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Periodic Earned Income Tax Credit (EITC) Payment, Financial Stress and Wellbeing: A Longitudinal Study

| Original Paper | Published: 20 February 2019

| Volume 40, pages 511–523, (2019) [Cite this article](#)

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Abstract

The Earned Income Tax Credit (EITC) addresses the economic needs of low-income families, but its annual distribution in one lump-sum limits recipients' ability to handle financial emergencies that arise throughout the year. We examine the relationship between an advanced periodic payment of the EITC and recipients' wellbeing. We compare the perceived financial stress of recipients receiving a traditional lump-sum payment to a group that received four advanced payments spread throughout the year. Periodic payment recipients experienced significantly lower levels of perceived financial stress. This relationship was partly mediated by less need to borrow money, lower levels of food insecurity, and fewer

unpaid bills. Therefore, periodic payments may enhance the positive association between the EITC and the financial wellbeing of families.

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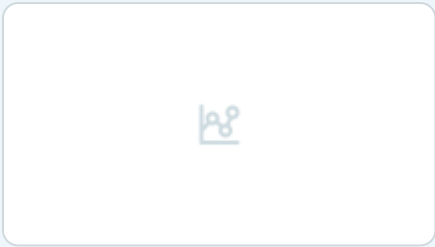
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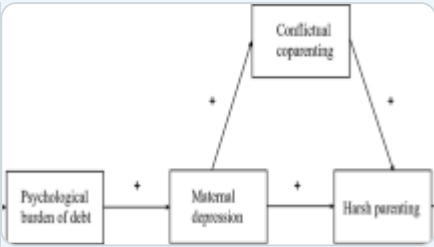
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Acknowledgments

The authors are thankful to Deborah Ostrovsky for her helpful review and comments.

Funding

This study was funded by the United States Department of Agriculture (first author; Hatch project number ILLU-793-365), by the Chicago Housing Authority

and the City of Chicago Office of the Mayor, and the UIUC Research Board (first three authors).

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Ethics declarations

Conflict of interest

All authors declare that they have no conflict of interest.

Ethical Approval

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki declaration and its later amendments or comparable ethical standards.

Informed Consent

Informed consent was obtained from all individual participants included in the study.

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Cite this article

Kramer, K.Z., Andrade, F.C.D., Greenlee, A.J. *et al.* Periodic Earned Income Tax Credit (EITC) Payment, Financial Stress and Wellbeing: A Longitudinal Study. *J Fam Econ Iss* **40**, 511–523 (2019).

<https://doi.org/10.1007/s10834-019-09618-2>

Published

20 February 2019

Issue Date

15 September 2019

DOI

<https://doi.org/10.1007/s10834-019-09618-2>

Keywords

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[Food insecurity.](#)

[Inequality.](#)

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