# Young people need financial support and guidance when they age out of foster care, expert says

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As the economy and job market continue to recover, many young adults have moved in with their parents to save money. For teens and 20-somethings who grew up in foster care, saving money is especially difficult because they have aged out of a system that provided support in earlier years and lack important family ties they can depend upon, particularly as they enter adulthood and embark on their own. Now, a University of Missouri child welfare expert says youths in foster care need financial education and support to build assets so they can become financially independent adults.

"The key to ensuring financial stability for these young people is allowing them to juggle responsibilities and even to make some mistakes—just as their peers outside the foster care system do—in order to truly understand how their decisions impact their finances," said Clark Peters, an assistant professor of social work at MU. "Those growing up in intact families often have strong networks to rely on when they've made bad financial decisions—like buying cars straight out of school when they can't afford them. For young people who age out of foster care and don't have safety nets, bad financial decisions could mean homelessness."

Peters studied young people who transitioned out of the foster system and participated in Opportunity Passport, a financial education and matched-savings program. The young adults who completed the program reported smoother transitions into adulthood and increased financial responsibility.

Young people in the foster care system are used to having caseworkers dictate their decisions, which can result in learned dependency that makes it difficult for the teens to transition into adulthood and manage the associated responsibilities, such as paying bills and budgeting. According to Peters, young people preparing to transition out of the foster care system need better education to help them learn how to spend and save wisely. Those growing up outside of foster care often learn financial skills much earlier in childhood, Peters said.

"Providing financial education is a critical first step toward breaking the cycle," Peters said. "These young people can only invest in their futures if we invest in them first through programs like Opportunity Passport. They may not have the option to move back home like many of their peers, but they deserve support that will allow them to learn and grow to become successful, self-sufficient adults."

Peters presented the findings from the report, "Enduring Assets: Findings from a Study on the Financial Lives of Young People Transitioning from Foster Care," last month at the Corporation for Enterprise Development (CFED) Conference in Washington, D.C. The report was commissioned by the Jim Casey Youth Opportunities Initiative, an organization that works to ensure that young people—primarily those between ages 14 and 25—make successful transitions from foster care to adulthood. The group had no role or influence in the findings of the report.

Provided by University of Missouri-Columbia

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