The Wisconsin Credit Union League

One League, One Focus - Your Success!

NEWS RELEASE

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Haven't filed your taxes yet? Don't forget about fast, free options

Pewaukee, Wis. – If you've put off filing your taxes, you have a great reason to get the job done – direct deposit and electronic filing can ensure you receive your refund quickly without paying anything extra.

Wisconsin credit unions are encouraging filers to use direct deposit when receiving their tax return. When paired with state and federal electronic filing options, this method can deliver tax refunds within a matter of days. Consumers can open a basic savings account at a credit union for as little as a $5 deposit (not a fee).

"Although we're approaching the end of tax season, Wisconsin consumers still have free options available that can save time and money - especially if you're filing a simple tax return," says Brett Thompson, President & CEO of The Wisconsin Credit Union League. "Even for those who get assistance from a tax preparer, there's no need to pay additional fees to get a refund quickly."

Wisconsin credit unions have been assisting at volunteer return preparation sites around the state this tax season, operated in partnership with the IRS, Department of Revenue and AARP. The sites offer free tax preparation, tax education and asset-building strategies and help filers claim their full refund by using direct deposit. Many filers think the only way to get their refund quickly is through paid preparation firms charging excessive fees.

Thompson says short-term, high-interest loans like refund anticipation loans (RALs) are heavily marketed during tax time and can drain hundreds of dollars from a typical refund. These loans alone cost Wisconsin tax filers $21.8 million in 2006 (the most recent year for data), in exchange for the promise of a fast refund. Data shows that RAL usage increases considerably among Wisconsin taxpayers eligible for Earned Income Tax Credit (EITC) – a tax credit for low to moderate-income filers. Nearly 18% of EITC filers use RALs to receive their refunds, compared to 3.4% of all Wisconsin tax filers. EITC-qualifying tax filers using RALs lost $13.7 million in 2006.

"People use products like RALs for the promise of quick cash, but are essentially paying to borrow their own money," says Thompson. "Whether you're filing your taxes at home or using a preparer, direct deposit and electronic filing can help you get a speedy tax return without hurting your pocketbook."
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The Wisconsin Credit Union League's tax help website, www.freetaxrefund.org, provides more information on direct deposit and electronic filing, locations for free tax preparation assistance and finding a credit union to join.

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Credit unions are cooperative financial institutions that are owned by their members and do not have stockholders. Because they are not-for-profit, they return earnings to members in the form of more competitive rates of return on accounts, lower interest on loans, lower fees and improved services. Around 2.1 million Wisconsin residents belong to credit unions, of which nearly half are open to the local community. People can find a credit union to join by looking in the phone book or by visiting www.creditunion.coop.