

## Financial Education Benefits Participants at Tax Time and Beyond

### The Situation

Tax preparation gives K-State Research and Extension educators a one-on-one opportunity to talk about financial management topics. The old saying, "People don't care how much you know until they know how much you care," really rings true with tax assistance. Preparing an individual's taxes opens the door to discussion about personal finance and opportunities to provide financial education in areas beyond taxes.

Taxes are emotional and financial stressors for much of the population. Assistance with preparing the tax return creates a connection and often builds trust. Because of the relationship developed, the taxpayer may be more likely to address identified areas where financial education can improve financial security.

### What We Did

We developed partnerships with two groups that serve as volunteers for the Internal Revenue Service, both providing free community tax preparation. The Volunteer Income Tax Assistance program (VITA) targets taxpayers of all ages with gross incomes of \$51,000 or less. The American Association of Retired Persons (AARP) serves taxpayers ages 60+ of all income levels. AARP sites are often referred to as Tax-Aide or TCE (Tax Counseling for the Elderly).

Both VITA and TCE programs are likely to reach a higher percentage of taxpayers who are disabled, veterans, senior citizens, or more racially and ethnically diverse than those reached by typical K-State Research and Extension programs. Units working with volunteer income tax sites reported the average taxpayer's adjusted gross income ranged from a low of about \$10,000 to a high of \$29,000.

### Outcomes

The combined tax site results reported by seven agents for 2013 indicated that volunteer tax

preparers completed 10,207 federal returns, resulting in more than \$11.7 million in federal tax refunds returned to Kansas communities. The IRS sets the value of tax preparation at \$250 per return, bringing the total estimated savings for work performed by volunteers to more than \$2.5 million. In addition, those who received tax assistance became more aware of other programs provided by their local K-State Research and Extension office.

### Success Story

K-State Research and Extension educators agree the most rewarding aspect of this effort is providing financial education that helps taxpayers understand their tax returns and how changes to family, work, and income may affect their returns in the future. Common education topics include understanding eligibility requirements for the Earned Income Credit, Child Tax Credit, and Saver's Credit.

K-State Research and Extension agents report these partnerships were developed within their communities: Retired Senior Volunteer Program (RSVP) of Northeast Kansas, United Way, Kansas Department of Revenue, National Guard, community coalitions, universities, local libraries, senior and community centers, banks and credit unions, school districts, and other community groups. Partners provide a variety of resources including space for tax sites; in-kind donation of supplies, computers, printers, and Internet access; and volunteers.

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