

CASA Conversations



California **CASA**
Court Appointed Special Advocates
FOR CHILDREN

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Financial Wellness: Spending and Saving

Introduction

Learning to manage money responsibly takes practice. It doesn't matter whether the child you work with receives an allowance, or whether your youth is employed. Even if your CASA child or youth has no money at all, you can still begin imparting lessons about spending and saving by engaging the youth in conversation and modeling responsible spending.

The earlier a child starts thinking about and managing finances, the more practice she will have when she becomes an adult. And the less money she has, the more important budgeting and smart spending will be.

It is also important to remember that even if youth have not had access to money, they may still have experienced serious financial struggle early in life. Many learn hard lessons about money early in life, and this can fundamentally affect how they think about managing money as adults. ***It is never too early to start talking to your CASA child about money, value, spending, and saving.***

"I came home one day from school and we had no lights. Period. It was like that for two months. Then when I was first on my own, I lived in transitional housing. No bills there. Now that my rent is almost two times what I'm getting now, I need to think about cutting back my spending. I need my PG&E, my rent, and my phone bill." - Unique

Though financial literacy is fundamental to growing into a successful adult, it is also a topic that should be broached with great care. Take some time to reflect on your own relationship to money, and how this might differ from your CASA youth's experiences.

Financial Wellness: Spending and Saving

The Facts

- Foster youth and young adults have a right to save up to \$10,000 of their own money without threat of the state or county garnishing funds as reimbursement for money spent on their care (WIC §10618.6).
- Foster youth have a right “to receive adequate and healthy food, adequate clothing, and, for youth in group homes, an allowance.” (WIC §16001.9(a)(3))
 - Though practice varies from county to county, placements are supposed to receive initial and annual clothing allowances.
- Foster youth have a right “to work and develop job skills at an age-appropriate level, consistent with state law.” (WIC §16001.9 (a)(14)) Those under 18 must secure a work permit from their school.

Starting a CASA Conversation

To understand money, we must understand *value*. For a very young child, you might communicate this by talking about how we exchange money for everyday basic needs. For example, we can turn on a light where we live because someone is paying money for electricity.

For youth who are old enough to understand that money buys us things we need and want, focus instead on purchasing power. We can use our money to buy things we value, believe in, or want to support.

To be a smart spender, you must be able to identify needs versus wants, and prioritize purchasing things you need before buying things you want. For example, if your youth has a \$100 to spend on back-to-school clothes, talk to him about what he really needs (new shoes because his old ones are getting tight) as opposed to what he wants (designer kicks that will use up the whole allowance).

Talk about Tracking Spending

- People, especially kids, bristle at the word “budget.” Instead, you can talk with your CASA child, youth, or young adult about creating a “spending plan.”
- Encourage your CASA youth or young adult to record every purchase he makes for a week or two, and offer to talk through his expenses with him.
- Even elementary-school aged children, if they have an allowance, can benefit from learning how to track what they spend.
- Encourage your youth to open up a bank account. This is a great activity to do together, as it gives you a chance to discuss the details of using a bank account, including the risk of “overdrafting” (withdrawing more money than you have in the bank).

Make Saving Make Sense

To a child, especially one who does not often get money of his own, saving might not make much sense. He might wonder, “Why should I save? For what?”

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- To introduce the concept of saving, ask your CASA youth whether there is something he really needs or wants that he would one day like to buy. **Setting a goal** helps to make spending concrete, and is a great motivator to save for later instead of spending now.

"I wish someone had told me to read the fine print. Because otherwise I wouldn't have this bank crisis right now."

- Brianna

Model Smart Spending and Shopping

- When you take your CASA child out, set a budget and ask her to help you stick to it. With younger children, teach them how to count change and ask them to count it for you. With older children, give them the money for the day and let them do the planning and spending.
- Taking free outings with your CASA youth can itself be a lesson that you don't need to spend money to have fun.

"I lost my car and couldn't pay to get it out. \$245! I didn't have that. I need to have emergency money, and I learned that."

- Terrell

"I didn't have a CASA, I just had a social worker. I always wanted someone to step in and say, 'if you had \$40, what would you buy?' No one gave me a one-on-one." -Unique

"With my CASA, we went to the cathedral – it was free. She was in her seventies, but she could experience the bus, get on the trolley. Walking around is free. Air is free." - Katina

"With my CASA, we would just go to regular everyday places. Say we went to the beach, say we went to the movies. Okay – you have this much to spend." - Brianna

- A trip together to the grocery store provides an opportunity to discuss wants versus needs. It is often the unnecessary things, such as soda, that drive up our grocery bills.
 - Make a shopping list for a picnic together, and ask your CASA child to make sure you stick to that list.
- The grocery store is also a great place to demonstrate comparison shopping.
- Visiting a flea market or swap meet allows you to model negotiation and for your CASA child to practice it. Knowing how to negotiate is crucial when it comes to securing housing, asking for a wage or salary, or buying a car.

Get real about living expenses

- Visit California Career Zone's [Make Money Choices](#) where youth can figure out how much it costs to live on their own, which jobs pay the salaries they want, and how much they can expect to make in a certain field.

"I have been working since I was like 16 but it was always small amounts of money, like \$200-300, versus when you get your financial aid check and it's like 2Gs [\$2000]. You're automatically like, 'I'm gonna go buy a car.' But maybe you should save some of that." - Emily

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Share your own experiences

- We all have stories of money management and mismanagement. Be open about sharing those with your youth.
- Be honest about what you can and can't afford on your outings with your youth. This gives her a real context to think about how to spend a limited amount of money. For example, you might say: "I can't afford for us to go out to a sit-down restaurant *and* go to the movies – which would you rather do?"
 - Modeling restraint and letting them know that everyone (even seemingly older and more comfortable adults) have to budget reinforces the lesson about their own finances.

Pitfalls to Avoid

It is important to realize that foster youth often face barriers to employment, rarely receive allowances, and in general, may have very little experience managing money.

- For children or youth who don't often have access to their own money, doing a little bit of careless spending might make them feel empowered. If your CASA youth wants to spend his entire \$50 record store gift card all at once, respect that.

You are a guide and a resource. You cannot prevent the youth from making the kinds of financial mistakes we all made in learning how to manage money. Your advice is more likely to resonate when your CASA youth is trying to recover from a mishap, rather than before he makes it.

- There is always next time. Use unwise spending as a jumping off point for talking about how to better manage money.
- Propose that for future decisions, the youth weigh the pros and cons, use common sense, and plan his purchases in advance.

Most importantly, remember that your early experiences with money very likely differed from those of your CASA youth. You may have had parents or relatives who saved the day when your money ran short, or who continued to pay for life's necessities outside of rent and utilities, such as health and car insurance, into your early adulthood. If so, be aware of how this difference affects your relationship to money, and how it limits how much you can really "relate" to your CASA youth's relationship to it.

Additional Resources

15 Ways to Teach Kids about Money

<http://life.familyeducation.com/money-and-kids/parenting/36332.html#ixzz2IBfMjsT3>

Bank of the West Budgeting Tools, including a ready-to-go Spending Journal

<https://www.bankofthewest.com/campaigns/personal-banking/manage-your-money/tools-and-resources/mym-budgeting.html>

California CASA After 18 Training Manual

http://www.californiacasa.org/after18_training_manual.html

California Career Zone: Make Money Choices

<http://www.cacareerzone.org/budget/index>

FDIC Money Smart for Elementary Students

www.fdic.gov/moneysmart

FDIC Money Smart for Young Adults

www.fdic.gov/moneysmart

"Managing my Money," a resource provided by the Community Action Partnership and the National Endowment for Financial Education (NEFE)

www.managingmymoney.com