

Lacking family support, those transitioning out of foster care need financial assistance

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Every year, more than 23,000 youth leave foster care after turning 18 and begin adulthood. Unlike their peers who can depend on family who serve as support systems, those coming out of foster care have to be more self-sufficient and often face elevated risks of homelessness and poverty. Clark Peters, assistant professor in the School of Social Work at the University of Missouri, says youth in foster care need not only financial education but guidance as they grow their experience obtaining and managing money to successfully navigate the path to adulthood.

"Unlike [young adults](#) who learn about money from their parents, foster youth transition to adulthood without such financial experience," Peters said. "More importantly, they usually lack opportunities to learn from early mistakes that are so common when it comes to understanding finances. Their circumstances provide little room for error as mistakes and miscalculations end up having significant negative effects, as they are often just one financial mistake away from a terrible situation."

In his latest study, Peters examined the challenges former foster youth had gaining income and how they coped with these challenges. Participants in the study were drawn from those enrolled in [Opportunity Passport](#), a matched savings program aimed at helping [young people](#) improve their financial capability when transitioning from [foster care](#). Participants in the study completed interviews on current living circumstances, employment and household information as well as their overall financial well-being.

While nearly all participants in the study had work experience, most struggled with low wages and irregular hours, making it difficult to escape poverty. Most of the participants also had little access to financial opportunities that other children often receive, such as receiving allowances for doing chores or encouragement from a family member to save money. When income and savings fell short, the participants were not able to turn to families for financial help.

By understanding the financial challenges former foster youth face, Peters found that in order to help former [foster youth](#) succeed in their transitions to adulthood, they need support and guidance in managing money. He says those working in [child welfare](#) need to prioritize financial matters in the services they provide. Caseworkers need to understand the financial issues facing young adults and be able to discuss and teach such matters to youth before they transition to adulthood. Youth in foster care need opportunities to earn, spend and save money while still in care.

"States need to provide resources for continued financial guidance to young people aging out of care," Peters said. "Providing financial education may be helpful, but without training, without the ability to put lessons to use, financial literacy will not yield benefits later in life, when it really matters." Peters added that the research has led to a partnership between Missouri's Children's Division and the federal Consumer Financial Protection Bureau to improve how child welfare agencies elevate financial capability among vulnerable families.

The study, "Foster Care to Adulthood: Role of Income," recently was published in the Journal of Public Child Welfare.

Provided by University of Missouri-Columbia

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