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

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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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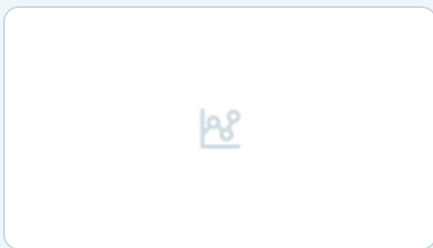
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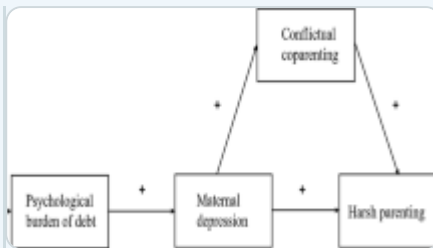
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Ethics declarations

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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