

HANDOUT 1: TAXES AND SIDE GIGS

Cash, Venmo, CashApp — It ALL Counts as Income!

Earn \$400+ in a year from side work? You must file taxes.

Get paid \$600+ from one client or app? Expect a 1099 form in the mail.

Track These Things

→ Dates and amounts you were paid → Work expenses (supplies, miles driven, phone bill portion) → Receipts — a notebook, spreadsheet, or phone photos work fine

Deductions That Lower Your Taxes

- Miles driven for work
- Supplies, tools, equipment
- Advertising costs
- Part of home internet/phone/utilities

Golden Rule: Save 25-30% of Side Income for Taxes

Put it in a separate account so it's there when taxes are due.

Estimated Taxes — 4 Deadlines a Year

April 15 → June 15 → September 15 → January 15

Miss them and you'll owe penalties (see Penalty Relief handout — they may be removable!).

HANDOUT 2: TAXABLE SOCIAL SECURITY

Is Your Social Security Check Taxed?

Maybe not! It depends on your OTHER income.

Your Combined Income	Tax on Benefits
Under \$25,000 single / \$32,000 married	NONE
\$25,000–\$34,000 single / \$32,000–\$44,000 married	Up to 50%
Over \$34,000 single / \$44,000 married	Up to 85%

Figure Out YOUR Number

Step 1: Half of your yearly Social Security **Step 2:** Plus all other income (wages, gig work, retirement withdrawals) **Step 3:** Compare to the table above

Example: \$18,000 Social Security + \$15,000 job = \$24,000 combined → **No tax** (single filer)

ROTH MONEY DOESN'T COUNT!

Qualified withdrawals from a Roth IRA are NOT included in this calculation.

If you pull retirement money from a **Roth IRA** instead of a traditional IRA or 401(k), it's invisible for this test — it won't push your Social Security into being taxed.

Example:

- \$18,000 Social Security + \$15,000 from a **traditional IRA** = counts toward the limit
- \$18,000 Social Security + \$15,000 from a **Roth IRA** = only \$9,000 counts (half of Social Security) → stays well under the limit

Planning tip: If you have both Roth and traditional retirement accounts, spending Roth money first (in retirement) may keep your Social Security untaxed. Talk to a free VITA/TCE counselor before making big withdrawals.

Even when benefits are taxed, it's never 100% — the most amount taxed is 85% of every benefit dollar.

Questions? IRS: 1-800-829-1040 or www.irs.gov/help

HANDOUT 3: IRS PENALTY RELIEF

GOOD NEWS: Penalty Relief Is Now AUTOMATIC!

In July 2026, the IRS launched the "Automatic Exemption from Penalty" (AEP) program. If you qualify, the IRS removes your penalty **automatically** — **no call, no letter, no form.**

Do You Qualify?

→ Filed AND paid on time for the last **3 years** → Penalty is on a **2025 tax return** or **2026 quarterly return** (more years added in 2027)

Which Penalties Are Removed?

Penalty	What It Is	Cost
Failure to File	Late return	5% per month
Failure to Pay	Late payment	0.5% per month
Failure to Deposit	Late payroll deposit	Up to 15%

Still Check Your Account!

During the changeover, the IRS may send penalty notices by mistake. **Verify the penalty was removed:**

1. Check **www.irs.gov/account**
2. Review your tax transcript
3. Got a notice anyway? Call **1-800-829-1040** and ask for penalty relief

Penalties From 2024 or Earlier?

The automatic relief does **NOT** cover older penalties. You must still request it yourself:

1. **Call:** 1-800-829-1040
2. **Say:** "I'm requesting First-Time Penalty Abatement"
3. **Have ready:** Tax ID, tax year(s), reason you were late

No clean 3-year record? You can still ask for "reasonable cause" relief — serious illness, disaster, fire, theft, or lost records. Write a short letter explaining what happened and attach proof (doctor's note, police report, etc.).

Don't sit on old penalties: Millions of people who qualified for relief never asked for it — and paid penalties they didn't owe. You can qualify again after 3 penalty-free years.

Free Tax Help: VITA: www.irs.gov/vita → TCE: www.irs.gov/tce

HANDOUT 4: BUDGETING WHEN INCOME CHANGES

The Key: Live on Your LOWEST Month

When gig income goes up and down, build your life around the worst month — not the best one.

Step 1: Know Your Survival Number

Add up essentials only:

Rent + Utilities + Food + Transportation + Phone + Debt Payments = \$_____

Step 2: Pay Yourself Like a Bill

Every payday (even \$50), put money here FIRST:

Order	Bank or Credit Union Account	Purpose
1st	\$500 starter emergency fund	Top priority
2nd	Tax savings (25-30% of gig pay)	Before spending
3rd	Debt with highest interest or start with lowest debt	Then attack
4th	Full 3-month emergency fund	Long-term goal

Step 3: Good Months Fund Bad Months

Money left over in a great month? **Don't spend it yet** — it's next month's rent, not a treat.

Use a free budgeting app or spreadsheet to track activity.

HANDOUT 5: BANKING FOR THE UNBANKED

You CAN Get a Bank Account — Even With Past Problems

Past overdrafts or bounced checks keep many people locked out. But **second chance accounts** exist.

Start Here

Option	Monthly Fee	Why Try It
Credit unions (try these FIRST)	Often \$0–\$5	Most flexible, lowest fees, community-based
Chase Second Chance®	~\$20 (waived w/ direct deposit)	Big network of branches/ATMs
Wells Fargo Clear Access	~\$10	Widely available
Capital One	\$0	No minimum balance

What to Bring

→ Photo ID → Social Security number → Proof of address (utility bill, lease) → \$25–\$100 deposit

Ask Before Signing

1. What's the monthly fee and how do I avoid it?
2. What happens if I overdraft?
3. Is my money FDIC (banks) or NCUA (credit unions) insured?

While You Wait to Qualify

Prepaid debit cards or the Cash App/Card can hold money — but compare fees, they add up.

Chicago Help (FREE): BankOn or BankOnChicago

Visit **www.JoinBankOn.org** (covers the entire USA) or **www.BankOnChicago.com** (focused on Chicago only) to compare certified, low-cost accounts: → \$5/month or less → NO overdraft or NSF fees — ever → Free deposits, withdrawals, and bill pay → Accounts for youth, adults, and entrepreneurs → No credit check or ChexSystems barrier at many partners

Build your banking history here, then upgrade to a full checking account later.

→ **Avoid check-cashing stores** — they charge 1–12% of your check. On \$1,500/month, that's up to \$2,000 a year in fees!

QUICK REFERENCE CARD

Resource Fair Quick Numbers — Save This!

Important Contacts & Websites

Resource	Contact / Website
IRS Helpline	1-800-829-1040
IRS Online Account	www.irs.gov/account
VITA Free Tax Prep	www.irs.gov/vita
FDIC Bank Finder	www.fdic.gov
NCUA Credit Union Locator	www.ncua.gov
Consumer Financial Protection Bureau	www.consumerfinance.gov
Illinois Dept. of Financial & Professional Regulation	www.dfi.il.gov
Bank On Chicago (certified low-cost accounts)	www.BankOnChicago.com

Penalty Relief — New for 2026

Topic	What To Do
Tax year 2025+ penalties	Removed AUTOMATICALLY if you have 3 clean years
2024 and older penalties	You must CALL and ask: 1-800-829-1040
Verify relief was applied	Check www.irs.gov/account

Free Tax Help — Income Limits

Filing Status	Maximum Income
Single	\$60,000
Married (joint)	\$70,000

Second Chance Banking

Step	Action
1	Try credit unions first (lower fees, more flexible)
2	Bring: photo ID, Social Security number, proof of address, \$25–\$100 deposit
3	Avoid check-cashing stores (they charge 1–12% of your check)