United Way tax preparer was extremely thorough. “She went through everything with me, asked a lot of questions and made sure I was getting back everything I was entitled to,” Jessica recalls.

Claiming Vital Credits

The EITC is considered the country’s most effective pro-work and anti-poverty tool, proven to lift families out of poverty and boost employment and earnings. Both the EITC and the Child Tax Credit can be critical for ALICE’s survival, particularly for single parents getting by on one income. This year, United Way helped families in our region claim more than \$2.2 million in these two tax credits.

“When one emergency can put a family at risk of losing everything and falling into poverty, these credits can be their one lifeline,” says United Way Senior Vice President Kiran Gaudioso. “We all benefit when our ALICE neighbors can stay on a path to financial stability.”

The average amount of EITC
paid out in 2014 was more than

\$2,400

Source: Internal Revenue Service

United Way teams up every year with the IRS, NORWESCAP, Center for Prevention and Counseling, Greater Providence Missionary Baptist Church and IRS-certified volunteers to provide free tax preparation, saving 6,000 ALICE and households in poverty an estimated \$1.2 million in filing fees. This collaboration also resulted in more than \$5.7 million in tax refunds in 2015, including more than \$2.2 million claimed in eligible tax credits. For more information, visit UnitedWayNNJ.org/IncomeTaxAssistance.



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