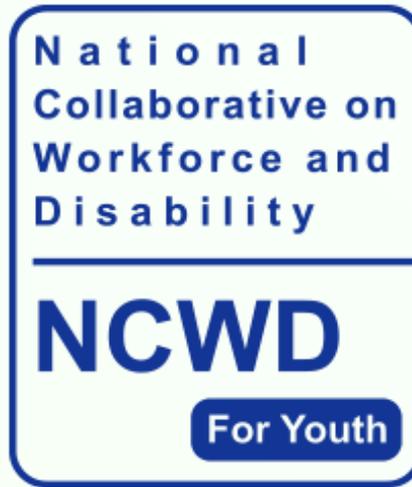


RAISE



Navigating the Road to Work

Presentation Prepared for RAISE

**Jessica Queener, National Collaborative on Workforce &
Disability for Youth**

Developing Financial Capability Among Youth

Who We Are

The Institute for Educational Leadership (IEL)'s Center for Workforce Development houses:

National Collaborative on Workforce & Disability for Youth (NCWD/Youth)

funded by U.S. Department of Labor's Office of Disability Employment Policy www.ncwd-youth.info

NCWD/Youth is a national TA center that assists state & local workforce development systems to integrate youth with disabilities into their service strategies.

During This Session, We Will:

- Define Financial Capability
- Learn How Youth and Families Can Be Effective With Money By Utilizing the Five Principles:
 - Earn
 - Save and Invest
 - Protect
 - Spend
 - Borrow
- Share Additional Resources

Money, Money, Money!

What does the term “financial capability” mean to you?

What Is Financial Capability?

- Financial capability is the “capacity, based on knowledge, skills, and access, to manage financial resources effectively” (Department of Treasury, 2010).
- In other words, it is the ability to make wise decisions about using and managing money.
- Families have an important role to play in young people’s development of financial capability.

What Does The Research Say?

- Parental influence has a direct impact on financial attitudes of youth (Jorgensen & Savla, 2010).
- Parents and youth agree that hands-on training on how to use debits cards is “very useful” and “extremely important” as part of building those independent living skills (Rowe & Test, 2012).
- College students who exhibited higher financial responsibility in late adolescence had better employment and self-sufficiency outcomes after college (Serido & Shim, 2014).

What Do Youth Need to Know?

- To make wise decisions about using and managing their money, youth need to be competent in:
 - Earning
 - Saving and Investing
 - Protecting
 - Spending
 - Borrowing

What Do Youth Need to Know About Earning?

- Make the most of what you earn by understanding your pay and benefits.
- Highlight the Paycheck Breakdown:
 - Gross earnings: The amount you earn before any deductions or adjustments are made to the paycheck.
 - Withholdings: The money all workers owe the federal government to fund Social Security and Medicare and to pay federal income tax, which varies depending on income level. Also includes the amount your state keeps for state taxes, which varies by state.
 - Deductions: The cost of employment benefits you might have to pay for with your earnings (e.g., health insurance, retirement account).
 - Net Income: The amount of money that is remained left after withholdings and deductions.

How Can Families Discuss Earning with Youth?

- Start the conversation by showing youth their own paycheck and discussing the deductions and taxes that affect how much of the earnings they take home.
- Discuss the portion of their paycheck required to pay for basic family expenses such as housing, food, and transportation.
- Highlight the relationship between earnings and educational level, credentials, and work experience.
- Connecting the youth's career interests and goals to potential wage/salary to determine future planning.

Resources On Earning

- Resources for Youth:
 - [Decoding Your Paycheck](#), The Mint
 - [Understanding Taxes](#), IRS
- Resources for Families:
 - [Bank It](#), Capitol One and Search Institute
 - [Occupational Outlook Handbook](#), Bureau of Labor Statistics
 - [My Next Move](#), National Center for O*Net Development

What Do Youth Need to Know About Saving and Investing?

- It's never too early to start saving for future goals, such as a house or retirement, even by saving small amounts.
- Saving typically involves depositing money into a savings account or checking account at a bank or credit union.
- Investing allows you to earn more interests over time, but depending on the type of investment you make, there is also risk of losing money.

How Can Families Discuss Saving and Investing with Youth?

- Teenagers typically want to make bigger purchases, like a new computer or a car. This is an opportunity for families to initiate a conversation about saving up for that purchase.
- One useful tip for saving money to share with youth is the concept of pay yourself first as well as having an emergency fund.
- Another tip is to discuss the benefits of opening an account (i.e., savings, checking, and money market) with a bank (i.e., banks, credit unions, and other institutions).

Resources On Saving and Investing

- Resources for Youth:
 - [Start Your Savings](#), MyCreditUnion.gov
 - [Beginner's Guide to Investing: Online Publications at the SEC](#), U.S. Securities and Exchange Commission
- Resources for Families:
 - [Guide for Parents](#), Financial Planning Association
 - [25 Things to Know about Investing by Age 25](#), Business Insider

What Do Youth Need to Know About Protecting?

- Protecting your money means being cautious about how you save it and spend it.
 - Purchasing insurance
 - Accumulating savings in case of an emergency
 - Avoiding scams and identity theft
 - Understanding your credit record and credit score

How Can Families Discuss Protecting With Youth?

- Teaching young people to protect their money is multi-faceted; some things to discuss include how to prepare for unforeseen expenses through insurance, how to avoid theft or scams, and how to protect their credit.
 - Insurance Protection (e.g., auto and health insurance)
 - Identity Protection
 - Credit Protection

Resources On Protecting

- Resources for Youth:
 - Insurance Resources
 - [Safeguarding](#), The Mint
 - [Protect Your Finances](#), MyCreditUnion.gov
 - Avoid Scams and Identity Theft Resources
 - [Scams and Identity Theft](#), Consumer.gov
 - [Frauds and Scams](#), MyCreditUnion.gov
 - Credit Record and Credit Scores Resources
 - [Your Credit History](#), Consumer.gov
 - [Credit Reports and Credit Scores](#), MyCreditUnion.gov

Resources On Protecting

- Resources for Families:
 - [Transition QuickGuide: Take Charge of Planning and Managing Your Own Health and Career Goals](#), Youth Transitions Collaborative, Got Transition, Office of Disability Employment Policy (US Department of Labor)
 - [Scams and Identity Theft](#), Consumer.gov
 - [Frauds and Scams](#), MyCreditUnion.gov
 - [Here's the Right Way To Teach Teens How To Use Credit](#), Business Insider
 - [Your Credit History](#), Consumer.gov

What Do Youth Need to Know About Spending?

- People most commonly spend money by using cash, a debit card, a credit card, or a check.
 - Tips for Youth:
 - Ensure that what you are purchasing is an expense you have budgeted for.
 - Compare the prices of the things you want to purchase.
 - Use an app that can be connected to your bank accounts, credit card accounts, and loan accounts to track your spending and your debt.

How Can Families Discuss Spending with Youth?

- Families can involve youth by explaining how they make budget decisions and reviewing their long-term and short-term expenses and how these expenses are being covered.
- Families can talk with youth about their own financial goals and develop a plan together for reaching those goals.
- Families can teach youth how to get the best deal for their money as well as different ways to save and the importance of living within their means.

Resources On Spending

➤ Resources for Youth:

- [Smart Ways to Spend Money](#), Consumer.gov
- [12 Best Apps for Managing Finances](#), Business Insider

➤ Resources for Families:

- [Teachable Money Moments For Your Child](#), Better Money Habits
- [Teaching Your Teen About Money](#), 360 Degrees of Financial Literacy

What Do Youth Need to Know About Borrowing?

- Loans are sums of money you typically borrow from a bank or a credit union and pay back in monthly payments.
 - Student Loans
 - Car Loans
 - Home Loans
- Credit Cards are cards you obtain from a bank or credit card company that allows you to borrow up to a specific amount of money (your card's credit limit) and require you to pay on that debt monthly.

How Can Families Discuss Borrowing with Youth?

- The three most common purposes for taking loans are to pay for college, buy a car, and purchase a home.
- In conversations about the youth's postsecondary education goals and plans, families should talk with youth about
 - financial aid options, including the different types of student loans,
 - differences in interest rates and terms, and
 - requirements for paying back the loans over time.
- The ability to borrow money, and to borrow at a low-interest rate, involves having a credit history.

Resources On Borrowing

- Resources for Youth:
 - [Paying Off Credit Cards](#), MyCreditUnion.Gov
 - [Owing](#), The Mint
 - [Credits, Loans, and Debt](#), Consumer.Gov
- Resources for Families:
 - [Federal Trade Commission on Credit and Loans](#)
 - [Federal Student Loans for College and Career School](#)
 - [360 Degrees of Financial Literacy Paying for Education](#)
 - [“Teaching Financial Literacy to Teens: Credit And Debt”](#)

Disability Benefits

- Every youth and family is different in how disability benefits will apply to them.
- Therefore, it is important to set up a time to meet with a benefits counselor to determine the benefits youth and families are eligible to receive and how it supports their financial planning.
- Introduction to Disability Benefits Resources:
 - [Disability Benefits 101](#)
 - [Debunking the Three Biggest Myths about Disability Benefits and Work](#)

Disability Benefits Resources

- [Supplemental Security Income](#), Social Security Administration
- [Work Incentives](#), Social Security Administration
- [ABLE Act](#), National Down Syndrome Society
- [Individual Development Accounts](#), Corporation for Enterprise Development
- [Real Economic Impact Network](#), National Disability Institute

Essential Tips

- Understand the paycheck!
- Create a budget to live within your means!
- Open a savings account and start saving!
- Understand how to use a checking account and debit card!
- Obtain required and useful forms of insurance to protect yourself, your money, and your property!
- Avoid scams and identity theft!

Essential Tips

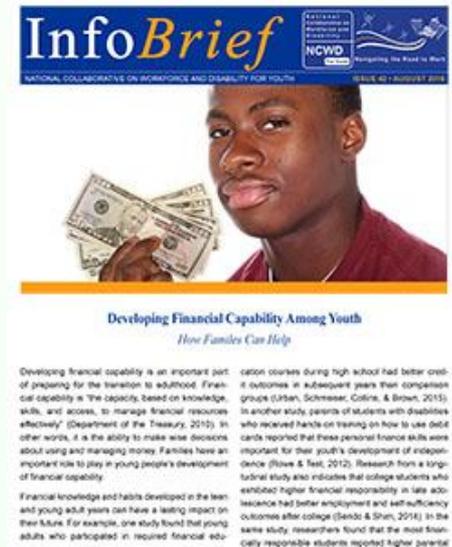
- Be a smart shopper by comparing prices and looking for deals!
- Learn about loans and using credit cards responsibly before borrowing money!
- Be aware of the ways in which income can affect finances if recipient of disability benefits!
- Be smart with money and enjoy life of financial success!

Additional Financial Literacy Resources

- [Financial Fitness for Life—Parent's Guide](#)
- [Perfectcents Newsletter](#)
- [H & R Block Dollars & Sense Blog for Parents](#)
- [360 Degrees of Financial Literacy](#)
- [Financial in the Classroom Resources for Parents](#)
- [How to Raise a Money Smart Child Parent's Guide](#)

References

- NCWD/Youth (2016). [Developing Financial Capability Among Youth: How Families Can Help](#). InfoBrief, Issue 42, 1-12.
- NCWD/Youth (2016). [Taking Charge of Your Money: An Introduction to Financial Capability](#). InfoBrief, Issue 43, 1-10.



Contact Information

Jessica Queener, Ed.D.

Institute for Educational Leadership

National Collaborative on Workforce & Disability for
Youth (NCWD/Youth)

queenerj@iel.org

Ph. (202) 822-8405 Ext. 132