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Stimulus package: Money to the people

By Gregory Phillips

Where you can find your stimulus bucks

Banks, automakers and states aren't the only ones who get a piece of the \$787 billion federal stimulus package.

There's a good chance your family qualifies for tax credits, grants and other help, especially if you're struggling financially. But don't expect all the benefits to fall into your lap.

You'll need to understand what's available to you, and how to qualify. That means keeping receipts and paperwork if you buy a new car, for instance. If you typically fill out the simple tax form, you may want to pay close attention to deductions next year. And if you've lost your job or get laid off this year, there are programs that can help you get back on track.

Where's my check?

Don't expect a rebate check in the mail. This package mostly involves the government taking less money from you, rather than giving you more. But retirees, veterans on disability and pensions, Social Security recipients and railroad retirement beneficiaries will get a one-time payment of \$250. The Social Security Administration hasn't decided how the payments will be distributed, but expect by late May to see the money automatically -- no action required on your part.

Got a job? Workers will get \$400 per person, or \$800 per couple, in the form of a tax credit in 2009 and 2010. Your employer will give you the options of pocketing a little more in each paycheck beginning July 1 or claiming the credit on your tax return next year to get a lump sum. Workers who make more than \$95,000 (or \$180,000 for couples) will get less.

Got kids?

A \$1,000 child tax credit for each qualifying child under 17 will be extended to more families who don't earn enough to pay income taxes. That means if you qualify but don't owe taxes, you get the credit in a tax refund check. The Earned Income Tax Credit will expand similarly

for low-income families with three or more children. In both cases, you should file tax returns in early 2010.

An expanded college tuition tax credit of \$2,500 takes effect for 2009 and 2010. The maximum Pell grant for undergraduates, based on need, increases from \$4,731 to \$5,350 starting July 1. To learn more, go to www.ed.gov/programs/fpg.

Ready to buy a home?

If you've never owned a home (or haven't in at least three years), now might be the time to buy. You'd be eligible for a tax credit equal to 10 percent of the purchase price, up to \$8,000, if you buy by Dec. 1. You don't have to pay it back if you stay in the home at least three years. Last year's stimulus package provided a smaller credit and required repayment over 15 years. If you already bought a home this year and filed taxes under the old credit, you can file an amendment for the additional amount.

Buying a vehicle?

Buyers of new cars, light trucks, motor homes and motorcycles can deduct state and local sales taxes on the first \$49,500 spent. You have to buy this year and earn less than \$150,000 (\$250,000 if filing jointly). There's a tax credit of up to \$7,500 for buying a plug-in hybrid vehicle or plug-in conversion by 2012.

Still confused?

If you don't mind paying an accountant, it may be smart to get some professional help with all these credits and deductions next year. But an IRS spokesman said these changes don't mean you have to, even when it comes to the Alternative Minimum Tax, which is amended to save about 24 million people from paying it. About 70 percent of taxpayers making \$56,000 a year or less qualify for free online filing at www.irs.gov. The site will be updated with the new tax code by January. So will most commercially available computer software packages for filing taxes.

On the Web

The federal government has set up the Web site www.recovery.gov to show where the stimulus money is going once it starts flowing. Visit www.irs.gov for updated tax information.

Lost your job?

The law includes \$46 billion for North Carolina to create or protect 105,000 jobs. But if you've lost yours already, you'll see your unemployment benefits go up \$25 more per week in the next few weeks. Benefits are extended through the end of the year for those eligible. And the first \$2,400 in benefits will be exempt from your income tax.

If you lost a job after Sept. 1, 2008, or get laid off this year, the government will pay 65 percent of your health insurance premiums through the federal COBRA program. That's if you had insurance at your old job and you choose to retain coverage with COBRA. If you already opted to not take COBRA, you have about 60 days to sign up and get the subsidy. According to eHealthInsurance, it's not clear how the subsidy will be handled. Keep in touch with your former employer for details.

If COBRA fees are too high even with the subsidy, go to www.coverageforall.org to review your options.

Money for job training is expanded under the Trade Adjustment Act for workers laid off by companies that move overseas. The new plan provides training for workers who lose jobs with service companies affected by industry moving abroad. This could make farmers or even whole communities eligible for aid if they show a direct impact. Funding for training in North Carolina could more than double to as much as \$40 million. The Employment Security Commission oversees the training money. Call your local ESC office to learn more.