

Tax Changes that May Affect You

PATH Legislation makes Tax Credits permanent, but will result in refund delays

- Several *refundable* credits (tax credits that provide a refund greater than any taxes owed) have been made permanent as a result of the Protecting Americans from Tax Hikes Act of 2015 (PATH Act).
- These include: Earned Income Tax Credit (**EITC**); Additional Child Tax Credit (**ACTC**); and American Opportunity Credit (for higher education expenses).
- To protect taxpayers eligible for EITC or ACTC from identity theft and fraud, refunds for tax returns claiming these credits will be held until February 15th. Affected taxpayers may not have actual access to their refunds until the week of Feb. 27.

Beware Refund Anticipation Checks (RACs) !

- Some taxpayers may consider Refund Anticipation Checks (RACs), offered by some paid tax preparers.
- RACs provide taxpayers with a temporary account into which their tax refund can be deposited. The preparer uses this to deduct their tax preparation fees if the taxpayer doesn't have the money to pay upfront.
- Average tax preparation fees are about \$300 per household, and there is an additional fee (about \$30-40) to set up the RAC. However, the refund does **NOT** arrive any sooner than it would without the RAC.
- **Don't lose money this tax season!** Visit a [FREE tax site](#) instead! Free tax prep will be offered at locations around Pierce County, from late January through April 18th. Call **2-1-1** or visit www.VolunteerTaxHelp.org to find a location near you.
- Or do your own for FREE at www.MyFreeTaxes.com.

Other Tax Changes

- The Shared Responsibility Payment amounts for not having health insurance coverage will increase to the greater of 2.5% of household income, or \$695 per adult (\$347.50 per child under 18).
- Individual Taxpayer Identification Numbers (ITINs) will begin expiring in 2017 and must be renewed.
- To learn more, email pcabc@associatedministries.org.

Workshops, Trainings & Services

Homeownership (Habitat for Humanity)

- Information sessions about home ownership opportunities in Tacoma and Lakewood. **free**
- Thu, Jan. 12, 6-7 PM, and Wed, Jan. 26, 6-7 PM
- 4824 South Tacoma Way, Tacoma, WA 98409
- RSVP to Amanda or Michaela, homeowner@tpc-habitat.org or 253-627-5626 **free**

Credit Up (Sound Outreach)

- Workshops on budgeting and credit, financial coaching, and access to second chance checking accounts, pre-paid debit cards, and credit building loans.
- Contact: brian@soundoutreach.org or 253.486.6381

Volunteer Orientation (Financial Beginnings)

- Training for volunteer facilitators to provide financial literacy classes to local Seattle, Tacoma, and Everett students, or to "train the trainer." **free**
- Friday, Feb. 3, 2017, 3-4 PM
 - Hilltop Regional Health Care Center, conference room
 - 1202 Martin Luther King Jr. Way, Tacoma
 - Contact Clinton@FinancialBeginnings.org to sign up

"Key to Change" Financial Education (Goodwill)

- Goodwill, 714 S. 27th Street, Tacoma **free**
- Jan. 9-12th- Offered mornings (10 AM-1 PM) or evenings (5-7:30 PM)
- Contact Norman Brickhouse, 253.573.6832 or normanb@goodwillwa.org to sign up

Volunteer Van Drivers Wanted (Tacoma Housing)

- Transport seniors and disabled residents in THA van to food banks and community activities.
- Must have valid license & pass background check.
- Contact: 253.207.4479 or Gpeck@tacomahousing.org

PCABC is a coalition of community members, nonprofits, government agencies, and financial institutions working together to build prosperity in Pierce County. **To learn more or share a news item**, please email pcabc@associatedministries.org.

PCABC Mission: Building Prosperity in Pierce County

PCABC Vision: Uniting community to empower Pierce County residents to build prosperity through advocacy, education and partnerships.

4 Horsemen Investments: Preparing Students to Transform the Community



PCABC partner 4 Horsemen Investments (4HI) is a student-run organization that strives to change the finance community with its dedication to experience, research, and outreach. Under the direction of Professor of Finance Lynda Livingston, students at the University of Puget Sound conduct research about financial topics that affect the lives of ordinary people, invest in lower-interest peer loans that may act as alternatives to payday loans, and strive to make a positive difference in the community through the promotion of financial literacy and philanthropic work.

Investing in Peer-to-Peer Loans

The signature initiative of 4HI is their investment in a peer-to-peer (P2P) loan portfolio, which may offer an alternative to payday loans. The payday lending market grew out of the need of many community members (usually low to moderate income working people) to access small dollar, short-term loans due to unexpected emergencies or financial shortfalls.

However, payday loans often came at a high cost: they had to be repaid, usually within two weeks, or rolled over into a new loan; and the interest rates were often huge, making them very difficult to pay back. This resulted in a debt trap cycle for many people who accessed payday loans. (**Note:** recent laws have reformed many of these practices in Washington State. An upcoming issue of PCABC News will feature PCABC partner WA State Department of Financial Institutions, and their efforts to regulate payday lending in Washington).

P2P loans, often used for debt consolidation, are smaller than traditional bank loans, but somewhat larger than payday loans (\$1000-2000 minimum). P2P loans have a longer payback period (3 to 5 years), and usually much better interest rates than a payday loan. P2P loans are financed by contributions from many small lenders, each of whom might contribute as little as \$25. Because of the need to gather funds from multiple lenders, a downside is that the loan may take a few weeks longer to access than a payday loan.

4HI students invest in a portfolio of about 500 loans through two of the largest P2P online platforms: Lending Club (www.LendingClub.com) and Prosper (www.Prospers.com). Through this process, they learn financial management as well as offer a valuable service to the community.

Serving the Community with Financial Education, Financial Coaching & Tax Help

4HI students also develop hands-on financial experience by serving the community in several ways:

Personal Finance Speaker Series: 4HI students organize a series of twice-monthly talks about personal finance topics such as banking, budgeting, taxes, and more. The Speaker Series is open to the public.

- **Where:** University of Puget Sound (1565 N Union Ave, Tacoma, WA 98416), McIntyre Hall, room 107
- **When:** 12-12:30 PM, 2nd and 4th Friday of the month (upcoming dates: 2/10; 2/24; 3/10; 4/14; 4/28).

Community Development Certified Financial Counseling: 4HI students are training to become certified financial counselors. Working in partnership with Sound Outreach, 4HI students will provide financial education and one-on-one financial coaching to participants in Sound Outreach's **Credit Up** program. For community members without bank accounts or with poor credit, **Credit Up** offers access to second chance checking accounts, pre-paid debit cards, and credit building loans.

Volunteer Income Tax Assistance (VITA): 4HI students are training to become IRS-certified income tax preparers who will serve at free tax sites throughout Pierce County during tax season.

To Learn More about 4HI: Visit them on the web at www.4hinvestments.org.