



Serving Illinois

CRA Coalition

Illinois Refund Anticipation Loan Fact Sheet

- \$ Tax Refund Anticipation Loans (RALs) are short-term, low-risk loans made by unlicensed lenders at very high costs, secured by the taxpayer's expected refund.
- \$ For a refund of \$2,150, a customer would pay RAL fees which amount to a 239 percent annual percentage rate.
- \$ In the Chicago region, 38 percent of all Earned Income Tax Credit (EITC) recipients used RALs to receive their refunds faster, paying \$48,282,872 million in tax preparation and loan fees.
- \$ RALs cost low- and moderate-income families in Illinois over \$64 million in tax preparation and loan fees.
- \$ Across the state, 53 percent of recipients who live in predominantly minority tracts use RALs compared with only 27 percent of recipients in predominantly white tracts.
- \$ Almost 60 percent of recipients in low-income zip codes use RALS compared with 19 percent of recipients in upper-income tracts.
- \$ In the City of Chicago, 43.3 percent of EITC recipients used RALs. But this figure varies among neighborhoods from a high of 64 percent of recipients using RALs in Austin, to a low of 13 percent of EITC recipients using RALs in Jefferson Park.
- \$ Sixty-two percent of all EITC recipients in the city of Robbins, Illinois used RALs—the highest in the Chicago region. RAL usage is particularly high in south suburban Cook County. In contrast, only 29 percent of EITC recipients in Summit Argo, a community with roughly the same number of EITC recipients as Robbins, used RALs.
- \$ Of the top 15 communities ranked by RAL usage, nine of these communities were located in the south suburbs.
- \$ Minority communities are disproportionately impacted by the high costs of refund anticipation lending.

The CRA Coalition works to increase access to fair financial products and services in communities throughout Illinois

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