

GET **READY**, GET **SET**, GET **GOING**.

LESSON 9: INCOME AND TAXES



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Learning Objectives

After completing this lesson, participants will be able to:

- Identify deductions in a paycheck.
- Identify deductions for employer-sponsored benefit programs.
- Understand the impact of paid employment on Supplemental Security Income benefits.
- Identify reasons to file income taxes.

Time

- 60 Minutes

Materials Needed:

- Handouts (1 per participant):
 - Reading a Pay Statement
 - SSI Estimator
 - **Choosing How to Get Paid** Helps You Manage Your Income and Benefits
 - Tax Help, Forms, and Information
 - Saving at Tax Time
 - Think About Strategies for **Increasing Income and Benefits**
 - Make a Plan for **Putting Goals Into Action** (from previous lessons)
- Name tents
- Markers, crayons, pencils, or other writing utensils
- Discussion Questions
- Flip chart

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Preparation

Review the entire lesson, including reading the supplements:

- Appendix 9-1: Workforce Investment Opportunity Act (WIOA)
- Appendix 9-2: The Role of a Representative Payee
- Appendix 9-3: Income and Benefit Tracker (This also includes the Handout: Use This **Income Tracker** to Plan the Best Times to Save and Spend)
- Appendix 9-4: Supplemental Security Income (SSI) Estimator

Refer back to Lesson 6, the “Use This **Income Tracker** to Plan the Best Times to Save and Spend” handout when participants wrote in all their types of income. If your participants do not receive wages for income, you may want to skip the “Receiving a Paycheck” section along with “Activity 1: Reading a Pay Statement.”

Make copies of handouts you plan to use for participants. If using 3-ring binders to organize and store handouts, 3-hole punch the handouts. Collate the handouts into one set for each participant.

Gather all needed materials. Prepare materials accordingly. Review and choose several questions from the “Discussion Questions” section. If desired, repost the ground rules you wrote on flip chart paper before Lesson 1 on a wall in the classroom.

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Lesson Plan Overview

Facilitator may use a flip chart and a marker to visualize any important terms introduced during the lesson. Use the lecturette concepts and activities covered in the lesson plan as a guide.

Lesson Plan Overview

TIME ALLOTTED	ACTIVITY
5 minutes	Welcome, overview of lessons, ground rules, assignment review, lesson objectives, distribute handouts
5 minutes	Receiving a Paycheck Handout: Use this Income Tracker to Plan the Best Times to Save (from Lesson 6)
10 minutes	Activity 1: Reading a Pay Statement Handout: Reading a Pay Statement
5 minutes	Supplemental Security Income Appendix 9-4: Supplemental Security Income (SSI) Estimator Handout: SSI Estimator
5 minutes	Activity 2: Choosing How to Get Paid Handout: Choosing How to Get Paid Helps You Manage Your Income and Benefits
5 minutes	Income Taxes
5 minutes	Activity 3: About Filing Income Taxes Handout: Tax Help, Forms, and Information Handout: Saving at Tax Time
10 minutes	Activity 4: New Income Ideas Handout: Think About Strategies for Increasing Income and Benefits
5 minutes	Discussion Questions and Are You Ready for Change? Handout: Make a Plan for Putting Goals Into Action (from previous lessons)
5 minutes	Wrap-Up

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Welcome, Review Assignments, and Distribute Handouts

Share: Welcome the group, take attendance, review ground rules, and distribute handouts for today's lesson. To review the assignments from "Lesson 8: Protecting My Money," ask for a couple of volunteers to share their action plan that includes finances, using their stated goal on their name tent as a reminder.

Share: State the learning objectives for this lesson.

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ACTIVITY 1: READING A PAY STATEMENT

Receiving a Paycheck

Share: Let's start by reviewing the "Use this **Income Tracker** to Plan the Best Times to Save and Spend" handout that you received back in Lesson 6. You can instead look in the *Behind on Bills?* publication in the "Income Tracking" section. A few lessons ago, you started completing this handout to understand the amount and timing of your income. What did you learn about when and how you receive your money and how much you have to work with? What did you learn about your spending habits?

You should know your "gross income" (the amount before taxes and deductions are taken out) and "net income" (the amount you take home after taxes and other deductions are taken out).

Ask: How many of you work for an employer and receive a paycheck?

(Leader Note: If none or very few of your class members answer yes, skip this section and Activity 1. Go to Supplemental Security Income. You might choose to work individually on Activity 1 with those who do receive a paycheck.)

ACTIVITY 1: READING A PAY STATEMENT

Share: Using the "Reading a Pay Statement" handout, ask participants these five questions:

1. a . What is Lee Worker's gross income for this pay period?
b . What is Lee Worker's net income or take-home pay?
2. How much has Lee Worker earned this year to date (YTD) as gross pay?
3. What deductions does Lee Worker have?
4. How much was taken out for Social Security tax this pay period?
5. How much has Lee Worker paid for medical insurance this year?

(Anderson-Porisch et al., 2007)

(Leader Note: OASID stands for Old Age, Survivors and Disability Insurance. It is the tax that employees and employers pay to fund Social Security programs and is withheld from paychecks.)

If you work, review your own pay statement. If you have unanswered questions or need more information, contact your human resources department. Ask if you are eligible for any before-tax or pre-tax benefit deductions.

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Supplemental Security Income

Share: *Some of you may receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits. If you are not currently working but would like to, the Social Security Administration has many programs to encourage you to work, which may include continuation of benefits. A recent federal law, called the Workforce Investment Opportunity Act (WIOA), provides new opportunities for people with disabilities to receive training and support to work for an employer (Consumer Financial Protection Bureau, 2019).*

If you work, your earnings may affect your Supplemental Security Income (SSI) benefit. Right now, the Federal SSI monthly benefit is \$794 per month for an individual and \$1,191 for a couple (annual benefit amount in 2021). Some states pay more depending on where you live. When you work, you will bring home more money than if you don't work at all.

(Leader Note: Use the “SSI Estimator” fillable PDF at https://files.consumerfinance.gov/f/documents/cfpb_ymyg_disabilities_ssi-estimator_tool.pdf or the included “Appendix 9-4: Supplemental Security Income (SSI) Estimator” to help do the math and figure out what working does to the amount received from SSI. Basically, the person keeps the first \$85 of their pay without any impact on SSI. For every earned dollar after that, SSI drops by 50 cents.)

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ACTIVITY 2: CHOOSING HOW TO GET PAID

How to Receive Your Income

Ask: *How do you get paid or receive benefits? There are many ways, including cash, paper check, direct deposit, payroll card, government benefits card, and Electronic Benefits Transfer (EBT) cards. Each way has different benefits and risks, which might make it easier or harder for you to manage your money. Sometimes you do not have a choice about how you get paid. If your employer pays your wages on a payroll card, you must be offered at least one other option. Understand your rights (Consumer Financial Protection Bureau, 2020).*

- Activity 2: Choosing How to Get Paid
- Share: Let's review the different ways to get paid or receive benefits, and discuss the benefits and risks of each.
-
- (Leader Note: Write the following words on a flip chart: cash, paper check, direct deposit, payroll card, government benefits card, and EBT cards. Using the "Choosing How to Get Paid Helps You Manage Your Income and Benefits" handout, lead a discussion about the relevant payment options for your participants, including the benefits and risks of each. Encourage participants to write down any questions they have in the last column.)
-

Share: *Your paycheck may be less than expected. The government requires employers to collect money for state and federal taxes. Depending on your job, there may be charges for additional items such as uniforms or union dues. Some deductions are your choice, such as savings, your share of costs for insurance premiums, and other contributions (Anderson-Porisch et al., 2007).*

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ACTIVITY 3: ABOUT FILING INCOME TAXES

Income Taxes

Share: *When you are hired to start a job, your employer will ask you to fill out a Form W-4 Employee's Withholding Allowance Certificate to determine the number of allowances to claim, based on the number of people in the household. The information is used to calculate the amount of tax deducted from your paycheck. You can update this form with your employer if your household size changes or if children can no longer be claimed as dependents.*

Workers need to file federal and possibly state tax returns each year by April 15 if they earn income above certain levels. The amount your employer withheld from your paycheck counts as taxes paid (Anderson-Porisch et al., 2007).

ACTIVITY 3: ABOUT FILING INCOME TAXES

Share: *Let's review the checklist of needed forms and information to file taxes on the "Tax Help, Forms, and Information" handout. The handout also shows where you can find tax help. Community volunteers may be available locally to file your taxes for free. The phone number and website is given on the handout under "Volunteer Income Tax Assistance." This will save you the cost of having your income taxes prepared by a commercial tax preparation company. Be sure to call for an appointment early in the year.*

Next, let's review the "Saving at Tax Time" handout information. Commercial tax preparers charge fees to prepare your income taxes. They may also offer people Rapid Anticipation Loans (RAL) when their taxes are filed. A rapid anticipation loan is borrowing against your expected tax refund money. This is usually a high-cost loan and if you cannot repay the loan, there may be serious consequences with your credit report and debt collectors. Also, since most income tax returns are filed electronically, you should receive your refund within a few weeks. If you can wait for your refund, you can choose to not give in to pressured sales tactics for this loan (Anderson-Porisch et al., 2007).

You may be eligible for tax credits such as the Earned Income Tax Credit (EITC), which is a refund for low-income workers, child credit, and tax credits for saving money in a retirement fund. You must file a tax return to get these tax credits if you are eligible for them. The State of Michigan also has tax credits for EITC, some homeowner property taxes, and home heating.

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We discussed saving toward retirement in the “Saving for My Future” lesson. If you contributed to a retirement account through an Individual Retirement Account (IRA) or employer-sponsored retirement plan, you may qualify for a Saver’s Credit. This credit would reduce the taxes owed and could increase your refund if you are eligible. The amount depends on your income and if you file as single, married jointly, or head of household.

If you earned income below certain levels, you may not be required to file taxes. However, it may be beneficial to file if your employer withheld more taxes than were owed or if you qualify for tax credits. You must file to receive a refund based on your tax credits or overpayment.

If you overpaid taxes for the year, the federal government and state will return that money as a tax refund. Using direct deposit into your account or onto a prepaid card is free and faster than a check, plus it keeps your money secure until you need it. Your tax refund may be a way to help you save for things you need or want in the future (Anderson-Porisch et al., 2007).

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ACTIVITY 4: NEW INCOME IDEAS

New Income Ideas

Share: Another way to find money for savings, which we also talked about in a previous lesson, is to bring in new income or more income. Understand how your Supplemental Security Income will be affected before your benefits are reduced or eliminated.

ACTIVITY 4: NEW INCOME IDEAS

Ask: Where can you get new income to put toward savings?

(Leader Note: Continue the discussion about new income using the handout “Think About Strategies for **Increasing Income and Benefits**” or the Behind on Bills?” publication in the “How Can I Get Extra Money Out of My Situation?” section to brainstorm with the group and write their thoughts on the flip chart.)

Ideas might include:

- Using skills and resources
- Seeking training or education to help get a better paying job
- Finding a second job
- Working overtime
- Changing the tax withholding if you generally receive a large refund, to receive more take-home pay each pay period to help pay regular monthly living expenses
- Sell household items
- Consider government options for benefits or tax credits

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Discussion Questions

(**Leader Notes:** Choose several questions from the following list to begin wrapping up the lesson.)

- What is the total amount of deductions taken in your paycheck? What are they for?
- Do you have questions for your employer's human resources department?
- What are ways you could bring in more money?
- What are the pros and cons of working for a paycheck on a regular basis?
- Would you need additional training to learn skills? Who would you talk to for more information?
- How organized is your personal record keeping system to find papers needed to file income taxes?
- Where do you have your income taxes prepared and how much does it cost you?

Are You Ready for Change?

Share: *I encourage you to think about the concepts covered in this "Income and Taxes" lesson. What actions or behavior changes do you plan to do?*

(**Leader Note:** Encourage participants to use the "Make a Plan for **Putting Goals into Action**" handout to write down SMART goal(s), supports, resources needed, and Action Plan Step(s). Some participants may choose to keep working on their original SMART goal steps for many weeks. They can revisit and revise their SMART goal as needed to be more realistic and doable. Some may want to add a new SMART goal based on this lesson; you may want a few extra copies of this handout ready. It is important that participants focus on one or maybe two SMART goals at a time so that they do not feel overwhelmed and are confidently making progress to successfully achieve their goals toward desired behavior outcomes.)

Ask: *On a scale of 1 (not at all ready) to 10 (extremely ready), where are you?*

Are you ready to make a change with confidence toward your SMART goal?

How important is the change for you?

How confident are you about making this change? Why?

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Wrap-Up

Share: *The goal of this lesson was to understand how working affects an SSI benefit, how to read your paycheck, and how the decisions you make when you are hired will affect your take-home pay. Some paycheck deductions are required and some are choices you make for employer-sponsored benefit programs. If you work, you may be eligible for tax credits when you file your annual income taxes. You may also qualify for additional tax credits, so it may be beneficial to file income taxes even though you are below the required income level because you can receive a tax refund. Also, review your spending plan to decide if you need more income plus ways to do so.*

Additional Resources:

- American Dream Employment Network: for individuals with disabilities receiving Social Security Disability benefits and want to work. <https://www.nationaldisabilityinstitute.org/aden/>
- CareerOneStop: See which state-specific government agencies and community-based organizations assist people with disabilities seeking jobs and offer other support. <https://www.careeronestop.org/>
- Internal Revenue Service Retirement Savings Contributions Credit (Saver's Credit): for contributions to an IRA or employer-sponsored retirement plan. <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit>
- LEAD Center WIOA Policy Development. <http://leadcenter.org/>
- My Free Taxes: Free Tax Preparation. <https://www.myfreetaxes.com/>
- PASS: Plan to Achieve Self-Support: Learn more about working and saving if you have a disability and receive Social Security Disability benefits. <https://www.ssa.gov/pubs/EN-05-11017.pdf>
- PASS Cadres: Get help applying for PASS and learn about the program's specifics in your area. <https://www.ssa.gov/disabilityresearch/wi/passcadre.htm>
- Social Security Administration Red Book: Information about programs designed for people with disabilities to work that may include continuation of benefits. <https://www.ssa.gov/redbook/index.html>

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- U.S. Equal Employment Opportunity Commission: Information about workplace protections for people with disabilities. <https://www.eeoc.gov/>
- Volunteer Income Tax Assistance: IRS. <https://www.irs.gov/individuals/find-a-location-for-free-tax-prep>
- WorkforceGPS: technical assistance website for public workforce investment system. <https://www.workforcegps.org/>

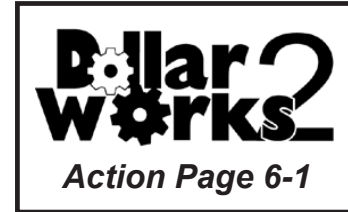
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Consumer Financial Protection Bureau. (2020). *Your money, your goals: A financial empowerment toolkit*. https://files.consumerfinance.gov/f/documents/cfpb_your-money-your-goals_financial-empowerment_toolkit.pdf

GET READY, GET SET, GET GOING. HANDOUT



Reading a Pay Statement

Use Lee Worker's pay statement below to answer the following questions.

- What is Lee Worker's gross income for this pay period? _____
 - What is Lee Worker's net income or take-home pay? _____
- How much has Lee Worker earned this year-to-date (YTD) as gross pay? _____
- What deductions does Lee Worker have? _____
- How much was taken out for Social Security tax this pay period? _____
- How much has Lee Worker paid for medical insurance this year? _____

STATEMENT OF EARNINGS										
WIDGETS 'R' US										
Name: Lee Y. Worker SSN: 123-00-1234 Employee #: 0012345							Pay Date: 04/15/20XX Begin Date: 04/01/20XX End Date: 04/15/20XX			
Hours Worked and Earnings										
TAX INFO			Hours	Current Earnings	YTD Earnings		Hours	Current Earnings	YTD Earnings	
Pay/Hour	10.00	Regular	80	800.00	6160.00	Holiday			80.00	
Allowances	01	Overtime	6	90.00	270.00	Vacation			160.00	
Tax Status	single	Bonus				Gross Pay		890.00	6670.00	
Taxes and Deductions										
		Federal		84.23	606.34	Med Ins		35.44	283.52	
		State		36.61	268.78	Dental				
		OASDI		55.18	413.54	401-K		40.00	320.00	
		Medicare		12.91	96.73	Term Life		8.20	65.60	
Current Paycheck										
							Current	YTD		
Direct Deposit to Checking Acct: *****0000		Gross Earnings					890.00	6670.00		
		Taxes					188.93	1383.35		
		Other Deductions					83.64	669.12		
		Net Earnings					617.43	4617.53		

Answers: 1 (a). \$890.00, (b). \$617.43; 2. \$6,670.00; 3. medical insurance, 401-K, term life; 4. \$55.18; 5. \$283.52



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- 1 Read through the example calculations.
- 2 Fill in your own information to get an estimate of how much you'll take home each month.

Find how much will be taken from your SSI	Example	Your information
A. Amount you earn from work a month	\$585	
B. You keep the first \$85 of your pay The first \$85 you earn does not affect your SSI; the remainder does.	– \$85	–
C. Amount of income that affects your SSI (subtract row B from row A)	= \$500	=
D. Divide this amount in half (divide row C by 2)	÷ 2	÷ 2
E. Amount that will be taken from your SSI	= \$250	=

Calculate your new SSI amount

F. Amount you now get from SSI every month	\$735	
G. Subtract amount taken from your SSI (subtract row E from row F)	– \$250	–
H. New SSI amount	= \$485	=

Calculate your total income

I. Amount you earn from work a month	\$585	
J. Add new SSI amount (add row H to row I)	+ \$485	+
K. Total amount you will take home per month	= \$1,070	=

Consumer Financial Protection Bureau (2017). *Your Money Your Goals: Focus on People with Disabilities*, p. 48.

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Choosing how to get paid helps you manage your income and benefits

1. Evaluate the benefits and risks of each payment method.
2. Write down any questions you have, and choose a method that's best for you.

METHOD	▷ BENEFITS	RISKS	📄 QUESTIONS
<p>Cash</p> <p>Paper or coin money minted by the U.S. government</p>	<ul style="list-style-type: none"> • Can spend it almost anywhere • Easy to access 	<ul style="list-style-type: none"> • Could be lost or stolen, especially if you carry large amounts with you or leave it in your home • Some people find it tempting to spend on a whim, making budgeting and saving more difficult • Can be more difficult to track spending for personal budgeting and tax purposes • Not all bill payments can be made in cash 	
<p>Paper check</p> <p>A physical check given (in person or by mail) to pay you the indicated amount; has to be deposited or cashed to access the money</p>	<ul style="list-style-type: none"> • Can be deposited into a checking or savings account, or may be able to load onto a prepaid card directly • If lost or stolen, usually can be canceled and reissued to you • Sometimes no fee to cash "on us" checks, which are written from accounts held with the bank or credit union where you're cashing it 	<ul style="list-style-type: none"> • Have to wait until it arrives in the mail or can be picked up, possibly delaying when you receive the money • Requires you to take an action of depositing or cashing the check before you can use the money • May need a bank or credit union account to cash a check without paying a fee • May not be able to access all the funds immediately after depositing (waiting period for check to clear) 	

Consumer Financial Protection Bureau (2020). *Your Money Your Goals: a financial empowerment toolkit*, p. 70-73

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METHOD	▷ BENEFITS	RISKS	📄 QUESTIONS
<p>Direct deposit</p> <p>Money is electronically sent to your bank account, credit union account, or your own prepaid card</p>	<ul style="list-style-type: none"> • Reduces your risk of loss or theft if funds are sent directly to a bank or credit union account because they are protected from unauthorized transfers and other errors once deposited • Usually available to you immediately (often on payday) • No check-cashing or other fees to deposit money • Many banks and credit unions waive fees for checking or savings accounts when you set up direct deposit • Funds can usually be accessed in a variety of ways, such as by using a debit card at merchants or at ATMs, at the bank or credit union's branches, through an online bill pay service, or by personal checks • May be able to split the deposit between checking and savings accounts, which can help you build savings 	<ul style="list-style-type: none"> • Direct deposits made to a prepaid card may not have protections for unauthorized transfers or other errors, unlike checking and savings accounts • Can be charged fees if you write checks, use your debit card, or make other transfers without sufficient funds in your account • Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations 	

GET READY, GET SET, GET GOING. HANDOUT

METHOD	▷ BENEFITS	RISKS	📄 QUESTIONS
<p>Payroll card</p> <p>Employer loads your salary or wages onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> • More secure than cash or checks • Has full federal protections in case of unauthorized transfers or other errors (the same as checking and savings accounts) • Funds can usually be accessed in a variety of ways, such using the card at merchants or at ATMs, at the card provider’s branches, through an online bill pay service, and sometimes by check 	<ul style="list-style-type: none"> • Potential service or inactivity fees, meaning you might have to pay to access your wages in certain ways (ask your employer about these) • Have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash, if there are no convenient branch locations, • Some cards limit how many times you can access an ATM in 24 hours 	
<p>Government benefits card</p> <p>A government agency loads your benefits onto a prearranged prepaid card where you can access the funds</p>	<ul style="list-style-type: none"> • More secure than cash or checks • Has full federal consumer protections in case of unauthorized transfers or other errors (includes needs- tested programs administered by the federal government, like SSI) • Funds can usually be accessed in a variety of ways, such as by using the card at merchants or at ATMs, and possibly through an online bill pay service 	<ul style="list-style-type: none"> • Potential service or inactivity fees, meaning you might have to pay to access your benefits in certain ways (read the cardholder agreement to check for these) • If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash 	

Consumer Financial Protection Bureau (2020). *Your Money Your Goals: a financial empowerment toolkit*, p. 70-73

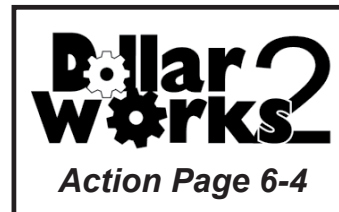
GET **READY**, GET **SET**, GET **GOING**. HANDOUT

METHOD	▷ BENEFITS	RISKS	 QUESTIONS
<p>Electronic benefits transfer (EBT) cards</p> <p>A certain type of government benefits card (replacing paper-based benefits) used for needs-based programs such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and other programs (availability, fees, and other terms vary by state and program)</p>	<ul style="list-style-type: none"> • More secure than cash or checks • For some EBT cards, funds can usually be accessed in a variety of ways, such using the card at merchants or at ATMs, and possibly through an online bill pay service 	<ul style="list-style-type: none"> • There may be limits on where you can use the card or what you can purchase with it • May not have protections for returning funds taken through unauthorized transactions or other errors • If cash access is permitted, have to go to an ATM (could pay a fee) or get cash back at a merchant to receive cash • Some benefits can expire if they aren't used within a certain amount of time (ask if this applies to your benefit and keep track of your balance to avoid losing benefits); ask to have cash benefits sent to your bank account or your own prepaid card instead to avoid this 	

Consumer Financial Protection Bureau (2020). *Your Money Your Goals: a financial empowerment toolkit*, p. 70-73

GET **READY**, GET **SET**, GET **GOING**. HANDOUT

Tax Help, Forms, and Information



What Will I Need to Complete My Tax Return?

To file federal and state tax returns, you will need the following forms and information:

- W-2 forms from all the jobs you held during the year
- Social Security Numbers and birthdates for all household members, including children
- Copies of your federal and state tax returns from the previous year
- All 1099 Forms received

You will also need any of the following tax forms and information that apply to your situation:

- Certificate of Rent Paid (CRP)
- Homeowners: mortgage interest, real estate taxes, and Property Tax Statement
- Name, address, and social security number or tax identification number of your child are provider
- Amount you paid your childcare provider during the year
- Direct deposit information (voided check, bank account numbers, etc.)
- Charitable donations
- Form W-2G (gambling winnings)
- Tuition, enrollment fees, student activity fees paid for taxpayer, spouse, or dependent to attend college, technical school, or classes to improve skills
- Education expenses paid for child(ren) attending kindergarten-grade 12
- Tax assistance site may require some form of photo identification.

Tax Help and Information

Contact the following organizations for additional help with your taxes:

Internal Revenue Service

Forms: 800-829-3676
 Assistance: 800-829-1040
 Appointment: 844-545-5640
 Web site: www.irs.gov

Michigan Department of Treasury

Individual Taxes: 517-636-4486
 Web site: <http://www.michigan.gov/taxes/0,4676,7-238-43513---,00.html>

Volunteer Income Tax Assistance (VITA)

Nationwide: 800-829-1040
 Website: <https://irs.treasury.gov/freetaxprep/>

Anderson-Porisch, S. A., Heins, R. K., Petersen, C. M., Hooper, S. E., & Bauer, J. W. (2007). *Dollar works 2: A personal financial education program* (Item 08503). University of Minnesota Extension. Action Page 6-4 Tax Help, Forms and Information, page 138).

GET **READY**, GET **SET**, GET **GOING**. HANDOUT



Saving at tax time

Ways to save throughout the tax process.

TAKE ADVANTAGE OF FREE TAX SERVICES

If you need assistance in preparing and filing your returns one of your choices is to visit a Volunteer Income Tax Assistance (VITA) site. IRS-certified volunteers can help you file your taxes and make a plan for your refund, all for free. Eliminating preparation fees can make a big difference in your ability to start or build your savings or pay bills and expenses. Find a site by visiting irs.treasury.gov/freetaxprep or call (800) 906-9887.

UNDERSTAND FEES FOR PAID PREPARERS

If you use a paid preparer to do your taxes, they may offer you a refund anticipation check. This is when any fees you owe for tax preparation are taken out of your refund amount, which is deposited onto a prepaid card or into a bank account. There are additional fees you pay for this service (typically ranging from \$25-\$55), on top of the tax preparation fees.

Despite their name, refund anticipation checks don't get you money faster than filing your taxes online and using direct deposit.

CLAIM ALL YOUR TAX CREDITS

You may qualify for one of these common tax credits:

- The Earned Income Tax Credit (EITC) is a benefit to people who are working, but have low to moderate income. The amount of the credit is based on your income and filing status. Income limits and other rules for the EITC change every year. You can look them up by visiting irs.gov/credits-deductions/individual-earned-income-tax-credit.
- The **Child Tax Credit (CTC)** reduces the taxes you owe by up to \$2,000 for each qualifying child under the age of 17 who meets certain criteria. The refundable portion of the credit is limited to \$1,400. This amount will be adjusted for inflation after 2018. In order to receive the child tax credit (i.e., both the refundable and non-refundable portion), a taxpayer must include a Social Security number for each qualifying child for whom the credit is claimed on the tax return. For the most current information visit irs.gov/publications/p972

The IRS is required to do additional verification of information on tax returns claiming the EITC and the CTC. This may cause some delay in the receipt of refunds that include these tax credits.

CONSIDER DIRECT DEPOSIT

If you're receiving a refund, using direct deposit is free and faster than a check. Depositing part or all of your refund into your account or onto a prepaid card keeps your money secure until you need it.

Have your account information ready. If you're filing your own return there's space on the form or in the software to enter your account information for direct deposit. If you're getting help filing your return make sure to bring your account information with you.

GET **READY**, GET **SET**, GET **GOING**. HANDOUT

KICK-START YOUR SAVINGS

Your tax refund can help you pay for things you need right now or help you save for things you want down the road.

Great, no-hassle ways to save:

- Keep part of your tax refund in a separate account, like a savings account, so you'll have money for sudden expenses.
- Purchase a Series I Savings Bond and earn interest from the government. You don't need a bank account and you can give bonds as a gift. For more information visit treasurydirect.gov/indiv/research/indepth/ibonds/res_ibonds_ibuy.htm

GET **READY**, GET **SET**, GET **GOING**. HANDOUT



Think about strategies for **Increasing income and benefits**

1. Review the strategies for increasing income and benefits and check any that could work for you.
2. Write down ideas for how you can accomplish the strategies you've selected, like where you might look for a part-time job or when and where you might hold a garage sale.

CATEGORY	STRATEGY	IDEAS
Use your skills and resources	<input type="checkbox"/> I can earn extra money with skills I have (providing childcare, doing yard work, etc.).	
	<input type="checkbox"/> I can use my talents or hobbies to make items to sell online or start a part-time small business.	
	<input type="checkbox"/> I can trade things (like house cleaning or baby-sitting) for services I need (like car repairs) from friends or relatives with those skills.	
	<input type="checkbox"/> I can run errands for other people for a small fee.	
	<input type="checkbox"/> I can become a driver for a ride-sharing service.	
	<input type="checkbox"/> I can rent a room in my home to a friend or relative (if allowed in my housing agreement).	
Look for job opportunities	<input type="checkbox"/> I can ask for a raise or additional hours at my current job.	
	<input type="checkbox"/> I can get a part-time job.	
	<input type="checkbox"/> I can look for opportunities for training or education to increase my wages at my current job or help me get a better job.	

Consumer Financial Protection Bureau (2020). *Your Money Your Goals: a financial empowerment toolkit*, p. 75-76

GET **READY**, GET **SET**, GET **GOING**. HANDOUT

CATEGORY	STRATEGY	IDEAS
Sell household items	<input type="checkbox"/> I can hold a yard sale/garage sale.	
	<input type="checkbox"/> I can sell items I don't need or want online.	
	<input type="checkbox"/> I can sell produce from my garden.	
Consider government options	<input type="checkbox"/> I can see if I'm eligible for public benefits (TANF, WIC, SNAP, Medicaid, public housing, Social Security Disability, SSI, or unemployment).	
	<input type="checkbox"/> I can learn if there are tax credits I can claim.	
	<input type="checkbox"/> I can change my tax withholding (if I generally receive a large tax refund).	
	<input type="checkbox"/> I can decide when to claim Social Security to maximize my benefits.	

GET READY, GET SET, GET GOING.

APPENDIX 9-1

Appendix 9-1: Workforce Investment Opportunity Act (WIOA)

A CLOSER LOOK

Workforce Investment Opportunity Act (WIOA)¹⁴

The Workforce Investment Opportunity Act (WIOA) provides new opportunities for people with disabilities because key provisions of the Act strengthen services to youth and adults with disabilities. Specifically, WIOA requires the following:¹⁵

- Increased access to high-quality workforce services and preparation for competitive integrated employment for people with disabilities.
- American Job Centers (Career One Stops) will provide physical and programmatic accessibility to employment and training services for people with disabilities.
- Young people with disabilities will receive extensive pre-employment transition services so they can successfully obtain competitive integrated employment.
- State vocational rehabilitation agencies will set aside at least 15 percent of their funding to provide transition services to young people with disabilities.
- Vocational Rehabilitation state grant programs will engage employers to improve participant employment outcomes.

To learn more about and access the benefits of WIOA, get in touch with the American Job Center Network online at www.careeronestop.org/ or in person using the locator at www.careeronestop.org/localhelp/americanjobcenters/find-american-job-centers.aspx?&frd=true.

It pays to work. Even with a reduction in benefits due to income earned, people most often have more money. To see this, use SSI estimator tool provided in this guide.

The Social Security Administration has many programs designed to help people work in a way that is supported and may include continuation of benefits. For more information on these programs, visit the Social Security Administration Redbook at www.ssa.gov/redbook/index.html.

People can also use the disability benefits planner provided by the Social Security Administration at www.ssa.gov/planners/disability.

When people do receive Social Security Disability Income (SSDI) or Supplemental Security Income (SSI), they may have to use a representative payee. A representative payee is someone the Social Security Administration approves or appoints to manage the SSDI or SSI an individual receives. To learn more about the role of representative payee, review the next section in this guide or visit www.ssa.gov/payee/bene.htm. This can give them information to ensure the representative payee is working in their best interest.

¹⁴ For information on workplace protections for people with disabilities, see www.eeoc.gov/.

¹⁵ United States Department of Labor, Employment and Training Administration. www.doleta.gov/WIOA/Overview.cfm.

GET READY, GET SET, GET GOING.

APPENDIX 9-2

Appendix 9-2: The role of a representative payee

A CLOSER LOOK

The role of a representative payee¹⁶

What is a representative payee?:

A representative payee is a person or an organization. The Social Security Administration appoints a payee to receive the Social Security or SSI benefits for anyone who can't manage or direct the management of their benefits.¹⁷ A trusted family member or friend can be nominated to be a representative payee, but is subject to the Social Security Administration's approval.

A payee's main duties are to use the benefits to pay for the current and future needs of the beneficiary. Payee duties also include properly saving any benefits not needed to meet current needs. A payee must keep records of:¹⁸

- The amount of Social Security or SSI benefits received
- Expenses for food and housing

¹⁶ See A Guide for Representative Payees, www.ssa.gov/pubs/EN-05-10076.pdf.

¹⁷ People often make a power of attorney to name someone else to manage their money if they become sick or injured. For Social Security purposes, a power of attorney isn't an acceptable way to manage a person's monthly SSDI or SSI benefits. Social Security recognizes only the use of a designated representative payee for handling the beneficiary's SSDI and SSI funds. See A Guide for Representative Payees, www.ssa.gov/pubs/EN-05-10076.pdf.

¹⁸ See A Guide for Representative Payees, www.ssa.gov/pubs/EN-05-10076.pdf.

- Expenses for clothing, medical, dental, personal items, recreational, and other miscellaneous expenses
- Any savings as well as interest earned on those savings

Being an authorized representative, serving as an agent under a power of attorney, or having a joint bank account with the beneficiary does not give a person legal authority to manage the Social Security and/or SSI benefits for a person with disabilities. To become a representative payee a person must apply and be appointed by the Social Security Administration.

Additional information is available on the SSA's website: www.ssa.gov/payee/faqrep.htm.

What a representative payee can and should do:¹⁹

- Determine the beneficiary's needs and use his or her payments to meet those needs.
- Save any money left after meeting the beneficiary's current needs in an interest bearing account or savings bonds for the beneficiary's future needs.
- Report any changes or events, which could affect the beneficiary's eligibility for benefits or payment.
- Keep records of all payments received and how they were spent and saved.
- Provide benefits information to social service agencies or medical facilities that serve the beneficiary.
- Help the beneficiary get medical treatment when needed.
- Complete written reports accounting for the representative payee's use of funds.

¹⁹ See A Guide for Representative Payees, www.ssa.gov/pubs/EN-05-10076.pdf.

GET READY, GET SET, GET GOING.

APPENDIX 9-2

- Return to the Social Security Administration any payments to which the beneficiary is not entitled.
- Reimburse him or herself for reasonable, actual out-of-pocket expenses paid on behalf of the beneficiary. A record must be kept of these expenses. For example, the Social Security Administration considers the cost of transporting the beneficiary to a doctor's appointment (such as cab fare, mileage, and tolls), postage to pay the beneficiary's bills, and fees for money orders as out-of-pocket expenses. The amount of reimbursement must not be more than the expense incurred for the beneficiary.
- Use a child's "dedicated account" funds for basic living expenses. Dedicated account funds can be used only for specific purposes: see *A Guide for Representative Payees* at www.ssa.gov/pubs/10076.html for more information. (This applies to disabled and blind SSI beneficiaries under age 18.)
- Keep or manage Social Security benefits once he or she is no longer the payee.
- Charge the beneficiary for services unless authorized by SSA to do so.

For additional information, contact the Social Security information at 1-800-772-1213 between 7 a.m. and 7 p.m. ET on business days, or contact your local Social Security office between 9 a.m. and 4 p.m. local time on business days.

What a representative payee cannot and should not do:

- Sign legal documents, other than Social Security documents, for a beneficiary.
- Manage earned income, pensions, or any income from sources other than Social Security or SSI.
- Use a beneficiary's money for the payee's personal expenses, or spend funds in a way that would leave the beneficiary without necessary items or services (housing, food, medical care).
- Put a beneficiary's Social Security or SSI funds into an account owned by the payee or another person.²⁰

People who are deaf or hearing impaired may call a toll-free "TTY" number, 1-800-325-0778, between 7 a.m. and 7 p.m. ET on business days.

You can find answers to many questions by visiting the Social Security Administration website at socialsecurity.gov/payee or see CFPB's *Managing Someone Else's Money* guide for representative payees at www.consumerfinance.gov/educational-resources/resources-for-older-adults/managing-someone-elses-money/#government-fiduciaries.

²⁰ A common checking account for all family members living in the same household who receive benefits may show a parent or spouse as the owner of the account.

Children's savings, however, must be in separate savings accounts for each child, showing the child as the account owner.

GET **READY**, GET **SET**, GET **GOING**.

APPENDIX 9-3

Appendix 9-3: Income and benefit tracker



WORKING TOGETHER

Income and benefit tracker

What to do:

Use this tool to help a person you serve understand the amounts and timing of their financial resources and income. Encourage the person you serve to track their income and financial resources for a day, a week, two weeks, or a month. It may be the first time they understand where they get their money and how much they have to work with. Explain the difference between gross and net income.

What to say:

"A first step to financial empowerment is tracking your income and financial resources. The way you track this information does not matter. You should do it however is the most comfortable for you. For example you could:

- Write your income or other financial resource directly into the tracker.
- Ask someone to help write your income or financial resources into the tracker.
- Record a voice memo each time you receive income or benefits and have that written into the tracker at the end of a day or week.
- Take pictures of your income or benefits and have that written into the spending tracker at the end of a day or week.
- Use a smart phone application to track income and financial resources.






With this information, you will understand how to get your money and financial resources. This is an important step in making a budget. You may qualify for additional benefits. Check here: [benefits.gov](https://www.benefits.gov)."

To access a dynamic and fillable version of this tool, visit: www.consumerfinance.gov/practitioner-resources/your-money-your-goals/companion-guides/

GET **READY**, GET **SET**, GET **GOING**.

APPENDIX 9-3

CATEGORIES USED IN THE INCOME TRACKER

	Job:	Income from employment, including self-employment, and seasonal work
	Government program:	Any public benefit, including Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and Medicaid
	Disability benefits:	Supplemental Security Income (SSI) Social and Security Disability Insurance (SSDI)
	Financial support:	Child support, alimony, assistance from family and friends
	Additional:	Tax refund and any extra income

GET **READY**, GET **SET**, GET **GOING**.

APPENDIX 9-3



Use this **income tracker** to plan the best times to save and spend

Net income for the month of:

(Net income is your total take home pay. Take your gross income minus taxes and other deductions to get your net income.)

- 1 Write in the names of any income and benefits that apply to you.
- 2 Fill in the amounts you receive each week.
- 3 Total up each week's income.
- 4 Circle the payments that come at a predictable time and amount. This will show you the income you can count on each month.

	Week 1	Week 2	Week 3	Week 4	Week 5
Job:					
Government program:					
Disability benefits:					
Financial support:					
Additional:					
Additional:					
Additional:					
Weekly totals:					
Total income for this month:					

GET **READY**, GET **SET**, GET **GOING**.

APPENDIX 9-4

Appendix 9-4: Supplemental Security Income (SSI) estimator

WORKING TOGETHER

Supplemental Security Income (SSI) estimator

What to do:

Use this tool to help a person with a disability understand how earnings from work affect their Supplemental Security Income (SSI) benefit. Go through each point in the tool and work out the math with the person you are serving. Help them see that even though their benefit is reduced, it's only reduced by \$.50 for every dollar earned.

What to say:

“Right now, the Federal SSI monthly benefit is \$735 per month. Some states pay more, depending on where you live. When you work, it changes the size of your monthly check—but no matter what, when you work you will have more money in your pocket than if you don't work at all.

Many people think that getting paid at a job will stop their SSI check, but that's not necessarily true. In fact, the more you work, the more you make overall, even on SSI. There's a little math needed to explain what working does to the amount you receive from SSI. First, when you earn money through a job, you keep the first \$85 of your pay without any impact on your SSI. For every dollar you earn after that, SSI drops by 50 cents. Let's see how it works.”

To access a dynamic and fillable version of this tool, visit: www.consumerfinance.gov/practitioner-resources/your-money-your-goals/companion-guides/



GET **READY**, GET **SET**, GET **GOING**.

SSI estimator

APPENDIX 9-4

- 1 Read through the example calculations.
- 2 Fill in your own information to get an estimate of how much you'll take home each month.

Find how much will be taken from your SSI

	Example	Your information
A. Amount you earn from work a month	\$585	
B. You keep the first \$85 of your pay <i>The first \$85 you earn does not affect your SSI; the remainder does.</i>	− \$85	−
C. Amount of income that affects your SSI <i>(subtract row B from row A)</i>	= \$500	=
D. Divide this amount in half <i>(divide row C by 2)</i>	÷ 2	÷ 2
E. Amount that will be taken from your SSI	= \$250	=

Calculate your new SSI amount

F. Amount you now get from SSI every month	\$735	
G. Subtract amount taken from your SSI <i>(subtract row E from row F)</i>	− \$250	−
H. New SSI amount	= \$485	=

Calculate your total income

I. Amount you earn from work a month	\$585	
J. Add new SSI amount <i>(add row H to row I)</i>	+ \$485	+
K. Total amount you will take home per month	= \$1,070	=