Module 6: Income, Benefits & Public Resources

Income, Benefits & Public Resources

Knowing what help is available — and how to get it — can change your financial life.

Money is complicated. The system of programs, tax credits, and community resources designed to help people is even more complicated — so much so that billions of dollars in benefits go unclaimed every year simply because people do not know they qualify. This lesson is here to change that. We will walk through the major government assistance programs, little-known tax credits, ways to file your taxes for free, strategies for earning extra income, student loan relief options, and local community resources.

What You Will Learn in This Lesson

- ✓ The key government assistance programs: SNAP, Medicaid, CHIP, WIC, LIHEAP, and housing assistance
- ✓ The Earned Income Tax Credit (EITC) — one of the most valuable and under-claimed benefits available
- ✓ Free tax filing options (VITA and IRS Free File) and how to leverage your refund
- ✓ How side income and gig work affects your taxes — and the deductions available to you
- ✓ Income-driven repayment for student loans and public service forgiveness programs
- ✓ Community resources: food banks, utility assistance, and nonprofit credit counseling

Section 1: Government Assistance Programs

The federal and state governments run several programs designed to help people and families meet basic needs. These programs are funded by tax dollars and are available to those who meet certain income and household requirements. There is no shame in using them — they exist specifically for this purpose.

SNAP — Supplemental Nutrition Assistance Program

📖 **SNAP (Supplemental Nutrition Assistance Program):** Provides monthly funds loaded onto an EBT card (Electronic Benefits Transfer card — similar to a debit card) that can be used to buy groceries at most stores. Sometimes still called "food stamps."

Who it helps: Individuals and families with low or moderate incomes. Eligibility is based on household size and income. As of 2024, a family of three can generally qualify if their gross monthly income is below roughly $2,311.

How to apply: Visit your state's SNAP website or local Department of Social Services office. Many states now allow online applications. Search "SNAP apply [your state]" to find your state's portal.

> **Good to Know**
> SNAP benefits are not counted as income and do not affect most other benefits. If you already receive certain other assistance, like SSI (Supplemental Security Income), you may automatically qualify for SNAP.

Medicaid — Free or Low-Cost Health Coverage

What it is: Medicaid is a government health insurance program for people with low incomes. It covers doctor visits, hospital care, prescriptions, mental health services, and more — often with little to no cost to you.

Who it helps: Eligibility varies by state, but generally includes low-income adults, children, pregnant women, elderly individuals, and people with disabilities. The Affordable Care Act expanded Medicaid in most states to cover single adults earning up to 138% of the federal poverty level.

How to apply: Apply through your state Medicaid agency or through the Health Insurance Marketplace at Healthcare.gov.

CHIP — Children's Health Insurance Program

> **CHIP (Children's Health Insurance Program):** Provides low-cost health coverage to children in families that earn too much to qualify for Medicaid but cannot afford private insurance. Available for children under 19 in families meeting income guidelines. Many states also cover pregnant women through CHIP.

How to apply: Apply through your state's Medicaid/CHIP agency or at InsureKidsNow.gov.

> **Did You Know?**
> Nearly 1 in 3 Americans qualify for Medicaid or CHIP but are not enrolled. Even if you have been rejected before, income limits and rules change. It is worth reapplying if your situation has changed.

WIC — Women, Infants, and Children

What it is: WIC provides nutritious foods, nutrition education, breastfeeding support, and healthcare referrals to pregnant women, new mothers, infants, and young children up to age 5.

Who it helps: Pregnant women, women who recently gave birth or are breastfeeding, and young children who meet income guidelines and are determined to be at nutritional risk.

How to apply: Find your local WIC clinic through your state health department. Most areas have WIC offices in health departments, hospitals, or community centers.

LIHEAP — Low Income Home Energy Assistance Program

> **LIHEAP (Low Income Home Energy Assistance Program):** Helps low-income households pay their heating and cooling bills. It can also help with energy-related emergencies and weatherization — making your home more energy efficient.

Who it helps: Households with low incomes who spend a high portion of their income on energy costs. Funds are limited and distributed first-come, first-served — apply early in the heating/cooling season.

How to apply: Search "LIHEAP apply [your state]" or call 1-866-674-6327.

Housing Assistance

The federal government offers several types of housing help:

- Section 8 / Housing Choice Vouchers: Helps low-income families afford private rental housing by paying a portion of rent directly to landlords. Apply through your local Public Housing Agency (PHA). Warning: waitlists can be very long — sometimes years. Apply as soon as possible.
- Public Housing: Government-owned apartments offered at reduced rent to eligible low-income families and individuals. Also administered by local PHAs.
- Emergency Rental Assistance: Many states and counties have programs to help people facing eviction. Search "emergency rental assistance [your county or city]."

> **Action Step**
> To find all benefits you may qualify for in one place, visit Benefits.gov or call 211 (a free helpline that connects you to local social services). You can also use the online screener at BenefitsCheckUp.org.

Section 2: The Earned Income Tax Credit (EITC)

The Earned Income Tax Credit — or EITC — is one of the most powerful financial tools available to working people with low to moderate incomes. Yet the IRS estimates that about 1 in 5 eligible taxpayers never claims it.

What Is the EITC?

> **EITC (Earned Income Tax Credit):** A refundable tax credit for working people with low to moderate incomes. "Refundable" means that even if you do not owe any taxes at all, you can still receive the credit as a refund check. In plain terms: the government sends you money.

For tax year 2024, the EITC can be worth up to $7,830 if you have three or more qualifying children. Even workers without children can receive up to $632.

Who Qualifies?

- You worked and earned income (wages, salary, or self-employment income)
- Your income falls below certain limits based on family size (for 2024, roughly under $66,819 for a family with three or more children)
- You have a valid Social Security number
- You are a U.S. citizen or resident alien

> ⚠ **Important Note**
> You must FILE a tax return to claim the EITC — even if your income is low enough that you would not normally need to file. Many people miss this credit simply because they assume they do not need to file taxes.

How to Claim It

The EITC is claimed on your federal tax return (Form 1040). Many free tax filing services will automatically calculate and apply it for you. See Section 3 for free filing options.

Section 3: Free Tax Filing — and Making the Most of Your Refund

VITA — Volunteer Income Tax Assistance

> **VITA (Volunteer Income Tax Assistance):** IRS-certified tax preparation centers staffed by trained volunteers. They prepare your taxes for FREE if you generally make $67,000 or less per year. Services are also available for people with disabilities and those who speak limited English.

To find a VITA site near you, visit IRS.gov/VITA or call 1-800-906-9887.

IRS Free File

If your income is $79,000 or less, you can file your federal taxes for free online using brand-name tax software through the IRS Free File program at IRS.gov/freefile. Some partner companies also offer free state filing.

Using Your Tax Refund Wisely

If you receive a refund — especially a large one from the EITC — here are smart ways to use it:

- Build a starter emergency fund: Even $500–$1,000 in a savings account can protect you from going into debt when an unexpected expense hits.
- Pay down high-interest debt: If you have credit card debt or payday loans, paying those down gives you an immediate guaranteed "return" equal to the interest rate you are no longer paying.
- Catch up on past-due bills: Housing, utilities, and medical bills that have fallen behind.
- Split your refund: The IRS allows you to split your refund and direct part of it into a savings account. You can even use it to buy U.S. Savings Bonds (Series I Bonds) directly.

> **Pro Tip**
> Avoid refund anticipation loans offered by commercial tax preparers. These are high-fee loans against your expected refund. With free filing and direct deposit, you can typically receive your refund in 1–2 weeks without paying any fees.

Section 4: Side Income — and How It Affects Your Taxes

Many people earn extra money through gig work (driving for a rideshare company, delivering food), selling items online, providing childcare, or other informal work. This can be a smart way to increase your income — but it comes with tax responsibilities you should understand.

How Side Income Is Taxed Differently

When you work a regular job, your employer withholds taxes from your paycheck automatically. With side income, that does not happen. You are responsible for tracking and paying taxes yourself.

- You must report all income, even if you were paid in cash.
- If you earn $400 or more from self-employment or gig work in a year, you must file a tax return and pay self-employment tax (which covers Social Security and Medicare contributions).
- You may need to pay quarterly estimated taxes if you expect to owe $1,000 or more when you file. The IRS charges penalties for underpayment.

The Silver Lining: Business Deductions

As a self-employed person or gig worker, you can deduct legitimate business expenses from your income, which reduces how much you owe in taxes. Common deductions include:

- Mileage if you drive for work (keep a mileage log)
- A portion of your phone bill if you use it for work
- Supplies, equipment, or materials used for your work
- A portion of home internet if used for work

> 💡 **Keep Records**
> Save receipts and track your income and expenses throughout the year. A simple spreadsheet or free app like Wave or QuickBooks Self-Employed can help. Good records mean fewer surprises at tax time and a lower tax bill.

Childcare Income

If you babysit, run an informal daycare, or provide childcare for neighbors or family, that income is taxable. However, you may be able to deduct many expenses. Becoming a licensed family childcare provider may also make you eligible for the Child and Dependent Care Tax Credit.

Section 5: Student Loan Relief — Income-Driven Plans and Forgiveness

If you have federal student loans, you have options that many borrowers do not know about. The U.S. Department of Education offers repayment plans that tie your monthly payment to what you actually earn, and programs that can forgive remaining debt after a certain number of years.

Income-Driven Repayment (IDR) Plans

> 📖 **Income-Driven Repayment (IDR):** A federal student loan repayment plan that sets your monthly payment as a percentage of your discretionary income — roughly what you earn above a basic living threshold. If your income is very low, your payment could be $0 per month.

- Plans include SAVE (the newest and often most affordable), PAYE, IBR, and ICR.
- After 20 to 25 years of qualifying payments (depending on the plan), any remaining balance is forgiven.
- To enroll, go to StudentAid.gov and use the Loan Simulator tool. You can apply for IDR online for free.

Public Service Loan Forgiveness (PSLF)

If you work for a government agency (federal, state, or local) or a qualifying nonprofit organization, you may be eligible for PSLF. After 10 years of qualifying employment and 120 qualifying payments, your remaining federal student loan balance is forgiven — tax-free.

This includes teachers, nurses, social workers, firefighters, public defenders, and many others. Check eligibility and submit an employer certification form at StudentAid.gov/PSLF.

Key Reminder

These programs only apply to federal student loans, not private loans. If you are unsure what type of loans you have, log in to StudentAid.gov with your FSA ID to see your loan history.

Section 6: Community Resources — Help Close to Home

Beyond government programs, communities across the country offer a wide range of free and low-cost resources. Using them is a sign of financial intelligence, not weakness.

Food Banks and Pantries

Food banks and local food pantries distribute free groceries, canned goods, fresh produce, and sometimes prepared meals to anyone in need. Most do not require proof of income or any documentation.

- Visit Feeding America's food bank locator at FeedingAmerica.org/find-your-local-foodbank
- Call 211 (a free, nationwide helpline) and say "food assistance"
- Search "food pantry near me" on any search engine or Google Maps

Utility Assistance

In addition to LIHEAP, many local utility companies offer their own hardship programs, budget billing options, or emergency assistance funds. Contact your electric, gas, or water company directly and ask about:

- Low-income discount programs
- Emergency assistance funds (often donated by other customers)
- Budget billing (spreading annual costs evenly across months to avoid high winter/summer bills)

Nonprofit Credit Counseling

If you are struggling with debt, nonprofit credit counseling agencies offer free or low-cost help. They can review your budget, negotiate with creditors on your behalf, and set up a Debt Management Plan (DMP) that consolidates your payments at reduced interest rates.

Look for agencies accredited by the NFCC (National Foundation for Credit Counseling) at NFCC.org, or by the FCAA (Financial Counseling Association of America) at FCAA.org. Be cautious of for-profit "debt settlement" companies, which can charge high fees and damage your credit.

211 — Your Local Resource Hotline

Dialing 211 connects you to a trained specialist who can help you find local resources for food, housing, utility bills, healthcare, childcare, and more. It is free, confidential, and available in most areas 24/7. You can also visit 211.org.

Section 7: Your Benefits Eligibility Worksheet

Use this worksheet to track which programs you may qualify for and take your first step toward applying.

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My Benefits Eligibility Tracker

Check each program you may qualify for. Visit Benefits.gov or call 211 for personalized help. Applying costs nothing.

Government Assistance Programs

Program	Who It Helps	How to Apply	My Status
SNAP	Low/moderate income households	benefits.gov or local DSS	[ ] Applied [ ] Enrolled [ ] N/A
Medicaid	Low-income adults & families	Healthcare.gov or state agency	[ ] Applied [ ] Enrolled [ ] N/A
CHIP	Children under 19	InsureKidsNow.gov	[ ] Applied [ ] Enrolled [ ] N/A
WIC	Pregnant women, infants, children under 5	Local WIC clinic	[ ] Applied [ ] Enrolled [ ] N/A
LIHEAP	Help with heating/cooling bills	State LIHEAP office or 211	[ ] Applied [ ] Enrolled [ ] N/A
Section 8	Rental housing assistance	Local Public Housing Agency	[ ] Applied [ ] On waitlist [ ] N/A

Tax Credits — File a Return to Claim These

Credit	2024 Maximum	Who Qualifies	My Status
EITC (3+ children)	$7,830	Earned income below ~$66,819	[ ] Will claim [ ] N/A
EITC (no children)	$632	Earned income, age 25–64	[ ] Will claim [ ] N/A
Child Tax Credit	Up to $2,000/child	Children under 17	[ ] Will claim [ ] N/A

Free Tax Filing Options

- ☐ VITA (Free in-person filing if income ≤$67,000): IRS.gov/VITA or call 1-800-906-9887
- ☐ IRS Free File (Online, income ≤$79,000): IRS.gov/freefile
- ☐ I will NOT use a commercial tax preparer that charges fees or offers refund anticipation loans

Student Loans — Federal Loans Only

Do I have federal student loans? YES / NO ____________________

Log in at StudentAid.gov to verify ____________________

- ☐ Used the Loan Simulator at StudentAid.gov to find my best repayment plan
- ☐ Applied for or enrolled in an Income-Driven Repayment (IDR) plan
- ☐ Checked eligibility for Public Service Loan Forgiveness (PSLF) at StudentAid.gov/PSLF

My #1 Next Step

The benefit or credit I will apply for first: ____________________

Target date: ____________________

Lesson Summary

- SNAP, Medicaid, CHIP, WIC, LIHEAP, and housing assistance programs are funded specifically to help working people — applying for them is responsible, not shameful.
- The EITC is one of the most valuable financial benefits available — worth up to $7,830 — but you must file a tax return to claim it.
- VITA sites prepare your taxes for free if you earn $67,000 or less. IRS Free File is available online up to $79,000. Never pay for a refund anticipation loan.
- Side income and gig work must be reported and can be taxed — but also generates legitimate business deductions.
- Federal student loan borrowers can enroll in income-driven repayment plans; payments can be as low as $0. PSLF forgives remaining debt after 10 years of public service work.
- Food banks, utility hardship programs, 211, and nonprofit credit counselors are free resources available in almost every community.

Next Steps and Action Items

Choose one item from this list and take that first step this week. You do not have to do everything at once.

1. Visit Benefits.gov or BenefitsCheckUp.org and complete the benefits screener to identify every program you may qualify for.
2. Find a free VITA tax site near you at IRS.gov/VITA and make an appointment to get your taxes done for free — and claim any EITC you are owed.
3. If you have gig income or side work, start tracking income and expenses now. Set aside 25–30% of what you earn for taxes.
4. Log in to StudentAid.gov to review your federal student loans and use the Loan Simulator to explore income-driven repayment options.
5. Call 211 and describe your situation. They will connect you with resources in your community.
6. If you are struggling with debt, find an NFCC-accredited nonprofit credit counselor at NFCC.org for free or low-cost help.

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