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OFFICE OF FINANCIAL AND INSURANCE SERVICES  
DEPARTMENT OF LABOR & ECONOMIC GROWTH  
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COMMISSIONER

**DATE:** November 18, 2005

**LETTER NO.:** 2005-CU-17

**TO:** The Board of Directors and Management of Michigan State-Chartered Credit Unions

**SUBJECT:** Earned Income Tax Credit (EITC)

As you know, there are several state and federal tax credits offered to low wage earners. One specific example is the Earned Income Tax Credit (EITC), which is a refundable federal tax credit. The EITC has become a very important tool that helps working families maintain economic stability and security.

Unfortunately, many Michigan families who qualify for the EITC and other state and federal tax credits don't file for them. For example, in 2002 at least \$400 million went unclaimed by Michigan workers. The credits can be substantial—these refunds can put as much as \$4,200 in the hands of eligible households with children. I think its appalling, particularly in difficult economic times, that working families have failed to file for refunds that would put literally thousands of dollars in their pockets. This is money that should be circulating in communities across the state.

OFIS and the Michigan Credit Union League (MCUL) have worked together on the Community Reinvestment Initiative (CRI) to identify ways to provide working families that qualify for tax credits with the tools that they need to file these returns. The CRI taskforce has sponsored an initiative called "Just file it! We'll help!" that provides working families with free resources to complete state and federal income tax returns. This initiative specifically provides eligible persons access to a Web-based software tool that will permit them to file for both federal, and state income tax credits and refunds. When paired with EITC refunds, the state credits can as much as double a filer's return.

For these initiatives to succeed, Michigan credit unions will need to make it a priority to identify which members qualify for, but haven't filed for the credit, and then provide them with filing assistance. This represents an opportunity to provide a high-impact member service for relatively little investment.

Those wishing to participate in these projects have a variety of options. Some credit unions may disseminate information through their website or statement stuffers. Others may set up lobby stations for members to fill out and submit EITC and other forms right in the credit union. Regardless of how your credit union participates, I hope that you will consider incorporating some sort of state and federal tax credit outreach into your future member service plans. I can think of few programs that would provide as much immediate benefit to your members.

Sincerely,

Linda A. Watters  
Commissioner