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Abstract

The Earned Income Tax Credit (EITC) is distributed annually to low-income households with a dependent child. Drawing upon the data from a pilot study, we examine how advanced periodic payments help mitigate financial instability for EITC recipients. Interview participants relate that advanced periodic payments result in a reduction in perceived stress, lower levels of debt, fewer unpaid bills, and the ability to engage youth in extracurricular activities. The findings provide a unique perspective on the ways in which low-income households cope with financial instability and stress and suggest that payment frequency options can play a small but important role in the way in which the EITC operates as a support mechanism.



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