MODULE 2:

Saving for emergencies, bills, and goals

If you have a 10 minute session...	If you have a 30 minute session...	If you have multiple sessions...
▪ *Tool 1: Savings plan*	▪ *Tool 2: Savings and benefits: Understanding asset limits*	▪ *Tool 3: Finding a safe place for savings* ▪ *Tool 4: Increasing your income through tax credits*

Savings is money you set aside today to use in the future. Sometimes it's for something people know they will need soon, and sometimes it's for something that won't happen for several years. People save for many reasons:

- Unexpected expenses and emergencies
- A bill they know will be due every few months, like car insurance
- Annual expenses like children's school supplies
- Their own goals, like a new TV, appliances, a home, their children's education, or retirement

Emergency savings

Everyone has unexpected expenses and emergencies – a car repair, the need to travel to help a sick family member, paying the bills when you've had a cutback in hours or even lost your job.

When you save in advance for unexpected expenses and emergencies, you can handle them when they happen without having to skip paying your other bills or borrow money. When you have to skip paying other bills to pay for an emergency, you often pay late fees. And if not paying your bills results in services being shut off – like your electricity or other utilities – you have to come up with even more money to turn them back on.

When you borrow money for unexpected expenses, you have to pay fees and sometimes interest. And on top of that, you'll probably have to use some of your future income to pay back the money you borrow. **So saving money now for unexpected expenses and emergencies can save you money later.**

Emergency fund

An emergency fund or a rainy day fund can be an important part of your savings plan. Having money set aside to cover unexpected expenses can save you money on interest, fees, or other costs that come from borrowing the money you need.

How much should you save? Start with $500 as your goal.[7] This is enough to cover a lot of common emergencies: many car repairs, a plane ticket to care for a sick family member, or minor medical costs. Once you reach $500, consider reaching for $1,000. This may be enough to help cover your rent if you lose your job, take care of major car repairs, or pay for many household repairs.

Other reasons to save

It is also important to save for periodic expenses – those that come only once or a few times a year, such as renter's insurance, income taxes, car insurance, or children's school supplies. While they're not unexpected, it still may be hard to come up with all the money when you need it.

[7] While the target amount for an emergency fund will vary from person to person based on their needs, $500 to $1,000 has been suggested as a starting point. See https://americasaves.org.

Saving money is particularly important for people whose income fluctuates, or varies. An hourly worker who is not guaranteed a fixed number of hours each week has fluctuating income. Someone who is employed seasonally and only receives income for eight out of twelve months, for example, has fluctuating income, too.

Regular saving while you're earning income is crucial to ensuring that you can cover your expenses and pay your bills on time when your income is lower than expected or stops for a period of time.

But knowing it's important to save and actually saving are two different things altogether. Saving isn't just a goal; it is a habit you cultivate. That's why it's important to learn how to save.

Taking the first step

Anyone who has tried to save knows that setting money aside isn't as easy as it sounds. First, you have to make the decision to save. Then you have to find the money to save. There are basically only two ways to find money to save:

- **You can decrease spending on one or more items**. Then put that money "not spent" into savings. The easiest way to find a chunk of money to save is to cut one major cost. This may mean dropping a service you're paying for but may not be using very often, or cutting back on television services (from premium cable service to basic) or phone service (from unlimited texts and calling to a different plan).

  If there are no "major costs" you can cut, you may have to cut back a little bit in several different categories of spending. For example, you may need to cut back on eating dinner out, and consolidate errands to spend less on gasoline.

  But the big challenge is socking away the money you've saved by spending less. If you don't have a place to set it aside, it can be easy to spend the money that you worked hard to hold onto. If you have cash, you should move the money you have saved by not spending it into a savings jar or envelope in your home. Then in order to keep it safe, you could deposit the money into a savings account at a bank or credit union, or set it aside on a prepaid card. Some prepaid cards have a set-aside feature, sometimes called a "purse" or "wallet." This feature lets you set aside some of your funds on the card for savings. You can put some of your money into the savings purse for safekeeping but if you need to use the funds for an unexpected expense you can easily transfer it back to the spending portion of the card.

- **You can also increase your income**. This can mean taking another part-time job or ensuring you file your taxes and claim tax credits for which you qualify. For example, you could save part of your tax refund for emergencies or unexpected expenses, set it aside for predictable annual expenses (such as back-to-school or holiday shopping), use it to pay down debts, use it to take care of car repairs, or save for household maintenance needs. Again, you must make sure that some of that new income gets moved into the place you have decided to save it.

> **Receiving your pay through direct deposit**
>
> Using direct deposit saves you both time and money. You don't have to wait in line or pay a fee to cash your check first. And the funds are generally available as soon as they are deposited. That means you get paid on time, at the start of the payday, even if you aren't working that day.

Module 2, *Tool 4: Increasing your income through tax credits*, explains the Earned Income Tax Credit (EITC) and the Child Tax Credit and how they can help you increase the income you have available to pay bills, pay down debt, or save for your goals.

Sometimes you can experience an unexpected increase in income. For example, you may get unanticipated overtime or extra hours at work. Consider setting aside some of this "extra" pay into your savings account. If you get paid bi-weekly, there are two months each year when you get three pay checks instead of two. You can take advantage of this "extra" paycheck to save for unexpected expenses later in the year. These are great opportunities to put some money away into your emergency savings fund. That way, you have a cushion to rely on when times are leaner.

Making savings automatic

If you receive a regular paycheck, one way to build savings is through direct deposit into a bank or credit union account, onto a payroll card, or by setting up a system of savings.

- **If you have a bank account and direct deposit, you can arrange to automatically deposit some of your paycheck to a savings account every time you are paid.** If your weekly paycheck of $245 is directly deposited into your checking account every week, you can have $10 automatically transferred into a savings account. Once you set this system up, you may forget about that $10. By year's end, you will have over $500 in savings.
- **If you receive a tax refund, you can choose to split it in up to three different accounts, like checking, savings, and a retirement account.** The IRS has a special form that allows you to split your refund at the same time you are filling out the rest of your tax return. You can put some in your checking account if you need to spend it soon. You can also put some in your savings account or a retirement account or even buy a savings bond. The IRS will automatically send the amount of money you choose to each account you designate when it sends out your refund.

Like prepaid cards, some payroll cards have a set-aside or "purse" feature. This feature lets you set aside some of your funds on the card for savings. Ask your employer if a savings feature is available on your payroll card. When you pick any prepaid card, be sure to ask about all of the card's fees so that you'll know what the card will cost when you have it and use it.

People who save successfully generally choose a system of saving for their goals. These can include savings for their children's education and for their own retirement expenses. They make the decision one time, set up the system, and then they save money from every paycheck without having to think about it.

Check with your employer to learn more about direct deposit and other options for automatically saving some of your paycheck. This can help you be ready for long-term expenses or for those weeks or months your income stops or is less than you planned because of seasonal changes in the availability of work.

You can use *Tool 1: Savings plan* to figure out why you need to save, how much you need to save, and how you can start to find the money to save.

Savings plan

Most people can expect around $2,000 worth of unexpected or emergency expenses in a year.[8] According to a report from the Federal Reserve, nearly half of all adults surveyed said they could not cover an emergency expense costing $400 or would cover it by selling something or borrowing money.[9] Unexpected expenses can include medical bills that aren't covered by insurance, auto repairs, and home and appliance repairs. You still have to pay bills if you lose your job. A savings plan can be a great way to get started on the path to saving for such unexpected expenses.

A savings plan includes:

The reasons you are saving. This could be something like an emergency fund, money to pay for your car insurance in three months, or to ensure you have enough money set aside for back to school expenses.

Your total savings target. Your savings plan will help you come up with an amount of money you can save every month to reach all of your savings goals.

Your strategies for saving. These are the specific ways you are going to find money you want to set aside to save. Most people find they have to make choices about cutting back on one expense (or more) to have the money to save for something else. Or they have to figure out a way to get more income. If you have a regular paycheck, another strategy is using direct deposit or transferring a set amount into a savings account each time you get paid. And, if you usually receive a tax refund, you might want to build a plan to save part of your refund. *Tool 4: Increasing your income through tax credits* explains the Earned Income Tax Credit and the Child Tax Credit and how these credits can help you save for your goals.

A safe place for your savings. You have to work hard to save money. You want to make sure you put it in a safe and secure place. An important part of your savings plan is deciding where you will put the money you have saved.

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8 Brokeck, Stephen, *Understanding the Emergency Savings Needs of Low- and Moderate-Income Households: A Survey-Based Analysis of Impacts, Causes, and Remedies*, Consumer Federation of America, 2008.

9 Board of Governors, Federal Reserve System. *Report on the Economic Well-Being of U.S. Households in 2015*. May 2016. See https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf.

What are the benefits of a savings plan?

- Your plan builds your own personal safety net one paycheck at a time, and as you build savings, you can have peace of mind knowing you have a little money set aside for the unexpected or emergencies.
- As you watch small amounts add up, you'll move closer to reaching your goals and almost always pay less than when you use credit.
- You'll save money by avoiding late fees, interest charges, and other costs related to not covering expenses or borrowing money. And when you avoid borrowing, you don't have to commit future income to paying off your debt.

Consider this scenario using different options for taking care of emergency expenses. It examines the costs of paying for an unexpected auto repair with emergency savings, a credit card, or a payday loan. (Some states have laws that restrict or prohibit payday loans.)

COST OF UNEXPECTED AUTO REPAIR = $350[10]

	Emergency savings	Credit card	Payday loan
Amount needed	$350	$350	$350
Annual Percentage Rate (APR)	None	15.99 percent APR	$15 for every $100 borrowed for 14 days. This means a 391 percent APR
Repayment terms	None	Must pay at least a certain amount each month. For the purposes of the example, we are choosing a fixed monthly payment of $25	Must pay back loan amount ($350) plus fee ($52.50) within 14 days.
Total interest and fees	$0	$40 over 16 months	$52.50 for each 14 day loan
Time to repay	None	16 months[11]	14 days
Total cost of auto repair	$350	$390	$402.50

The total cost of a payday loan depends on how long it takes you to save up to pay back the entire loan. The average borrower takes out five loans in a row before repaying (and not borrowing again shortly thereafter).[12] If you renew or roll over this loan four times, you would be

[10] The annual percentage rates (APRs), fees, and terms of repayment described below are for example purposes only. Actual credit card and payday loan terms vary, and some states restrict payday loans. The CFPB notes that, APRs on credit cards often range from about 12 percent to 30 percent. For payday loans, the CFPB notes that the cost of the loan (finance charge) may range from $10 to $30 for every $100 borrowed. See CFPB, *What is a payday loan?* November 6, 2013, http://www.consumerfinance.gov/askcfpb/1567. Also see Consumer Financial Protection Bureau, *Payday Loans and Deposit Advance Products: A White Paper of Initial Data Findings*, April 24, 2013. See http://files.consumerfinance.gov/f/201304_cfpb_payday-dap-whitepaper.pdf.

[11] Most credit card companies allow customers to pay a percentage of the amount owed, which makes the minimum payment vary from month to month. To pay off this credit card balance in full, the individual will have to make $25 payments for 15 months, and then pay just over $15 in the sixteenth month.

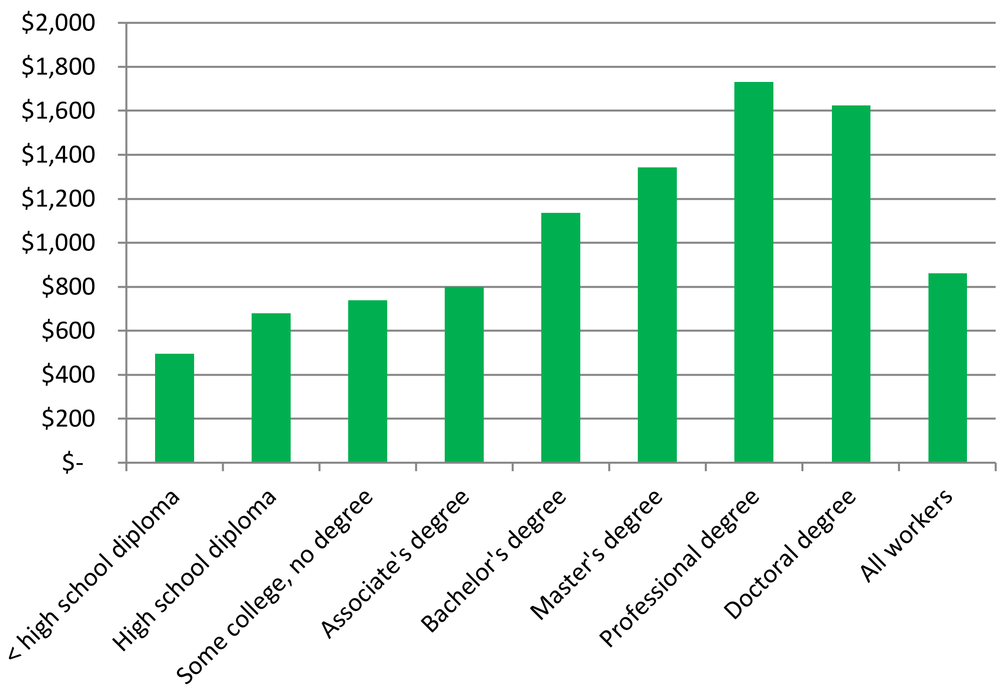
[12] See the CFPB's *Supplemental findings on payday, payday installment, and vehicle title loans, and deposit advance products*, June 2016: http://files.consumerfinance.gov/f/documents/Supplemental_Report_060116.pdf.

in debt for 10 additional weeks and could pay up to $262.50 in fees plus the $350 you borrowed, for a total of $612.50.

Saving for education

People with families may want to work toward making a better life for their children. Saving for children's college or technical training may be one of a parent's financial goals, as a path to "a better life" for their children. Training and education after high school (including completion of a General Education Development test, or GED) can be an important investment of both time and money. It is likely to lead to higher wages on average, less chance of unemployment, and a greater chance for financial security.

Median Weekly Earnings, 2015[13]



[13] See Bureau of Labor Statistics, http://www.bls.gov/emp/ep_chart_001.htm (accessed July 2016).

Saving for children's education can reduce the amount of money that must be borrowed and may increase the number of options children have for education and training after high school. There are many financial products geared toward helping people save for children's education, but the first step is setting a goal.

Once you've decided to set a goal for saving for your children's college or technical training costs, you can start putting money aside in a savings account, a certificate of deposit, or an investment option designed specifically to help people save for this purpose. One option is a 529 college savings plan. These are tax-advantaged savings plans designed to help parents, guardians, grandparents and others save and invest for children's education.

For more information on saving for college using a 529 Plan, visit http://www.collegesavings.org.

Savings accounts for children

People who want to teach their children about saving may be able to start a savings account for their children. Each financial institution has its own policies, so research both local and online bank and credit union options.[14]

What are the benefits of opening a savings account for a child?

- Providing a safe place for a child to put money earned or received as gifts
- Introducing a child to saving and using financial services
- Helping a child to learn to plan for the future

A new way to save for retirement

If you'd like to get started on saving for retirement, but your employer doesn't offer a retirement plan, the U.S. Treasury has developed *myRA* to help you to set aside money for that goal. It is a simple, safe, affordable way to start saving for retirement.

[14] Many financial institutions do not allow a child to open an account in their own name. This is because account agreements are considered legal contracts and most states do not let minors sign contracts. If this is the case, the parent or guardian can open an account jointly with the child.

Here are some important features of a *myRA* account:

- It costs you nothing to open an account.
- You pay no fees for maintenance of the account.
- You contribute an amount you choose – $5, $20, $200 – whatever fits your budget.
- You can enjoy the tax advantages this type of investment brings.

You can set up automatic contributions, and if you change jobs, the account stays with you. You can also withdraw the money you put into your account at any time without paying taxes or penalties.

It's safe – you won't have to worry about your investment. The investment is backed by the U.S. Treasury and will not go down in value.

You can sign up online at no cost with three simple steps:

1. Open your *myRA* account at https://myRA.gov.
2. Set up automatic direct deposits from your paycheck or other sources.
3. Access your account online and watch your savings grow.

Visit https://myRA.gov to learn more, or call 855-406-6972 to speak with a *myRA* representative.

You can save while receiving public benefits

If you receive public benefits and want to start saving for emergencies and goals, you may want to know about asset limits. Assets are things that you own. Assets can include money in a savings or checking account, as well as your car, home, land, and business inventory.

Knowing each program's asset limits may help you avoid unexpectedly losing your benefits when you're saving to reach your goals.

Since different benefits have different limits and many states have their own asset limit policies, you may find *Tool 2: Savings and benefits: Understanding asset limits* helpful for figuring out the asset limits for your benefits.

Asset Limits

Asset limits are rules about how much you can have in assets before your benefits are reduced or taken away. Since assets help people achieve financial security, some assets will not count against allowable limits. Generally, the assets that may count against allowable limits are "liquid," which means they are similar to cash. Some examples of liquid assets are money in a checking account, savings account, or investment accounts. On the other hand, a home or a car that you own are assets, but since they're not liquid assets, some states do not count them against the allowable limit.

A safe place to save

Setting aside money to save can be hard. It's important to understand the risks and the benefits of each of the places you can put money until you want or need to use it. As you think about the options, be aware of the potential costs of each financial product. *Tool 3: Finding a safe place for savings* can help you identify where you'd like to keep your savings.

Federal insurance for financial institutions

Two organizations established by the federal government ensure that the money people deposit in banks or credit unions will be there when they want to withdraw it. The Federal Deposit Insurance Corporation (FDIC) insures money in banks. The National Credit Union Administration (NCUA) insures money in credit unions.

In general, the limit is $250,000 per depositor, per insured institution. This is much more than most people will have in an account.[15] So, if you have no more than $250,000 in a savings account in an insured bank and the bank fails, you will get all your money back. FDIC and NCUA do NOT insure money that people use to buy stocks, mutual funds, life insurance policies, annuities, or other securities, even if they are purchased from a bank or credit union.

Your banking history report

If you are considering opening a savings account, it's important to understand the impact that your banking history report may have on the type of account you may be able to open.

When you complete the application to open an account at a bank or credit union, the bank or credit union often contacts companies called "specialty consumer reporting companies" that have information on checking account history. Banks and credit unions contact companies like ChexSystems, TeleCheck, Early Warning, and others like them to find out if you have had prior difficulties using a checking account, including overdrawing an account and not paying back what you owe, writing bad checks, or suspected fraud.

[15] Federal Financial Institutions Examination Council (FFIEC) Consolidated Reports of Condition and Income, data as of June 30, 2016.

These companies collect information about how consumers manage their savings and checking accounts. They must follow reasonable procedures to assure maximum possible accuracy of the information in the reports, and they can't include most negative information that's more than seven years old. In practice, some checking account reporting companies disregard information that is more than five years old. Banks and credit unions then use the information to assess the risk of opening an account for you based on your past history of managing accounts like the one you want to open.

The report includes:

- Information about prior accounts, such as routing transit number and account number
- The date information was reported about an account
- The reason for the report, such as an unpaid overdraft balance
- Whether your prior banking institution suspected you of committing fraud
- Information on returned checks from retailers and other businesses

If you are denied a checking account, you have the right to review your credit report. The bank or credit union's denial notice should give you the name, address, and phone number of the consumer reporting company and instructions for getting a copy of your credit report. Be sure to make your request right away because your right to get a free copy only lasts for 60 days from the date you learn of the denial. When you receive a copy of your report, review it for accuracy. A credit counselor or financial coach may be able to help you understand your credit report. For more information about credit reporting, see *Module 7: Understanding credit reports and scores*.

Finding and fixing mistakes in your banking history report

If you find mistakes in your banking history report, you can dispute them by sending a letter describing the mistake and including copies of any evidence. You may use either regular or certified mail to send your letter.

You can order your own free banking history report from ChexSystems, TeleCheck Services, and Early Warning.

Company	By phone	By mail	Online
ChexSystems	800-428-9623	ChexSystems, Inc. 7805 Hudson Road, Ste. 100 Woodbury, MN 55125	http://www.consumerdebit.com
TeleCheck Services	800-366-2425	TeleCheck Services, Inc. ATTN: Resolutions Department – FA P.O. Box 4514 Houston, TX 77210-4514 (Include a daytime phone number, a copy of your driver's license, your Social Security number, and a copy of a voided check.)	
Early Warning	800-325-7775		

Tool 1:

Savings plan

This tool can help you make a plan to save money for:

- Your goals
- Expenses
- Unexpected expenses and emergencies

There are two steps to making a savings plan. First, answer the set of questions below to see if setting up an emergency fund or rainy day fund may be right for you.

If yes, complete the savings plan using the worksheet that follows. To complete this worksheet, you will need to know:

- **Your savings goals** – If you haven't set these, consider using the information and tools in *Module 1: Setting goals and planning for large purchases*.
- **Strategies you can use for saving money** – The worksheet encourages you to be as specific as possible. See the example in the worksheet to get started.
- **Where you will put the money you save**

✎ Is an emergency fund or rainy day fund right for you?

Answer the following questions to see if setting up an emergency fund or rainy day fund may be right for you and your family.

Goals: Do you have the savings needed to reach your goals?	**Yes**	**No**
Expenses: Do you have money set aside for expenses that come one to four times per year? For example, car insurance, renter's insurance, tools for your trade, back to school expenses, birthdays, holidays	**Yes**	**No**
Unexpected Expenses and Emergencies: Do you have money set aside for unexpected expenses or emergencies? For example, a flat tire or other car trouble, medical expenses, need for a new appliance, job loss	**Yes**	**No**
Living expenses for months or weeks with no income or income that is less than expected: Do you have money set aside to cover your living expenses during the months you will be earning little or no income?	**Yes**	**No**

If you answered "no" to any of these questions, developing a savings plan may be a great next step for you.

For questions above to which you answered "no," how do you pay for goals, expenses that come one to four times each year, and unexpected expenses and emergencies? Check all that apply to you.

____ I don't know. It just seems to work out.

____ I don't pay other bills to cover the emergency or unexpected expense.

____ I borrow money from other family members or friends.

____ I get a payday loan.

____ I get cash through a pawn shop.

____ I use a credit card.

____ I use my tax refund.

____ I use a car title loan.

Savings plan[16]

Name ____ **Date** ______

Savings goal	**Total amount needed**	**Months to reach goal**	**Monthly amount to save**	**Strategies for saving and amount saved per month**	**Safe and secure place for savings**
Example: To save $1,000 in an emergency fund within 10 months	$1,000	10	$100 (total amount needed ÷ months to reach goal)	Cut back to basic cable, $40 Cut out one fast food meal per week for family, $60 **Total saved per month, $100**	Savings account at a bank or credit union (will generally require a minimum deposit)

Once you have your savings plan, be sure to add it into your budget or cash flow calendar. For more information on cash flow budgets, see *Module 5: Getting through the month*. For more information on setting up an account to save in, see *Module 8: Money services, cards, accounts, and loans: Finding what works for you*.

[16] This table refers to a monthly savings plan. Irregular savings deposits from such places such as tax refunds can also be entered as a one-time deposit. An example could include depositing $200 of a $2,000 tax refund.

Tool 2:

Savings and benefits: Understanding asset limits

If you are receiving public benefits (such as cash assistance (TANF), food stamps (SNAP), Supplemental Security Income (SSI), Medicaid, etc.), you may want to complete this tool to know how your savings might affect your benefits.

Assets are things you own that have value. Your money in a savings or checking account is an asset. A car, home, business inventory, and land are examples of assets, too.

Asset limits and savings

Even if you receive public benefits, you can generally have some savings. Savings are important for building your financial stability.

Assets help you build financial security for you and your family. **But if you receive public benefits, some of your assets may affect the benefits you receive.** In general, your liquid assets – like cash or money in savings or checking account – are counted. You may still be eligible to receive benefits even if you own a home or a car. In some states, if the value of your car exceeds a certain amount, the amount over that value may be counted. Whether an asset counts against the limit depends on the program and the state. It is important to note that some benefits are federal, and some benefits come from the state. Be sure you find out the rules that apply to the benefits you get in your own state.

If you save money from the Earned Income Tax Credit or any other portion of your tax refund, this savings is generally not counted against your limit for up to 12 months.

Please note that rules regarding benefits change regularly, so check the rules annually to ensure accuracy.

Benefits and asset limits list

Benefit	Asset limits as of October 2016	How to get more information
☐ **I get SNAP:** **Supplemental Nutrition Assistance Program**	While the states have discretion, the Federal Asset Limits for SNAP benefits are up to $2,250 in countable resources (bank account) or $3,250 if one household member is over 60 or disabled.[17] States using broad-based categorical eligibility have no asset limits.[18] This means that if an individual qualifies for TANF, SSI, or General Assistance, he automatically qualifies for SNAP. In 22 states and the District of Columbia, there are no asset limit tests for SNAP. In an additional 12 states, households with seniors or people with disabilities who have gross income under 200 percent of poverty do not face an asset limit.[19]	To get information about SNAP benefits in your state, call your state hotline number. You can find the hotline number by visiting http://www.fns.usda.gov/snap/state-informationhotline-numbers.
☐ **I get TANF:** **Temporary Assistance for Needy Families**	$1,000 to $3,000 in most states Nevada's limit is $6,000.[20] Alabama, Colorado, Hawaii, Illinois, Louisiana, Maryland, Ohio, and Virginia have no asset limits.[21]	To find out more about your state or tribal TANF program, visit http://www.acf.hhs.gov/programs/ofa/help.

[17] Certain resources are NOT counted, such as a home and lot, the resources of people who receive Supplemental Security Income (SSI), the resources of people who receive Temporary Assistance for Needy Families (TANF), and most retirement (pension) plans. The procedures for handling vehicles are determined at the state level. See United States Department of Agriculture Food and Nutrition Service, http://www.fns.usda.gov/snap/eligibility.

[18] States have the option to enroll people using broad-based categorical eligibility. This effectively eliminates the asset test specifically for SNAP because people are enrolled based on their enrollment in other programs. See http://www.fas.org/sgp/crs/misc/R42054.pdf. See also United States Department of Agriculture Food and Nutrition Service, http://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf.

[19] "Broad Based Categorical Eligibility in the SNAP Memo as of Nov. 2012 (updated April 2015)." http://www.fns.usda.gov/sites/default/files/snap/BBCE.pdf.

[20] Nevada increased its limit to $6,000 in 2014. https://dwss.nv.gov/TANF/TANF_FAQ-Eligibility_Criteria-R/S.

[21] *Urban Institute Welfare Rules Databook*, Office of Planning, Research, and Evaluation, ACF, HHS, OPRE Report 2014-52, September 2014, pages 74 and 166. See http://wrd.urban.org. Additionally, since the most current version of the HHS publication was released, Illinois also eliminated asset limits on TANF, http://www.dhs.state.il.us/page.aspx?item=69797, Section H.

Benefit	Asset limits as of October 2016	How to get more information
☐ **I get SSI:** **Supplemental Security Income**	$2,000 if single $3,000 if married Individuals with significant disabilities with an age of onset of disability before age 26 are now able to save up to $14,000 annually into a tax advantaged ABLE account without loss of benefits.	To find out more about SSI or to apply for benefits, visit https://www.ssa.gov/agency/contact to get the contact information for your local Social Security Administration Office.
☐ **I get SSDI:** **Social Security Disability Insurance**	No asset limits	To find out more about SSDI or to apply for benefits, visit https://www.ssa.gov/agency/contact.
☐ **I get:** **Public Housing**	Generally, only the income from assets is used in determining eligibility.	To find out more about public housing options and eligibility, contact your local housing office at http://portal.hud.gov/hudportal/HUD?src=/states.
☐ **I get LIHEAP:** **Low Income Home Energy Assistance Program**	Some states and tribal governments use categorical eligibility for LIHEAP. This means if someone in the household receives TANF, SSI, or SNAP, they are eligible for LIHEAP benefits. While most states do not have asset limits, where they exist they range from $2,000 to $5,000.	To find out about your state or tribal LIHEAP program, visit https://liheapch.acf.hhs.gov.
☐ **I get:** **Family Medicaid**[22]	No asset limit test due to Affordable Care Act Regulations that took effect in 2014	To find out more about your state's Medicaid program, visit https://www.medicaid.gov/medicaid/by-state/by-state.html.

[22] See https://www.federalregister.gov/articles/2012/03/23/2012-6560/medicaid-program-eligiblity-changes-under-the-affordable-care-act-of-2010#h-28.

Benefit	Asset limits as of October 2016	How to get more information
☐ **I get SCHIP or CHIP:** **State Child Health Insurance Program**	No asset limit test in most states; contact state administrator for details	To find out more about your state's CHIP program, visit https://www.medicaid.gov/medicaid/by-state/by-state.html.
☐ **I get:** **Medicare Part D Extra Help (also known as Low-Income Subsidy)**	Your combined savings, investments, and other countable assets cannot be more than: ▪ $27,250, if you are married and living with your spouse ▪ $13,640 if you are not currently married or not living with your spouse[23] Countable assets exclude home, vehicles, personal possessions, life insurance, burial plots, irrevocable burial contracts, and back payments from Social Security or SSI.	For information about eligibility, contact your State Health Insurance Counseling and Assistance Program (SHIP). The SHIP offers free help with your Medicare questions. To find your state SHIP program, visit https://www.shiptacenter.org.
☐ **I get:** **Medicare Savings Programs**	Your combined savings, investments, and other countable assets cannot be more than: ▪ $10,930, if you are married and living with your spouse ▪ $7,280 if you are not currently married or not living with your spouse Countable assets exclude your home, one vehicle, burial plot, up to $1,500 for burial expenses if you have put that money aside, furniture, and other household and personal items.[24] Some states have higher or no asset limits.	For information about eligibility, contact your State Health Insurance Counseling and Assistance Program (SHIP). The SHIP offers free help with your Medicare questions. To find your state SHIP program, visit https://www.shiptacenter.org.

[23] See "Understanding the Extra Help with Your Medicare Prescription Drug Plan" from the Social Security Administration at https://www.ssa.gov/pubs/EN-05-10508.pdf.

[24] See https://www.medicare.gov/your-medicare-costs/help-paying-costs/medicare-savings-program/medicare-savings-programs.html#collapse-2624.

Tool 3:

Finding a safe place for savings

Setting money aside can be hard. It often means you have to cut back on spending or you might have to find a way to earn more income. Once you have set money aside, you need to find a safe place to store that money. Even though it has some drawbacks, for some, a secret place in their home may feel like a safe place. For others, it may be an account in a bank or credit union.

If you do not know where to put your money or want to make sure the place you have chosen is safe, think about the benefits and risks of each option below. Some benefits and risks are listed to help you get started.

Safe place to keep your money	Benefits	Risks	Other important information
A secret place in your home	No costs to maintain it Easy to access Convenient	Can be lost, stolen or destroyed in a fire or natural disaster Might put you at risk of a home invasion crime	
With a family member or friend	No costs to maintain it	Can be lost, stolen or destroyed in a fire or natural disaster Might put your friend or family member at risk of a home invasion crime May put your money at risk if your friend of family member betrays your trust	

Safe place to keep your money	Benefits	Risks	Other important information
On a prepaid card	Easy to access Convenient No bank or credit union account needed	May have fees for activation, loading funds, using the card, etc. May not have the same protections from loss or theft as a bank account if your card or account information is lost or stolen	Check the card agreement to ensure that you understand the fees and whether you have protection from loss or theft Report loss, theft, or wrong charges right away to the card provider
In a federally insured savings, checking, or share account	If the institution is federally insured, up to $250,000 per depositor is protected Unlike cash, the money cannot be lost, stolen, or destroyed in a fire or other disaster You can generally get it back if someone steals it by using your ATM or debit card	May be charged fees if you do not follow the rules for the account, such as having to keep a minimum balance to avoid a monthly fee	You may not be able to open an account for a period of time if you have had an account closed because of unpaid account fees and debts in the last five years Be sure you understand any monthly fees and other fees
U.S. Savings Bonds	The money cannot be lost or destroyed in a fire or other disaster. If you have a paper bond, the funds can still be recovered	You lose some of the interest if you cash the bond before it matures More difficult to access if you need the money right away	

Based on this information, the best place for me to keep my savings is:

____.

Tool 4:

Increasing your income through tax credits

Tax credits can make a big difference. They may give you a refund that can be saved for emergencies or unexpected expenses, set aside for annual expenses (back to school or holiday shopping), used to pay down debts, and more. This tool covers two common tax credits, the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC).

Note: Starting in 2017 the IRS will be required to do additional verification of information on tax returns claiming the EITC and the CTC. This may cause some delay in the receipt of refunds which include these tax credits.[25]

Consider visiting a Volunteer Income Tax Assistance (VITA) program to file your taxes and make a plan to use your tax refund. The IRS trains the volunteers, and getting your taxes done doesn't cost you anything. This preserves your income and can make a big difference in your ability to start and fund your savings or pay your bills and expenses. Find one at http://irs.treasury.gov/freetaxprep or call 800-906-9887.

Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is a benefit for working people who have low- to moderate-income. Your tax refund is based on your income and filing status.

For the 2017 tax season, the following income limits apply for the EITC:[26]

[25] For more information go to https://www.irs.gov/for-tax-pros/new-federal-tax-law-may-affect-some-refunds-filed-in-early-2017.

[26] See https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-income-limits-maximum-credit-amounts-next-year.

Household size	Income limit if filing as single, head of household, or qualified widower	Income limit if married filing jointly	Maximum tax credit
Three or more qualifying children	$47,955	$53,505	$6,318
Two qualifying children	$44,648	$50,198	$5,616
One qualifying child	$39,296	$44,846	$3,400
No qualifying children	$14,880	$20,430	$510

Also, **investment income** must be $3,400 or less for the year.

This information changes every year. To make sure you have the most current information, visit: https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/eitc-income-limits-maximum-credit-amounts-next-year.

Your kids are "qualifying children" if:[27]

- They have a social security number that is valid for future employment.
- They have lived in the U.S. with you (or your spouse if married filing jointly) for more than half of the year.
- They are under age 19 or under age 24 if they are a full-time student or are "permanently and totally disabled."
- They are your son, daughter, adopted child, stepchild, foster child or a descendent of any of them such as your grandchild, brother, sister, half-brother, half-sister, step brother, step sister or a descendant of any of them such as a niece or nephew

[27] See http://www.irs.gov/Credits-&-Deductions/Individuals/Earned-Income-Tax-Credit/Qualifying-Child-Rules.

If you do not have any qualifying children, you may still be entitled to the Earned Income Tax Credit if you are between ages of 25 and 65, live in the U.S. for at least half of the year, and do not qualify as a dependent for anyone else.

Child Tax Credit

The Child Tax Credit reduces the taxes you owe by up to $1,000 for each qualifying child under the age of 17 who meets each of the following tests:[28] To make sure you have the most current information https://www.irs.gov/publications/p972/ar02.html

Your kids are qualifying children if:

- They are a U.S. citizen, a U.S. national, or a U.S. resident alien.
- They lived with you for more than half of 2015,
- They did not file a joint return for the year (or files it only to claim a refund of withheld income tax or estimated tax paid),
- They did not provide over half of his or her own support for 2015,
- They are under age 17 at the end of 2015,
- They are your son, daughter, adopted child, stepchild, foster child or a descendent of any of them such as your grandchild, brother, sister, half-brother, half-sister, step brother, step sister or a descendant of any of them such as a niece or nephew.

If the amount of your Child Tax Credit is greater than the amount of income tax you owe, you may be able to claim the Additional Child Tax Credit. The Child Tax Credit phases out if your adjusted gross income exceeds the following:

- $110,000 if married filing jointly
- $75,000 if single, head of household, or qualifying widower
- $55,000 if married filing separately

[28] See http://www.irs.gov/uac/Ten-Facts-about-the-Child-Tax-Credit.