



# NEWS RELEASE

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FOR IMMEDIATE RELEASE

## The “Rapid Refund” Rip-off

Can you imagine spending up to a full week’s wages on a service that speeds up your tax refund by only one week? It may sound crazy, but each year, a multitude of Connecticut residents pay outrageous fees to borrow their *own* tax refund money.

We’ve all seen the commercials for “Fast Cash Refunds”, “Express Money”, and “Instant Refunds.” In this tough economy, when money is tight and bills are due, these offers seem tempting. However, most of these too-good-to-be-true “refunds” aren’t refunds at all. They are short-term *loans* with APRs that can reach over 700%! These loans are borrowed against your *own* tax refund money and come with a hefty price tag.

Let’s say you are expecting a tax refund of \$2000, and you visit a tax preparation site that offers a “Fast Cash Refund”, promising you’ll get your money right away. You can expect to pay a RAL (Refund Anticipation Loan) Fee of about \$75, plus an Electronic Filing fee of \$75 in addition to a Tax Preparation fee of around \$100. You just paid \$250 (nearly a week’s wages for some workers, and more than 10% of your refund!) to get your money just a week earlier than you would have with a direct deposit from the IRS. Is it worth it?

If you are facing a serious financial emergency, the “rapid refund” may seem like your only option. But it is merely a short term solution to a long term problem, and will just leave you with more debt in the long run. These loans can get you into serious trouble if the IRS delays your refund, or if your refund is smaller than expected. You are still responsible for paying off the loan and all the interest that has snowballed in the mean time.

There are many resources available in Connecticut to help you keep more of your hard-earned tax refund. If your household income is \$48,000 or less, you may qualify to have your taxes prepared for free at a VITA (Volunteer Income Tax Assistance) site. You may also qualify for the EITC

(Earned Income Tax Credit), a refundable tax credit of as much as \$5,600 for some families. This credit is often overlooked by tax preparers, but VITA volunteers are trained to identify qualifying taxpayers. The VITA volunteers can e-file your return and you can request that your refund be deposited directly into your bank account. You can have your refund in as little as a week. If you want to file online, you can use the “FREE File” program available at [www.irs.gov](http://www.irs.gov) (starting Jan. 15<sup>th</sup>). I encourage all qualifying Connecticut residents to take advantage of these valuable opportunities. It’s your money. Hold on to it.

For information on our local VITA site, call United Way at (860) 582-9559 to schedule an appointment. Happy filing!

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### **About United Way of West Central Connecticut**

The United Way of West Central Connecticut originated as the Community Chest of Bristol, Conn. in 1922 and later expanded into the towns of Burlington and Plymouth. The United Way of Bristol, Burlington and Plymouth merged with the United Way of Plainville in 1996 to form the United Way of West Central Connecticut, which is one of 17 independent United Ways in Connecticut and one of nearly 1,300 national and worldwide agencies. The United Way of West Central Connecticut has been in partnership with individuals, business and organizations working to improve community life for over 85 years.