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Credit union members see tax rebates as way to reduce debt, build savings

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Most Affinity Federal Credit Union members plan to use their stimulus package tax rebate to pay down credit card and other debts, according to a new survey by Basking Ridge-based Affinity, New Jersey's largest credit union. Nearly 60 percent of the members said they will pay down debts with the \$300 to \$1,200 in federal tax rebates they expect to receive in the spring as part of a national economic stimulus plan. "Clearly, our members are mindful of the need to keep debt under control," said Donna LoStocco, vice president of member experience.

Credit card debt is particularly burdensome for U.S. consumers, totaling about \$937 billion, according to the Federal Reserve. The average card-holding household owes \$9,659, up from \$2,966 in 1990. Default rates have been rising. The credit union's poll suggests the rebates may help, and help people save. Nearly a quarter of the respondents said they would save their rebate money.

Affinity, which has \$1.5 billion in assets and 11 branches, including one in Paramus, does member surveys on its Web site to keep tabs on members' financial needs and bring attention to services it offers, a spokeswoman said. This time of year, tax preparation is being highlighted, said Renee Vanek, president of Affinity Investment Services, a subsidiary of the credit union. Vanek said about 900 members a year get referrals through credit union financial advisers to local accountants who agree to provide discounts. The program has been in place for a decade. Vanek declined to discuss the fees and discount amounts because they vary, depending on the individual's tax situation.

A few years ago, Affinity added to its Web site links to TurboTax, a group of software products owned by Intuit Inc. This allows members another option: to get assistance doing their own taxes online at discounts of 10 percent to 15 percent. The TurboTax discounts do not apply to state tax preparation.

Affinity is one of many credit unions around the country that offer discounted tax-preparation assistance to members. A benefit for the credit union is that the tax refunds are often channeled into members' accounts, boosting the institution's deposits.

Parsippany-based Jackson Hewitt Tax Service Inc., one of the country's largest tax-preparation services, entered a marketing alliance last year with Houston-based Credit Union Tax Services, a third-party supplier of tax-preparation services that works for about 1,000 credit unions nationwide.