



# Savings Bonds: Tax Time Innovations



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# Agenda

- Savings Bonds
- Split Refunds
- EITC and IDAs
- Integrate savings into tax time



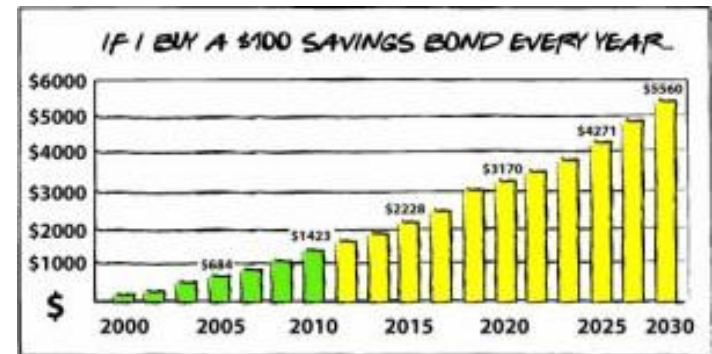
# IRS Savings Data FY11 and FY12

	As of	FY2011	As of	FY 2012	% Change
% of Refund Returns Req Dir Deposit* (ELF 1541 cum FS)	8/29/11	58.0%	8/29/12	60.0%	4.8%
Savings Bond Registrations (cum filing season - all TPs)	8/24/11	45,184	8/24/12	54,112	19.8%
Savings Bond Purchases (cum filing season - all TPs)	8/24/11	\$10,985,100	8/24/12	\$20,574,950	87.3%
SPEC Return Sav Bonds Purch (TW cum filing season)	6/30/11	3,003	8/31/12	4,479	49.2%
Returns with Form 8888 Split Refund (TaxWise cum FS)	8/31/11	7,048	8/31/12	8,916	26.5%
% Partners Offering FEAB Services (SPECTRM)	8/31/11	51.00%	8/31/12	53.36%	4.6%
% Sites Offering FEAB Services (SPECTRM excl AARP)	8/31/11	79.53%	8/31/12	75.09%	- 5.6%

\*Dir Dep rate calculated using new methodology,  
pending final approval

# Savings Bonds

- Series I Savings Bonds-Buy at Tax Time
  - Use Form 8888
  - Backed by US Government
  - \$50-\$5000 in multiples of \$50
  - Accessed after 1 year
  - No bank account required
  - Purchase bonds for family members
  - 2011-tax filers bought \$11 million dollars in bonds



<http://bondsmakeiteasy.org/why>

# Savings Bonds-Promising Practice

- Jenny Graybill, HSP Inc.
- Preeti Mehta, Doorways to Dreams Fund

# Split-Refunds

- “Direct Deposit of Refund to More Than One Report” Form 8888
- Partner with local bank to be at tax site to open free/reduced cost bank accounts
- Use form 8888 to deposit into multiple accounts-easier to save money if deposited into
  - Savings Account
  - Checking Account
  - Emergency Savings Account
  - IDA Account

# Split-Refunds-Promising Practice

- Northern Virginia CASH Campaign
  - Partners with local banks to be at every site on Saturdays
  - Open the account on site
  - Provides \$25-\$50 incentive to open account
  - Low fees
  - Benefit-Direct Deposit and split refunds
  - Bank also supplies pizza for volunteer lunch



## EITC and IDAs

- AFI allows for Savers to deposit lump sums into their IDA
- No limit on the amount of deposit
- Helps reach savings goal quicker
- Recruit: EITC Eligible=AFI eligible\*
- Can use from 8888 to do a split refund into IDA



# EITC and IDAs-Promising Practice

- Virginia Department of Housing and Community Development
  - In November/December: the grantee sends a *Savvy Savings Ideas to Survive the Holidays* flyer with each monthly statement.
  - January: Included a flyer reminding clients to deposit EITC in IDA. It included a list (address and phone number) of local VITA sites.
  - February (America Saves Week): Offered a chance to win \$50 on top of their asset purchase for making a deposit in their IDA-could be used to increase EITC deposits.

# Integrate Savings at Tax Time

- Encourage clients to purchase Savings Bonds
- Explain how Direct Deposit and Split Refunds can be beneficial
- Remind them in advance about using EITC in the IDA
- Include tax time in financial education and budgeting classes (savings bonds and EITC refunds)

# Integrate Savings at Tax Time- Promising Practice

- Capital Area Asset Builders (CAAB) uses Savings Promoters as volunteers:
  - Main Function is to perform screening and intake for filers and help them answer two questions:
    - How can I take advantage of my tax refund to help me meet my long-term financial goals?
    - What resources can help me take control of my financial situation, even if I'm not getting a refund?
  - Financial literacy classes
  - Credit Counseling
  - Bank on DC accounts
  - Food Stamps Applications
  - Free Check Cashing
  - Prepaid Debit Cards
  - Bank on DC accounts
  - Savings Bonds



# Integrate Savings at Tax Time- Promising Practice

- Nehemiah Gateway CDC (NGCDC) uses “Financial Coordinators” for tax clients to access asset building products
  - Train volunteers and use script...clients fill out survey with the intake sheet
  - Use “Financial Resource Handbook” with a *menu* of savings options (savings accounts, CDs, Savings Bonds, IDAs, and Prepaid Debit Cards)
  - Bring up savings throughout the visit...all staff “buy-in”
  - Pull credit reports and scores for clients at site
  - Refer al Services
  - RESULTS: \$1,730 accounts opened in past 4 seasons