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## Tax season brings chance for big savings

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For a lot of folks, tax refunds are the kind of easy money that's hard to hang on to. For low-income people, it's even harder.

This year, some of them are getting the kind of nudge they need.

In churches and community centers around the state, Mary Dupont and her team of volunteers are working toward two goals that are seemingly at odds: First, help more needy people get bigger refunds. Then, convince them not to spend it.

It's an admittedly tough task, said Dupont, who leads the state's efforts to help more people through the Delaware Earned Income Tax Credit Campaign. People's needs sometimes won't wait, and people's wants can be impatient companions.

So Dupont and her team try to push softly, but quickly. This year, for the first time, volunteer tax preparers are urging clients in the program to sign up for a "split refund" -- allowing taxpayers to open a savings account or certificate of deposit on the spot, before temptation rises.

"It will be like getting two refunds," Dupont tells the people who are gathering now through April for tax advice. Her goal is to get 10 percent of the people to enlist -- last year, the Earned Income Tax Credit Program brought in \$15 million for more than 10,000 people.

"What it does is, it introduces a new habit," said Dupont, director of the **Nehemiah Gateway** Community Development Center. In a way, she said, certificates of deposit are "like enforced discipline."

On Friday, volunteer tax preparers at Ezion-Mount Carmel Church in Wilmington found few takers, though more seemed interested in another new offering from the campaign -- free credit reports.

"Especially when it's something new, it takes time to catch on," DuPont said. It's also something that isn't limited to tax-credit recipients. Last year, Americans actually had a negative savings rate, spending more than they earned for the first time since the Great Depression, according to the U.S. Commerce Department's Bureau of Economic Analysis.

Nor is the average American thrifty with refunds -- on average, Americans spend their refunds within three months of receiving them, according to a 1999 study by Nicholas S. Souleles, a University of Pennsylvania associate professor of finance.

For the people whose incomes are low enough to qualify for an earned income tax credit, the refund can be substantial. The federal program "lifts millions out of poverty every year," said IRS commissioner Mark W. Everson, and can be worth \$4,536 for a family with two or more children. In the 2005 tax year, more than 22 million taxpayers received \$41.4 billion through the program.

"It's not like a handout, it's a hand up," said volunteer Bill Greto Jr. The IRS estimates 20 percent to 25 percent of the people who qualify for the credit do not claim it.

For clients who do use it, like Gail Wilson of Wilmington, it has become a place where there's help avoiding the inevitable temptations.

"They understand, when you got money in your pocket, it goes like that, and then you're broke," volunteer Hollis McIntosh said.

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#### THINGS TO KNOW

For more information on free tax preparation -- and possibly a bigger refund -- through the Delaware Earned Income Tax Credit Campaign, visit [www.eitc.delaware.net](http://www.eitc.delaware.net) or call the Delaware Helpline at (800) 464-4357. Income must be \$40,000 or below to qualify, and taxpayers should bring:

- W-2s and 1099s from your employer
- Social Security cards (for yourself, spouse, children and other dependents)
- Copy of last year's tax return
- List of other income/expenses (if itemizing deductions)
- Child care information (provider's ID number and receipts for amount paid)
- Blank check or savings account information for direct deposit
- 1099s for interest, dividends, unemployment, government and miscellaneous income
- 1098s for student-loan interest, mortgage interest, or property tax