

# Financial Stability for Families with Young Children



**FSFYC**

## Overview

# Financial stability is important to child development

- High levels of stress from economic hardship can affect children's long-term outcomes.
- Increasing evidence points to the critical importance of *early* income for positive child development and later adult outcomes.
- Research has shown that family ownership of even a few thousand dollars in assets can give children not only a measure of economic security, but also a transformative sense of possibility and hope for a brighter future.

Sources: Harvard Center on the Developing Child and CFED

# Goals for Today

- Begin the conversation:
  - the early learning and asset building communities know and understand each other.
- Foster collaboration:
  - between the two fields, both on the ground and at the policy level.
- Introduce tools and strategies:
  - ensure families have access to asset building tools and strategies.
- Take a first step toward creating a national conversation:
  - generate awareness about the importance of asset development for low-income families with children

# Plan for Today

- Spend the first part of the day making the case for how important financial stability is to child development
- Then listen to a promising practice that might inspire others
  - Bergen County Community Action Partnership efforts
- After lunch, spend time interacting with experts in two in-depth sessions about resources available to stabilize families
- And then plan next steps together as a group at the end of the day

# **An Overview of Financial Stability Strategies**

For Families with Young Children

# Please take a moment or two

- To introduce yourself to your table
- In addition to your name and organizational affiliation, please share:
  - Your experience with early learning or financial stability programs
  - What you learned about money as a child

# Six core asset building strategies

## Financial Education

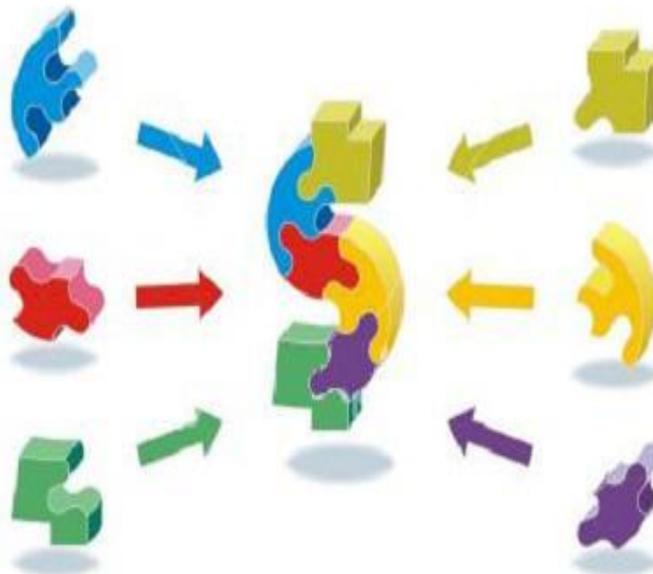
Free financial education curricula can help families make informed money management decisions.

## Getting Banked

Bank accounts enable families to reduce reliance on check-cashers and other high-cost “fringe” financial services.

## Borrowing / Debt management

Families often need assistance to establish a positive credit history, repair their credit, and get out of debt.



## IDAs

ACF’s Assets for Independence (AFI) provides grants for matched savings accounts, which can be used to acquire lifelong assets.

## Public benefits

Low-income families are eligible for federal and state benefit programs that can extend the reach of their income.

## Tax credits

Low-income families can access thousands of dollars in tax credits.

# Financial Education

- Financial Education involves providing families with information that increases their ability to make effective money management decisions.
- Financial education curricula are **available** and **free**, including those that engage both parents and children.
- Part of financial education involves understanding good and bad debt, and how to prevent or address problems before they become unmanageable
- Today after lunch, there will be an in-depth workshop on financial education and coaching

# Financial Education Resources

- **FDIC's *Money Smart* curricula for adults and young adults:** [www.fdic.gov/consumers/consumer/moneysmart/](http://www.fdic.gov/consumers/consumer/moneysmart/)  
For more information, contact Eloy Villafranca 972-761-8010, or Clinton Vaughn 901-818-5706
- **Visa's *Practical Money Skills* lesson plans for preschool through college, and online games**  
[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)
- **Credit Union National Alliance's *Thrive By Five* activities for preschoolers** [www.creditunion.coop/pre\\_k/index.html](http://www.creditunion.coop/pre_k/index.html)
- **Pennsylvania Office of Financial Education's *Right on the Money* curricula for parents and young children**  
[www.moneysbestfriend.com/default.aspx?id=254](http://www.moneysbestfriend.com/default.aspx?id=254)  
For more information, contact Holly Chase 717-783-2498
- To find an accredited credit counselor offering free or low-cost services in your area, contact the **National Foundation for Credit Counseling:** [www.nfcc.org/](http://www.nfcc.org/), 1-800-388-2227

# Tax Credits for Families

- Families can access **thousands** of dollars in tax credits, including the Earned Income Tax Credit (EITC)—an average refund of nearly \$2,000.
- The early learning community can connect families to **free** tax preparation services so they avoid fees and costly “instant” refund anticipation loans.
- Families can save at least a small amount from their Earned Income Tax Credit – purchasing a savings bond is one option.
- After lunch there is a workshop on tax credits that covers what you and the families you work with should know

# Tax Credit Resources

- Refer families for Volunteer Income Tax Assistance or have a mobile VITA site come to your organization to assist families.
- Utilize IRS VITA site locator: 1-800-906-9887, partial list of sites online: [www.irs.gov/individuals/article/0,,id=219156,00.html](http://www.irs.gov/individuals/article/0,,id=219156,00.html)
- Contact IRS-SPEC: [partner@irs.gov](mailto:partner@irs.gov), 1-800-829-1040

# Getting Banked: Accessing Mainstream Financial Institutions

- Getting banked is a key first step to financial stability and savings.
- Bank accounts enable families to reduce reliance on check-cashers and other high-cost “fringe” financial services.
- The early learning community can connect families to banks and credit unions that offer **affordable** products for those without bank accounts.
- After lunch there will be a workshop on access to banking , highlighting experiences from NY, NJ and PR

# Savings Options for Families

- Research has shown that everyone can save, even low-income families
- Making a habit of saving even a small amount sets an important example for children
- There are opportunities to make a gift of savings bonds to children at tax time or to match savings, through an Individual Development Account (IDA).
- Money saved in an IDA is matched— families can earn up to \$8 for every \$1 they save.
- After lunch, there will be a workshop on savings options for families highlighting Individual Development Accounts

# Resources for Savings Options

- The federal government's IDA program, Assets for Independence (AFI) requires savers to use money to buy a home, start a small business, or enroll in post-secondary education

- Find local AFI grantees:  
[www.idaresources.org/Map](http://www.idaresources.org/Map)

- Tax-time savings bond purchases

[http://www.treasurydirect.gov/indiv/research/faq/faq\\_irstaxfeature.htm](http://www.treasurydirect.gov/indiv/research/faq/faq_irstaxfeature.htm)