

# United Way Financial Stability Partnership™ FastFacts

step 2: Build Savings

## Split Refunds

### What Is It

Beginning in 2007, the Internal Revenue Service (IRS) will institute a new procedure to allow taxfilers to deposit their refund into as many as three bank accounts. This procedure, called refund splitting, will enable individuals and families to use their tax return to build savings by splitting it between their checking, savings and/or retirement accounts. Taxpayers simply designate the accounts and the portion of their tax refund that they want in each account by completing IRS Form 8888.

### Why Is It Important

The tax refund is often the largest sum of money that many low- to moderate-income tax filers (LMI) receive all year. With appropriate marketing, this simple procedural change could encourage millions more Americans to save.

### The Role of United Way

United Way of America partnered with Doorways to Dreams Fund (D2D) and the National Community Tax Coalition to publish *Build Savings at Tax Time: A Guide to Split Refunds*. The Guide provides information on refund splitting procedures, appropriate marketing and messaging for free tax preparation clients, integrating split refunds into VITA site operations, training volunteer tax preparers, and partnering with financial institutions. With appropriate marketing, this simple procedural change could encourage millions more of Americans to save.

Many United Ways are promoting the use of split refunds as a savings strategy by engaging their community partners from the private, non-profit, and public sectors. By coordinating the marketing efforts of a diverse group of community stakeholders, United Ways are increasing the number of lower-income workers that are impacted by the message.

### Resources

- D2D Fund's website serves as a clearinghouse for refund splitting information and resources: <http://www.splitrefunds.net/>
- The National Community Tax Coalition website has tools and resources to engage your community in refund splitting and connect refund splitting to financial stability efforts: <http://www.tax-coalition.org/oct2006presentations.cfm>
- See the Internal Revenue Service's (IRS) draft Form 8888: <http://www.irs.gov/formspubs/lists/o,,id=97817,00.html>  
Select 'Form 8888'

### For More Information

For more information about United Way's Financial Stability Partnership™, and financial stability strategies, visit the Knowledge Café at <http://online.unitedway.org/café>, join the financial stability listserv or send an email to [fsp@uwa.unitedway.org](mailto:fsp@uwa.unitedway.org).