

<b>Highlights in this issue:</b>	
EITC & RALs .....	p1
CAHS Credit & Debit Handbook .	p2
Medicare Part D .....	p3
School Breakfast Program .....	p3

# CABHN FEVER

## EITC: It's Money In Your Pocket



It's possible to get as much as \$4,400 through the Earned Income Credit when you file your 2005 federal taxes! The Earned Income Tax Credit (EITC) is extra money you may be able to get if you are working and you file a federal income tax return. Because the EITC is a "credit," this is money you can get in addition to your tax refund. If you qualify, you can get as much as \$4,400!

### Here's how to qualify for the EITC:

- *Have earned income (income from working)*
- *Have a valid Social Security Number*
- *Investment income limited to \$2,700*
- *Filing status cannot be "married filing separately"*
- *Generally, must be a U.S. citizen or resident alien all year*
- *Cannot be a qualifying child of another person*
- *Cannot file Form 2555 or 2555-EZ (related to foreign earned income)*

The income eligibility guidelines and maximum credit amounts for tax year 2005 are listed below:

Families with one qualifying child who earned less than \$31,030 in 2005 (or less than \$33,030 for married workers) are eligible for a credit of up to \$2,662.

Families with two or more qualifying children who earned less than \$35,263 in 2005 (or less than \$37,263 for married workers) are eligible for a credit of up to \$4,400.

(See EITC, p.2)

## Don't Pay To Borrow Your Own Money

You may be tempted by tax-time advertisements for "Fast Cash Refunds," "Express Money," or "Instant Refunds." These ads will offer to get you your refund in just a day or two, or even on the spot. Beware! Many of these "fast refunds" are really LOANS, refund anticipation loans (RALs).

When you get a RAL, you're really borrowing against your own tax refund money. RALs are often marketed to people who need the money most, low and moderate income workers who receive the Earned Income Tax Credit.

RALs are extremely expensive. Loan fees typically range from \$30 to \$90, which translates into Annual

Percentage Rates (APRs) of about 60% to over 700%.

In addition to their high costs, RALs can be risky. Since a RAL is a loan from a bank in partnership with a tax preparer, it must be repaid even if the IRS denies or delays your refund, or your refund is smaller than expected. If you don't pay back the RAL, the lender will take actions to hurt your credit rating and may send your account to a debt collector. In addition, when you apply for a RAL, you are giving the lender the right to seize your tax refund to pay for old tax loan debts that the lender claims you owe.

Here are some tips to help you make the most of your refund.

### Ways to Save at Tax Time

- ✓ **E-file with direct deposit.** File your tax return electronically (e-file) to speed up your refund. Tell the IRS to deposit the refund directly into your bank account. You can get a refund in about 10 days this way – without paying anything extra for a loan.
- ✓ **Get a bank account.** If you don't have one, open one up to take advantage of direct deposit.
- ✓ **Wait just a bit longer.** Do you really have to get cash from your tax refund today? Can you wait a few weeks to save almost \$100? If you have an urgent bill to pay, ask for more time until the tax refund check comes from the IRS. Don't take on a new expensive debt to pay an old bill.
- ✓ **Avoid check cashers.** Check cashers charge an extra fee to cash RAL and tax refund checks. Some check cashers charge up to 7% to cash a RAL check – the average is about 3%. So if you receive \$2,000 refund, it would cost you an average of \$60 to cash the RAL check – on top of the RAL and tax preparation fees.
- ✓ **Use a VITA site.** A great way to save money at tax time is to go to a Volunteer Income Tax Assistance (VITA) site. VITA sites provide free tax preparation to low and moderate income taxpayers. Find a Volunteer Income Tax Assistance (VITA) site near you by calling 1-800-TAX-1040 or call Infoline at 211.

*This information is provided by the National Consumer Law Center website: [www.consumerlaw.org](http://www.consumerlaw.org)*

## Save The Date! Making Women Visible Day

The Permanent Commission on the Status of Women (PCSW) invites you to Making Women Visible Day on Thursday, February 16 at the state Capitol.

This year, the event will focus on economic security for women and on policy advocacy for women business owners. It will run from 9:30 am to 12:30 pm and will start in Room 1A of the Legislative Office Building.

The PCSW and Washington-based Wider Opportunities for Women will release the newly-completed Health Economic Security Standard Report for Connecticut. This report explores the impact of health care on economic security. After a presentation of the findings in this report, there will be two discussion sessions (running simultaneously).

In Room 2E of the LOB, a panel will discuss the wages and work supports that women need to achieve economic security for themselves and their families. Panelists will focus on the adequacy of wages for women in Connecticut and the availability of vital work supports, including housing subsidies and child care. The discussion will also address the findings of the Health Economic Security Standard Report, the impact of illness and injury on the economic security of working women and their families and strategies for providing needed health security for women.

At the same time, in Room 1A of the LOB, a program for women business owners will be presented. The program will focus on:

- a training that will take participants through the steps of identifying and tracking bills at the General Assembly
- information on how to communicate with policymakers about public policy issues that are vital to the operation of business in Connecticut.



## EITC (Continued from p.1)

Workers without a qualifying child who earn less than \$11,750 in 2005 (or less than \$13,750 for married workers) are eligible for a credit of up to \$399.

Want to find out what the EITC might be worth to you? Go to the 2005 EITC Estimator at [www.cbpp.org/eic2006/eitcchoose.htm](http://www.cbpp.org/eic2006/eitcchoose.htm) The Center on Budget and Policy Priorities and the Internal Revenue Service Office of Research worked together to develop this user friendly tool.

For a brief, understandable explanation of the EITC in English or Spanish, call the Infoline Info Tape system which is available 24 hours a day. Call 1-800-635-4592 and when prompted for the 3 digit message number, press 112. This educational tape system is sponsored by the United Way and Connecticut Parents Plus program. For a list of all subjects available, call 1-800-635-4592 or go to [www.ctparentsplus.org](http://www.ctparentsplus.org) and click on resources.

---

### Food for thought...

**It's estimated that in 2004, 7 million working poor families spent over \$900 million in RAL fees in order to get their tax refund monies less than two weeks sooner than they otherwise could have for free.**

---

This program will be followed by lunch (cost: \$10) and a town meeting with senior policy-makers in the state, providing an opportunity to share views and network with fellow women business owners.

RSVP today by calling (860) 240-8445, fax (860) 240-8314 or email Christa Homola at the PCSW [christa.homola@cga.ct.gov](mailto:christa.homola@cga.ct.gov)

Making Women Visible Day is co-sponsored by the National Association of Women Business Owners-CT Chapter, MicroEnterprise Resource Group and the Connecticut Women's Health Campaign.

## Art Contest

### "Justice Is..."



It's time for 7th and 8th graders throughout Greater Hartford to think about the impact of civil justice in their lives. The annual "Justice Is..." art contest is in full swing, and the deadline for submissions is March 30, 2006.

Entries can be paintings, drawings, photography, collage - any two-dimensional art. They can be any size, but no larger than 18" x 24". They must be about civil (not criminal) justice. Entrants must be in the 7th or 8th grade and live or go to school within the Greater Hartford Legal Aid (GHLA) service territory (see [www.ghla.org](http://www.ghla.org) for towns).

Teachers, scout leaders, Big Brothers/Big Sisters, and parents: encourage your students and young friends to enter. GHLA can provide curriculum and discussion guides. There are cash prizes for the winning students and for their schools or organizations. Awards are presented in a ceremony during the first week of May.

For more details and an entry form, contact Greater Hartford Legal Aid, 860-541-5000.

## Handbook on Managing Credit & Debt Available

The Connecticut Association for Human Services has published a new handbook, "Your Family's Money II: Managing Debt and Credit." The handbook, written in English and Spanish, helps people repair their credit and debt situation and avoid credit and debt problems. The project is funded by The Annie E. Casey Foundation and JP Morgan Chase. CAHS will have copies of the handbook available at the next CABHN meetings on February 10. If you are interested in the handbook, please call Tracy Helin, Outreach Director, at 860-951-2212, ext. 236.



### Getting Prescription Drugs through Medicare Part D

The Medicare Part D prescription drug program began on January 1, 2006 with enormous problems around the country. Connecticut had adopted legislation to cover the cost of co-pays for people who are eligible for both Medicaid and Medicare (dually eligibles), to limit co-pays for people on ConnPACE to \$16.25 and to cover the costs of prescribed drugs which are not on the Medicare Part D formulary and ConnPACE participants' Medicare prescription drug plan.

But because of confusion at the federal level, pharmacists' computers failed to identify people who are eligible for limited or waived co-pays and people who had enrolled in plans had not received their plan cards and were not recorded as enrolled. In some cases, drug plans, which were supposed to institute a 30-day transition plan which would have ensured that people got prescribed drugs for the month of January, failed to do this.

To make sure that low-income people get the drugs they need during this time of confusion, Connecticut, along with many other states, has taken emergency measures to cover prescription drug costs during the transition period. This will also be a subject for further discussion at the legislature when the session starts on February 8.

### School Breakfast Program: CT Flunks Report Card



For the first time ever, Connecticut ranks last in the nation in the number of schools participating in the School Breakfast Program (SBP). The Food Research and Action Center's (FRAC) annual "School Breakfast Scorecard" analyzes school breakfast participation in all 50 states and the District of Columbia to determine state-by-state rankings and follow trends in participation.

#### Key Report Card Findings:

- Over half of all CT towns providing school breakfast had a decrease in participation
- Of towns with at least a 10% poverty rate, 75% experienced a decrease in participation
- Stratford was the only town that implemented the breakfast program for the first time in 2004-05.

**If you are on Medicaid (Title 19) or ConnPACE and you are also on Medicare and you have a valid prescription for a drug:**



**When you go to the drug store, you should bring:**

- your grey state card,
- your Medicare card if you have one (it is red, white and blue),
- your new Medicare drug card if you got one in the mail,
- a letter that says you will get a new Medicare drug card if you got one.

**Note:** You do not have to have a new drug card to get medications, but you must have identification.

**The drug store must:**

- give you your medications at NO cost if you are on Medicaid (Title 19) (no co-pays) or for no more than \$16.25 per medication if you are on ConnPACE;
- (for at least the next few weeks) give you a full supply of your medication. (This may change at some time in February once the federal system is working better and the state has set up its system for providing non-formulary drugs.)

If you are told that you cannot get your medications or are charged a co-pay if you are on Medicaid, or are charged more than \$16.25 per medication if you are on ConnPACE, call Statewide Legal Services 1-800-453-3320 or CHOICES 1-800-994-9422.

- Towns with at least a 50% increase in SBP participation include Branford, Milford, Naugatuck, Seymour, Stratford, Waterford and Westbrook.

#### What can be done at the state level?

- Require all "severe need" schools to offer breakfast. New Jersey recently mandated that all schools where 20% or more students are eligible for free or reduced priced school lunch, operate a School Breakfast Program. After the first year, there was a 39% state-wide increase in SBP; 32,000 more students ate a school breakfast in the 2004-2005 school year.

## Report Card (Cont. from p. 3)

- Provide in-classroom start-up grants to school districts. A recent classroom pilot program in NY state doubled the participation in the SBP. When surveyed, both principals and teachers believed that in-classroom breakfast made an important contribution to the education process, 72% of teachers reported that in-classroom breakfast did not interfere with teaching.

### What can be done at the local level?

- Get everyone involved. A successful program requires the support of the entire school community.
- Use school breakfast models that attract the most eligible kids and eliminates the stigma attached to participating in a School Breakfast Program.

End Hunger Connecticut! is committed to working with communities, especially those with "severe need" schools, to explore ways to feed more children school breakfast by offering the program in more schools. Contact EHC at 860-560-2100 or go to [www.endhungerct.org](http://www.endhungerct.org) for more information.

*Information taken from EndHunger Connecticut Inc. Report Connecticut School Breakfast Report Card 2005.*

## Looking for Volunteer Opportunities?

If you are interested in volunteering your time and talents to a charitable organization, this website can be helpful: [www.volunteermatch.com](http://www.volunteermatch.com).

Log in your area of interest, even the distance you are willing to travel and you will be matched with charitable organizations that are looking for volunteers.

## CABHN Meetings held 1<sup>st</sup> Friday of the month

9:30 - 11:30 am

### Upcoming Meeting:

**Friday, February 10**

Community Renewal Team  
(CRT)

555 Windsor St., Hartford

Topics:

*Governor's Budget Proposal*

*Managing Debt & Credit-CAHS,*

*Medicare Part D Update*

*See you there!*

*The Connecticut Alliance for Basic Human Needs (CABHN) is a statewide network of individuals, community groups and organizations which supports and promotes advocacy on low-income issues. For more information, please call (860) 278-5688.*

Return Service Requested

NONPROFIT ORG  
U S POSTAGE  
PAID  
HARTFORD CT  
PERMIT NO 3377

**Legal Assistance Resource Center of CT**  
and  
**CABHN** (Connecticut Alliance for Basic Human Needs)  
80 Jefferson Street  
Hartford, CT 06106