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For Immediate Release

IL CUs take first steps toward offering VITA

Naperville, IL., October 20, 2008 -- Credit unions of Illinois are beginning to provide free income tax filing help to individuals of modest means.

The Internal Revenue Service's (IRS) VITA, or Volunteer Income Tax Assistance program, offers free help to those with low-to-moderate income (generally \$40,000 and below) who cannot prepare their own tax returns. VITA sites are located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations – like credit unions. Most locations also offer free electronic filing.

Besides being a free community service, VITA can provide several other benefits for consumers and credit unions. First, it can help create awareness of the many income tax credits, including the federal Earned Income Tax Credit (EITC), targeted at working poor families with children. In addition to the federal EITC, Illinois is one of 42 states that provide a state EITC. However, one-quarter of those who are eligible for the EITC do not know about it, nor do they know how to file for it. In addition, nearly three-quarters of these taxpayers unnecessarily whittle away their refunds on excessive fees associated with Refund Anticipation Loans (RAL), another area in which credit unions can provide consumers with alternative solutions and help them make better financial decisions.

Although VITA sites are open during the traditional busy tax season from January through April 15 and are generally finalized by then, a good opportunity exists for credit unions to build a partnership with a participating site. The end of the filing season is a good time for credit unions to determine whether they can build a VITA program and host its own site, partner with other organizations or participate in tax awareness at another level.

At a minimum, a credit union can hang posters advertising the program, which are free from the IRS, in the lobby. Educating credit union employees about what VITA is and who qualifies for the free tax preparation can be helpful to members who see the posters and ask about it. Credit union employees and directors can learn how to prepare tax returns and can serve as VITA volunteers. In addition, credit unions can partner with local agencies at VITA existing sites in the local community.

Two credit unions in Illinois have partnered with the Chicago-based Center for Economic Progress, a national leader in providing free tax preparation and representation services. Established in 1990, the Center has assisted more than 178,000 families with valuable tax preparation services, returning more than \$240 million in tax refunds. In 2007 alone, more than 1,100 Center volunteers helped to bring back \$43.4 million in tax refunds to nearly 30,000 hard working families.

Part of the impetus to offer VITA this year was to help seniors and veterans file their tax returns and receive their economic stimulus payment from the federal government. Prior to the deadline, it was estimated that nearly 250,000 eligible retirees, people with disabilities and veterans in Illinois still had not filed a tax return that would make them eligible to receive a stimulus. Filers had until October 15 to take advantage of this government payment.

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One such credit union that chose to help veterans for that reason this year was South Division Credit Union (SDCU) in Evergreen Park, who partnered with the Center. "It went great. We helped over 40 underserved veterans in just two hours," said Geri Burek, SDCU CEO. "If the government does another tax stimulus check, we will go back. Otherwise, we plan on doing something for the Veterans during tax season to help them complete their paperwork. "Working with the Center for Economic Progress was terrific."

At the highest level of involvement, a credit union can work with the IRS to become a designated VITA site, which is what another Illinois credit union, North Side Community FCU, has chosen to do.

Since the 2003 tax season, this \$7.2 million community development CU on the north side of Chicago, has been offering VITA. During that time, North Side has helped file more than 1,900 tax returns and nearly \$2.4 million in refunds for employees of its Select Employee Groups (SEG) and members of the community. By utilizing a large conference room in its facility and available space in the building next door as a "waiting area", North Side partners with the Center and serves as a host VITA site. They provide this service for credit union members only on Mondays (when the CU is normally closed), and on Tuesday evenings for people in the community. During the height of the tax season, the conference room is at capacity. There is non-stop traffic at about 10 stations set up with credit union staff and Center volunteers processing as many returns as they can on laptops.

"We are always looking for ways to strengthen the relationship with our SEGs and VITA is a great way to do it," said Ed Jacob, North Side CEO. "The challenge lies in how you keep deposits (refunds) once you process the returns."

In addition, VITA is one of the several topics being explored by credit unions involved in ICUL's REAL Solutions program. Expanded to Illinois this year, REAL Solutions is a signature program of the National Credit Union Foundation and stands for "Relevant, Effective, Asset-building, Loyalty-producing" Solutions. The program is designed to help credit unions offer dozens of services that have proven successful in serving people of modest means, working families, and "low wealth" households. There are five categories for the products and services: education, transaction services, savings, credit, and home ownership. More than 30 Illinois credit unions are currently involved in the program.

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Note: The Illinois Credit Union League (ICUL) is the primary trade association for credit unions in Illinois, which provides members with information, legislation and education. Membership is open to any credit union operating in accordance with the Illinois Credit Union Act or the Federal Credit Union Act. There are 434 credit unions in Illinois with more than 2.7 million members.