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THE CHILD SUPPORT NEWSLETTER FOR PARENTS

Starting Off the New Year Right - Financial Responsibility -

Mike Erickson, Policy Specialist, Colorado Division of child Support Enforcement



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The 2012 Colorado Asset Poverty Rate is 28.9%.

Asset Poverty Rate is the percentage of households without sufficient net worth to subsist at the poverty level for three months if the household income ceased.

Source: www.spotlightonpoverty.org

Financial responsibility is a major part of being listed first, with child support at the top of the a parent, especially in view of current economic conditions.

Parents have to consider both the daily welfare and the future of their children along with their own needs and welfare.

If a person has acted to become a parent, either deliberately or accidentally, everything changes when it comes to financial matters and many parents are forced into the position of having to choose between their own desires and wants and the needs of their children.

This can be an especially uncomfortable situation if a parent does not know the child, or only has minimal contact with the child, as often happens in child support situations.

Parents who pay child support have to make some tough decisions, including making the child support payment their number one financial duty. What is the best way for a parent to make sure that happens?

Financial experts agree that one of the more effective tools for achieving financial responsibility is a written budget.

There are numerous free or low cost budget software programs that can be accessed via the internet. If that is not possible, using a simple notebook or folder can be effective too.

When creating the budget, essentials must be

list. Any essentials MUST be paid before anything else.

Items such as cable, alcohol or cigarettes, or other entertainment, while enjoyable and seemingly important, have to take second position.

Even the purchase of automobiles, televisions or appliances may have to be reconsidered, if those monthly payments will cause the payment of child support to suffer.

Parents also should have saving money at the top of their lists. Again, this is far more important than luxuries.

When a disaster such as illness, or home or car repair strikes, a savings account will make it possible to address those situations and still continue to be responsible regarding the payment of child support.

The bottom line is that parents must often sacrifice their own wants and desires to ensure that they are demonstrating responsibility towards their essential financial obligations, particularly, towards the paying of child support.

One place to get free or low cost help with financial responsibility and budgeting is at www.mpowered.colorado.org, a non-profit organization dedicated to improving the financial well-being of Coloradoans.

EITC - Earned Income Tax Credit

A Free Boost to Household Income!

Mike Erickson, Policy Specialist, Colorado Division of Child Support Enforcement

The earned income tax credit (EITC) is a tax credit designed for lower income, working families and individuals.

For qualifying families and individuals, the EITC can increase the amount of a tax refund. Even families or individuals who ordinarily would NOT file an income tax return due to income limits, may now qualify for a refund and will need to file a tax return to receive the EITC and the subsequent refund.

Unfortunately, only 4 out of 5 families who are eligible for this benefit take advantage of it. Please review the following criterion to find out if you qualify for the EITC.

You and your spouse, if married and filing a joint return, must meet all of the following requirements:

- 1. You have a valid Social Security Number.
- You have earned income from employment, self-employment or another source.
- 3. You cannot use the married, filing separate filing status.
- You must be a U.S. citizen or resident alien all year or a nonresident alien married to a U.S. citizen or resident alien and choose to file a joint return and be treated as a resident alien.
- 5. You cannot be the qualifying child of another person.
- 6. You cannot file Form 2555 or 2555-EZ (related to foreign earned income).
- 7. Your adjusted gross Income and earned income must each be less than:
 - 1. \$45,060 (\$50,270 married filing jointly) with 3 or more qualifying children.
 - 2. \$41,952 (\$47,162 married filing jointly) with 2 qualifying children.
 - 3. \$36,920 (\$42,130 married filing jointly) with 1qualifying child.
 - 4. \$13,980 (\$19,190 married filing jointly) with 0 qualifying children.

8. Your investment income must meet or be less than \$3,200 for the year.

After you meet the EITC rules for everyone, you must also meet the rules for either workers without a qualifying child or have a child that meets the qualifying child rules.

The qualifying child rules are:

- Relationship Test: The child must be related to you by birth, marriage, adoption, or foster arrangement.
- Age Test: The child must be age 18 or younger at the end of the year, or the child must be age 23 or younger and a full-time student.
- Residency Test: The child must live with you for more than half the year and must live with you in the United States.
- Joint return test: The child claimed for the earned income credit cannot file a joint return with his or her spouse.
- The child must have a valid Social Security Number. If your child does not have a valid Social Security Number, then you cannot claim the child for the EITC.

For a complete list of rules, or to apply for the EITC, or to find out if you are eligible for the EITC go to the Internal Revenue Service Web site at www.IRS.gov, click on "Earned Income Tax Credit Rules for Everyone", and then click on the online EITC Assistant web tool in either English or Spanish.

The same section also provides information on special rules for members of the military, ministers and other members of the clergy, persons receiving disability, and persons who are impacted by disasters.

This is the last year that more than two dependents will be allowed. As of 2013, the EITC will max out at two dependents, so make sure that you take advantage of this benefit this year.

The I.R.S. Volunteer Income Tax
Assistance program (VITA) offers free tax preparation help to qualifying individuals and families.



The assistance is free to people with income of \$50,000 or less.

I.R.S. certified volunteers provide free basic income tax preparation for those who qualify.

To find a VITA site or for assistance with questions, call 800-906-9887.

CHILD SUPPORT NEW YEAR'S RESOLUTIONS FOR:

PARENTS WHO **PAY** SUPPORT and PARENTS WHO **RECEIVE** SUPPORT

Mike Erickson - Enforcement Policy Specialist - Colorado Division of Child Support Enforcement

1. I resolve to become my own advocate.

Becoming your own advocate means taking the initiative to understand the laws that require the payment of child support, that explain how child support is calculated, that explain how paternity is established, that explain how child support is enforced. It also means asking questions if you do not understand the provisions of a support order. It also could mean talking to your elected representative about laws that you believe are unfair or improper and working to change those laws. And, it means proactively working with your child support case manager to ensure that your support payments are set at the correct level.

2. I resolve to start using a common sense approach to support.

Using a common sense approach means understanding the relationship between finances and children and asking yourself tough questions such as: Can I afford another child right now? Can I afford this television/truck/sound system and still pay support? Can I stay in a job I dislike, if it means being able to support my children? A common sense approach also could mean recognizing and accepting the unchangeable and structuring your life around that knowledge.

3. I resolve to pay off my arrears/delinquency balance.

Arrears balances can last for a long time. They can comprise money owed to the State for public assistance that supported a child or they can be money owed to the person who had primary care of a child. Arrears balances cause tax refunds to be intercepted, lottery and gambling winnings to be intercepted, bank accounts to be seized, passports to be denied and liens to be placed on property. By working hard to get these arrears paid off, people will be able to experience a great deal more simplicity and freedom in their lives. It is a good idea to contact your child support case manager to find out if any special programs exist for the forgiveness of all or part of your child

support arrears. It's also important to remember that regular payment of support prevents arrears from happening in the first place and then subsequently growing larger.

4. I resolve to work with my child support case manager.

This means ensuring that your case manager always has your latest contact information; both telephone and address. This includes always responding to telephone calls or letters from your case manager and always reporting a change in your circumstances. It means complying with requests for information.

5. I resolve to help make sure that my children have a good relationship with their other parent.

Parenting time is important to all children and all parents, but is totally separate from the payment of support. There is no basis for responding to lack of support payments by withholding parenting time. By the same token, there is no basis to withhold support payments if parenting time is barred. Regular payment of support helps both parents to foster a strong relationship with the child by providing life's necessities: A safe home, food, clothing, school supplies, and medical care.



"Every word, facial expression, gesture, or action on the part of a parent gives the child some message about self-worth. It is sad that so many parents don't realize what messages they are sending." Virginia Satir, Psychotherapist and family therapy pioneer.

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See us at:

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Submit questions or comments to Mary Clair at either 303-866-4455 or mary.clair@state.co.us

CHANGES FOR SUPPORT **PAYMENTS COLLECTED VIA** AN INCOME WITHHOLDING ORDER



Mike Erickson, Policy Specialist, Colorado Division of Child Support Enforcement

The Colorado Family Support Registry was established by Colorado law in response to Federal laws requiring that states create and maintain a central disbursement entity to process child support payments.

Initially, only support payments for support orders being enforced by the Child Support Enforcement Agency were required to be paid through the registry, although payments for privately enforced support orders could optionally also be paid through the registry.

Colorado law also required that immediate income withholding be used to collect support payments for all support orders entered on or after January 1, 1994. If the Child Support Enforcement Agency was not involved in enforcing the support order, the law did not require that the support payments from income withholding go through the Colorado Family Support Registry, and payments could still be paid via the income withholding order directly to the custodial parent or caretaker.

Recently, in response to Federal direction, Colorado's laws were again changed.

Effective August 10, 2011, Colorado law now requires that, for all support orders entered on or after January 1, 1994, child support payments collected by means of an income withholding order must be paid through the Family Support Registry, regardless of whether the Child Support Enforcement Agency is enforcing the support order.

This means that support payments collected via an income withholding order for support orders entered on or after January 1, 1994, may no longer be paid directly to the custodial parent or caretaker. The support payment must now be paid to the Colorado Family Support Registry, which in turn, will immediately forward the payment to the custodial parent or caretaker.

For assistance with transitioning support payments from parents or caretakers, employers should call the Colorado Family Support Registry at 303-297-2849.

Parents who are enforcing their support orders without the assistance of the Child Support Enforcement Agency and who have questions about transitioning payments collected via an income withholding order should also contact the Colorado Family Support Registry, but should use 303-299-9123.