

Getting the Most Out of the New Child Tax Credit

The Child Tax Credit: It's About Children and Families

The new child tax credit sends families up to \$3,600 a year for each child under 6 in your family and \$3,000 for children under 18.

You're free to spend the tax credit as you choose. But if you're wondering how to make the most of this important program, consider dedicating it to two big purposes: Supporting your children's needs and development; and strengthening your family.

We'll offer a tip every other week with specific ideas for getting most from the child tax credit. Or you can go here for our suggestions developed from families in states where tax credits have been tested before.

If you're not seeing monthly payments yet, contact us for help in getting connected to this program!

1. Strengthen your family: paying off debt

We're really thinking of toxic debt: things like credit card debt and payday loans. If you have any of these, help your family by paying down these debts as fast as possible.

Maybe you have medical bills, auto loans or other debts to pay off, the child tax credit is a way to get your family debt free and more resilient.

Take a look at using a debt payoff calculator to see how much faster your debt can disappear with an extra \$250 to \$300 per month per child.

2. Strengthen your family: Build an Emergency Fund

If you're debt free, congratulations!

But do you have an emergency fund at a level that can protect your family in case of an anticipated crises?

In case your [emergency fund](#) is not yet at the level where you would like it to be (link), you can put that Child Tax Credit money into a savings account and watch your rainy day fund grow.

3. See to your Children's needs: childcare with a family member

You'll have more freedom to go back to work with the Child Tax Credit. You can share the tax credit with a trusted family member to take care of your children while you look for work or take classes, or you can use the money to start your own childcare business, for example.

Also you can contact us to see if you're eligible for our subsidized Child Care program, where you pay based on your earnings. 740-721-0684

4. Strengthening your family: Christmas and Birthdays

The Child Tax Credit right you're receiving now is the perfect opportunity to set some money aside in anticipation of Christmas and Birthdays. Holiday gifts don't guarantee a happy family, but the stresses of providing food, car and rent with nothing left for a child can strain a family.

5. See to your Children's needs: Save for Healthcare Needs

Check to see if yours is a family that can qualify for a [Health Savings Account \(HSA\)](#) and use the Child Tax Credit to invest in it. This is a special savings account that lets families contribute up to \$7,200 in 2021 for qualified medical expenses, including dentistry, orthodontia, therapy and learning disability treatments. If you have a child who needs braces, or if your child has any other medical needs or special education needs, you could put that Child Tax Credit money into your HSA.

Our agency can also determine if you're eligible for free medical care. Contact us at 740-342-3551.

6. See to your children's needs: school, learning and skill development

Nothing does more to boost the opportunity of your children to prosper than to invest in their learning and skill development.

Use the Child Tax Credit to get them outfitted for school and to thrive there. Or, if you haven't started a [529 college savings plan](#) for your kids yet, this new Child Tax Credit money could be a great way to start. 529 plans are education investment accounts with special rules and tax benefits that help families save for college—and even for K-12 tuition.

Two-year degrees lead to well paying careers after graduation. One-year certificates in technology or skilled trades do the same. These kinds of post-high school courses are very affordable, but it helps to start saving now for them.

7. Strengthening your family: Do Something Fun Together!

Many families have been cooped up at home during the pandemic. If you're longing to travel, this extra Child Tax Credit money could help pay for your next family vacation.

If you've wanted to buy a new car for your family and take a road trip, six months' worth of Child Tax Credit payments for two kids in their teens could help generate a \$3,000 down payment on a new vehicle. The Child Tax Credit helps children by helping families to have the resources to bond and grow together.