



# Consumer Credit Counseling and Money Management Services

Families throughout the country are confronting perhaps the most severe financial challenges they have ever experienced. Many are overwhelmed with debt, are seeing their savings plummet or are falling behind with their mortgage and other monthly payments. In increasing numbers, low- and moderate-income workers are seeking help from debt management assistance organizations, consumer credit counseling services, and home foreclosure prevention programs. These nonprofit organizations provide a range of financial services. They help clients create a budget, set financial goals, reduce monthly credit payments, and employ strategies for managing their money, paying bills on time, surviving a reduction in income and maximizing tax refunds. Such organizations are in a good position to help families understand that claiming the EIC and the CTC complement other approaches to addressing debt-related problems.



## Consumer Referral and Information

### Service System for Citizens,

Resources and Organizations Seeking Solutions, Inc. (CRISS-CROSS) has incorporated tax credit outreach into its credit counseling work for over a decade. The small service-oriented agency in Clarksburg, West Virginia displays tax credit posters in its office, where counselors provide assistance with budgeting, bankruptcy, and understanding credit history. Credit counselors always discuss the benefits of tax credits as a key income support. In 2010, CRISS-CROSS is committed to informing more clients about the EIC and CTC and will also direct them to free tax preparation by partnering with the West Virginia EITC Coalition. Also, CRISS-CROSS serves as a general resource for community members to learn about services such as utility termination assistance and access to emergency food services. CRISS-CROSS places tax credit brochures in office areas where they are visible for these community members as well as credit counseling clients.

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## Strategies

- Reach out to local affiliates of the National Foundation for Credit Counseling (NFCC). The majority of NFCC affiliates are Consumer Credit Counseling Services (CCCS) offices. They provide counseling on housing, credit and bankruptcy issues, as well as assistance in developing debt, money and credit management plans. In addition to in-person assistance, CCCS organizations provide counseling online and over the phone 24 hours per day, 7 days a week. Tax Credit Outreach Campaigns can suggest ways they can share EIC and CTC information through one-to-one counseling programs, newsletters and websites. *To locate a NFCC affiliate in your area visit: [www.debtadvice.org/TakeTheFirstStep/locator.cfm](http://www.debtadvice.org/TakeTheFirstStep/locator.cfm).* If there is no NFCC affiliate in your area, a community organization, such as a community action agency, may provide similar services.
- Encourage consumer assistance organizations to incorporate information about claiming the EIC and CTC into their intake, screening or orientation process. Tax Credit Outreach Campaigns can provide basic fact sheets and other materials about eligibility requirements, claiming procedures and locations of free tax preparation sites.

- Help counselors develop the capacity to provide more in-depth information about the tax credits to their clients. Train consumer assistance organizations to assist clients in determining if they qualify for the credits and link them to free tax filing assistance. Help them develop key contacts in the community so they can refer workers to Low-Income Taxpayer Clinics if they owe back taxes or need professional help with other tax related issues.
- Invite CCCS organizations to share information about their services at VITA sites and during tax credit outreach activities. Tax filers may be in need of the foreclosure prevention, credit counseling, homeownership and savings programs they offer. CCCS staff can distribute literature and sign people up for classes and personal counseling sessions. Credit counseling programs can also work with Outreach Campaigns to offer free credit reports at VITA sites. They can explain how to understand a credit report, how credit scores are used, and how tax refunds can be used to help improve credit history. Banks and credit unions can also partner with Outreach Campaigns to open checking or savings accounts at VITA sites so workers can have their refund directly deposited into the account. *To help taxpayers obtain free credit reports visit: [www.annualcreditreport.com](http://www.annualcreditreport.com).*
- Help community organizations incorporate tax credit information into financial education classes, Individual Development Account (IDA) programs or investment clubs. While these programs tend to focus on developing assets for purposes, such as buying a home or higher education, they can also help workers learn and understand how to avoid debt and protect their savings. Community organizations can offer financial education classes or can work with a bank or credit union that has already established a financial education program. Outreach Campaigns can help organizations include information about how tax credits can help workers meet specific goals as part of a class.

## **FACT:**

***According to a survey conducted by the National Low Income Housing Coalition, on average, 69% of clients seeing housing counselors for foreclosure assistance are low income.***

*The Homeownership Preservation Foundation provides free foreclosure prevention counseling 24 hours a day, 7 days a week and can assist homeowners in developing a financial plan, contacting their lender and identifying local resources. For more information visit: [www.995hope.org](http://www.995hope.org) or call 1-888-995-HOPE.*



**Find It On the Web** [www.cbpp.org/eic2010](http://www.cbpp.org/eic2010)

**More Outreach Strategies to Link to IDA Programs**