EITC Awareness Day Fact Sheet

Refund Splitting Creates Asset Building Opportunities

Taxpayers have three options for receiving their federal income tax refunds. They can:

1. Choose to split their refunds and direct IRS to deposit the funds into two or three different checking and/or savings accounts
2. Direct deposit their refunds to one account, or
3. Receive a paper check through the mail.

Taxpayers enjoy several benefits by splitting their refunds among their accounts, including:

- ***Speed*** – taxpayers opting for direct deposit have access to their funds at least one week earlier than those receiving their refunds via paper checks.

- ***Safety –*** direct deposit technology sends funds directly to the taxpayer's designated account(s) and avoids the possibility of lost or stolen refund checks.

- ***Choice –*** taxpayers can divide their refunds in any proportion among as many as three checking and/or savings accounts, including: passbook savings, Individual Development Accounts (IDAs), Individual Retirement Accounts (IRAs), Health savings accounts (HSAs), Archer Medical Savings Accounts (MSAs), and Coverdell education savings accounts

- ***Ease –*** Taxpayers simply attach IRS Form 8888, Direct Deposit of Refund to More Than One Account, to their returns designating the accounts and amounts they want deposited.

Taxpayers can exercise their refund splitting option regardless of which tax form they file or whether they file electronically or on paper.

To ensure the funds are deposited as the taxpayer wants, taxpayers should take copies of their financial records that include their account and routing numbers with them for return preparation and double-check the accuracy of account and routing numbers entered on their tax returns.