

## Helping the Working Poor

### ASSIST WORKING FAMILIES TO ACHIEVE GREATER SELF-SUFFICIENCY AND RECEIVE A TAX CREDIT

Valley of the Sun United Way's *Helping the Working Poor* fund helps provide job-skills training, affordable childcare, educational opportunities and more to the working poor in our community.

These are individuals and families with low wage jobs that just can't make ends meet. By investing a portion of your United Way contribution in *Helping the Working Poor*, you help provide the means to increase self-sufficiency, and, you could receive an Arizona state tax credit of up to \$400.\*

In order to take advantage of the *Helping the Working Poor* state tax credit, you must:

- Itemize your charitable contributions
- Direct up to \$400\* to United Way's *Helping the Working Poor* fund
- Provide your name, home address and phone number on your pledge card in order to receive an acknowledgement for your tax records

For more information about United Way's *Financial Stability/Helping the Working Poor* and the State of Arizona tax credit, call 602.631.4800.

\*Arizona State Income Tax credits of between \$200 and \$400 are available based on your income tax filing status. Valley of the Sun United Way is not a tax advisor. As with any financial recommendation, contact a qualified tax professional for expert advice on your specific tax situation.



### HELPING THE WORKING POOR IN OUR COMMUNITY

In Arizona, 32 percent of families are low-income and 20 percent of children live in poverty. Children who live in poverty are twice as likely to repeat a grade in school and twice as likely to drop out before completing high school.

### SEEING RESULTS

In 2008, Valley of the Sun United Way-supported agencies assisted 2,312 individuals in obtaining employment and another 3,126 individuals by increasing their incomes through the support of the Helping the Working Poor Fund.

**Q.** *What's the difference between a tax credit and a tax deduction?*

**A.** A tax deduction is an item that helps determine what your final tax liability will be. A tax credit is applied as a reduction to your final tax liability. In this case, a tax credit comes right off the top of your state tax bill, lowering the amount of money that you will pay.

**Q.** *How does my gift to United Way qualify for the state tax credit?*

**A.** Valley of the Sun United Way established and certified the *Helping the Working Poor* fund as a qualifying charitable organization with the State of Arizona in order to provide the tax credit benefit to our donors. In order to take advantage of this benefit, you must direct a portion of your gift—up to \$400\*—to the *Helping the Working Poor* fund or other qualifying organization. The legislation specifies that eligible organizations spend at least 50% of their budget on basic needs to residents of Arizona and must be certified by the State of Arizona.

**Q.** *How are Helping the Working Poor funds invested in our community?*

**A.** Trained volunteers, knowledgeable about the needs in our community, carefully invest your contribution in programs that provide a comprehensive set of services to the working poor. Funded programs help needy families achieve a higher level of self-sufficiency by providing job-skills training, education, affordable childcare, medical care, food, clothing and shelter.

**Q.** *What happens if I don't owe taxes at the end of the year?*

**A.** The *Helping the Working Poor* tax credit reduces your overall state tax liability and is not impacted by your tax withholdings during the course of the year. If you withheld more than what you owed, the credit will result in an increase in your state tax refund.

**Q.** *How do I document my contribution?*

**A.** Valley of the Sun United Way will send you a letter confirming your contribution to the *Helping the Working Poor*. This letter documents your contribution and is necessary to support your tax credit. Payroll deductions also require a pay stub receipt. Please make sure you include your name and home address on your United Way Pledge Form.

**Q.** *How do I file for the credit?*

**A.** There is a simple form (AZ Form 321) that is included with your state tax filing that you or your accountant will complete. The form is included with materials provided by the State of Arizona to all state tax filers.

**Q.** *Should I designate all of my United Way contribution to the Helping the Working Poor Fund?*

**A.** You have a right to choose where your contribution goes. However, Valley of the Sun United Way recommends that you consider giving the increased amount of your gift to the *Helping the Working Poor* fund, while continuing to invest in Results That Matter, our Community Fund. This way, you help provide solutions to the most critical human care needs in the Valley while receiving the benefits of the tax credit.

### **Important Note to Donors:**

United Way is not a tax advisor. As with any financial recommendation, contact a qualified tax advisor for expert advice on your specific tax situation.