NOTE TO AGENTS: This release is part of the Money Matters series offered by the Family Financial Education Team. This release will not be sent to statewide media.
-- Please add local contact information.
-- Please remember to alter the quotes if you substitute your own name in the release.

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Earned income credit benefits working families

DODGEVILLE [YOUR TOWN], Wis.—The federal government has a plan for putting thousands of dollars back into the pockets of lower-income workers. The plan is called the Earned Income Credit (EIC). This special tax benefit is to reward working individuals and families and give added income to those who may need it.

The Earned Income Credit is for people who work but don't earn high incomes, and could use the EIC to put food on the table, move into better housing, invest in education or transportation, or save for the future.

"You do not have to owe any income tax to be eligible, but you do need to have earned income and file an income tax return," says Ruth Schriefer, University of Wisconsin-Extension Family Living Educator for Iowa County [YOUR NAME, TITLE, COUNTY].

If your family earned less than $31,030 (or $33,030 for married workers) and you have at least one child, you may be eligible for the federal earned income tax credit. The federal EIC is designed for working families. It is not just for families with children, although they may have a greater likelihood of qualifying.

Families with two or more children are eligible with income up to $35,263 (or $37,263 for married workers) and workers between ages 25 and 64 without children earning less than $11,750 (or $13,750 for married workers) also may receive a credit.

"Many eligible families don't receive the credit," says Schriefer [YOUR NAME], "because they don't file a tax return, because they file the 1040 EZ form, or because they were not aware of it."

Eligible families may receive up to $4,400 from the federal government if they have two or more children or $2,662 if they have one child. Grandparents who raise a child at least six months out of the year also are eligible for the credit if they drew wages or were self-employed some time during the past year.

The Wisconsin EIC is only available to people with children. It is designed to help working families pay bills and childcare costs. The Earned Income Credit is refundable. This means that even workers who did not earn enough wages to have Wisconsin taxes withheld can receive the credit. Although federal credits do not increase after two children, Wisconsin's allowances are more generous for larger families.

To apply for tax credits, families with children must:
--File either the 1040 or 1040A tax form and Schedule EIC for the federal credit.
--File Wisconsin tax form 1 or 1A and claim the Wisconsin credit using the federal EIC amount.
--Supply the social security numbers for any dependent children being claimed.

Workers without children may file the 1040 EZ to receive the federal tax credit. The federal EIC does not require that there are children in the family, however, the Wisconsin EIC does.

For EIC purposes, earned income includes salaries, wages, self-employed earnings and private disability payments are considered earned income. Child support, alimony, social security benefits and grants from state and federal assistance programs like Wisconsin Works (W-2) and food stamps are not counted as earned income.

Eligible families who did not file during the past three years because they did not owe any income tax may still file amended forms to receive credits from previous years. Assistance and forms are available from the Internal Revenue Service and Wisconsin Department of Revenue. For more information, contact your county UW-Extension office [LOCAL CONTACT INFORMATION].
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