

Illustrative Case

Joe is a typical worker at a food service company in New York City, supporting himself, his wife, and their 5-year old daughter on a wage of \$12 an hour. But he wastes much of his pay on “fringe financial services” and forgoes big opportunities for more income.

Joe never felt comfortable opening a bank account. So he cashes his paycheck every two weeks, paying a 1.9% fee to his local check casher, and he pays his bills by money order. When times get tight he takes out loans against his future paychecks at sky-high interest rates of 350% effective APR. His check casher also offers a convenient remittance service and he sends

money to family abroad, paying 5% in fees. His paycheck is evaporating before he even spends a dollar on himself, his wife, or his daughter.

Come tax season, Joe is enticed by a discount tax preparation ad that he hears on the radio. They not only file his taxes, but they “give” him a refund anticipation loan as well. He gets his refund money a few weeks early, but he pays a fee of about 4% for it. The tax

Check cashing fees (1.9%)	\$ 475
Money orders (4 per month x 12)	\$ 60
Payday loans (350%, \$980, two weeks, 3x)	\$ 440
Remittance fees (\$1,500 to Chile)	\$ 75
Refund anticipation loan (4%)	\$ 70
Foregone Earned Income Tax Credit	\$3,550
Annual Total	\$4,670

preparer also does not bother to tell him that he’s one of the 20% of eligible workers who do not claim their Earned Income Tax Credit.

Joe is throwing away his pay. We can help him make every dollar go much further.