

January 2007



Center for Siouxland  
*Assistance, Information & Direction*

**Center For Siouxland**

## Center For Consumer Credit Counseling

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### Get Back on Track After the Holidays!

If you feel like you have overspent during the holiday season and need help getting back on track, contact your counselor to review your budget. Establishing a budget can keep you on track for the new year, and prevent you from falling into pitfalls such as overspending. Also staying on your budget can help you to avoid having to fall back on predatory loans such as payday loans, title loans, or refund anticipation loans. We are here to help you reach your financial goals. Please contact us for assistance.

### Attention Automatic Withdrawal Clients

If your payment is pulled from your account on the 30th, please notice that in the month of February your payment will be pulled on the 28th due to the fact that there are only 28 days in the month of February. If you need your ACH pull stopped for that month, please notify our office by February 21st. If you do not give our office sufficient notice you will have to incur any fees imposed on your by your bank.



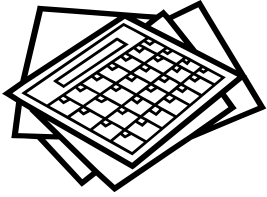
### WEATHER RELATED OFFICE CLOSINGS

If there is bad weather, and you are unsure if we are open or not, please follow the Sioux City School systems closing schedule.

For example: if Sioux City Schools have a 2 hour late start, our office will be opening 2 hours late. If you are unsure if we are open during bad weather, please call ahead to insure that someone is here.

If you are planning on attending CWCID and you and your are unsure if it will be held due to weather conditions.



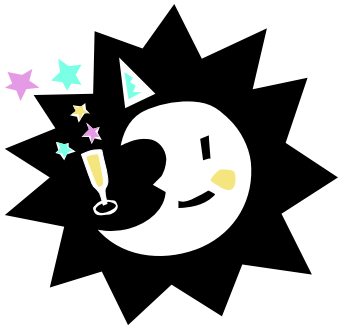


### Dates to Remember

\* **CCCC is closed every Thursday from 9:00—10:00. CCCC is closed from 9:00—10:00 January 24th..**

\* **CWCID Module 3, January 22nd, 10:00—11:00 and 5:30—6:30.**

\* **CCCC will be closed January 1st.**



CCCC wishes you a safe and happy new year!

# CONSUMER ADVISORY

January 2007

By Attorney General Tom Miller

## Rapid Tax-Refund Loans

A very costly way to gain just a few days on tax refunds

It's tax season, and tax preparers may invite you to get a "Refund Anticipation Loan" or "RAL" – a loan borrowed against the expected tax refund. Such a loan may come a few days faster than the refund – but *you pay extremely high fees to borrow your own money.*

Remember, a "Refund Anticipation Loan" is just that – a very short-term loan, secured by your expected tax refund, arranged by a tax preparer through a bank. You pay finance charges (and, most often, tax-preparation charges as well.) The loan is repaid when the IRS sends your full refund to the bank.

Refund anticipation loans are expensive. According to a report in 2005 by the Consumer Federation of America and the National Consumer Law Center, the loans cost about \$29 to \$120, depending on the size of the refund. That means the interest rate on "RAL" loans could range from about 40% to over 700% APR (annual percentage rate of interest.) That's a bad bargain for an "advance" of just 7 to 10 days.

### Consumers need to ask tough questions:

**"How much will I pay for the loan?"** An average refund is about \$2150, with a typical finance charge of \$100 for a refund anticipation loan -- a 178% APR. Fees for tax preparation, electronic filing, or check-cashing can double or triple that cost.

**"What does the fee buy me?"** An RAL loan gets your refund to you in 1-4 days, compared to just 7-10 days if by ordinary electronic refund deposit to your bank.

Beware of the new "pay stub RALs" or "holiday RALs." Pay stub RALs are offered earlier than traditional RALs before a taxpayer receives a W-2. The loans are based on a taxpayer's latest pay stub which indicates his estimated tax return. However, the estimated amount may not reflect pre-tax retirement deductions, or money withheld for child support or taxes. The taxpayer will have to pay the full amount estimated on the pay stub whether or not the refund is large enough to cover the cost of the loan and fees. Pay stub RAL fees can be as high as other RALs.

Be a smart "consumer" in seeking your refund. For more information, contact the Attorney General's Consumer Protection Division, Hoover Building, Des Moines, IA 50319. Call 515-281-5926, or 888-777-4590 toll-free. On the Web: [www.iowaAttorneyGeneral.org](http://www.iowaAttorneyGeneral.org) In February, a list of "Volunteer Income Tax Assistance" sites and a list of "Tax Counseling for the Elderly" sites in Iowa will be available at [www.iowaAttorneyGeneral.org](http://www.iowaAttorneyGeneral.org).