

Managing Your Money

Danielle, a young woman formerly in care, says she learned nothing about managing money while in care. When asked what she wished she had known, she said that she needed to know how to save some money and budget. When asked what her biggest financial mistake was, she said, “I spent my money badly and didn’t save any of it so that I could survive on my own.”

Danielle knows that managing money is a skill that has to be learned. If you were taught money management skills in high school and you paid attention to what seemed like a boring subject at the time, you are luckier than many kids.

If your birth or foster families took you shopping, helped you learn to buy groceries and household necessities, and cooked with you instead of eating out, you have already learned some good lessons.

Let’s talk about what you can do to start.

Make a plan, then make Plan B, and be prepared to make Plan C . . . and be prepared to change that. As you know, life is unpredictable.

Before you leave care, save some money. Put as much as you can in a savings account in a bank or credit union each paycheck. Get in the habit of saving even a little from each paycheck. But, you say, I don’t earn enough.

Then save a tiny amount each month. *Get in the habit.* If you save the cash under your mattress or in a piggy bank, it is too easy to spend it when you really want something.

Put some money in savings before you even take your check to be cashed. Many

employers will do an automatic deposit into a banking account. You can have the money you are saving taken out and put into that account before you ever see it.

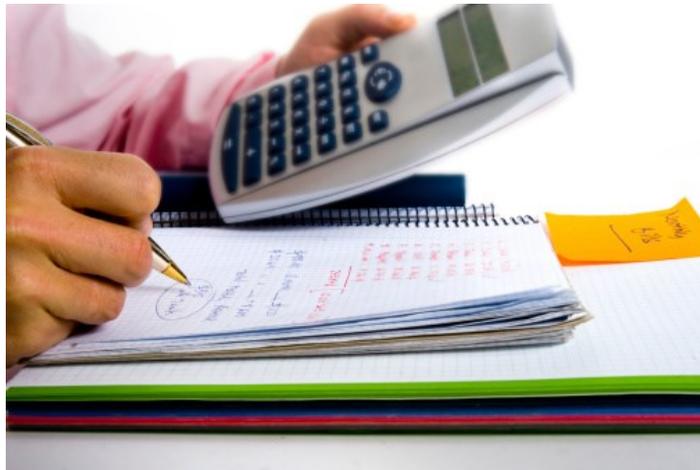
Most banks and credit unions will explain accounts and how they work. They want your business and your questions are

not dumb. They answer a lot of questions for everyone.

Determine what you will need.

- **Will you be renting an apartment?** Can you handle the cost of rent, heating, electricity, water, and phone? Add those costs up before you sign a lease. Find someone who will be responsible for their portion if you do share a place. You may really love your best friend, but if he or she is not going to be good with the bills, hang out with them, but don’t rent with them.
- **What will you need each week for food?** Unless you are earning a lot of money and know you can afford it, do not eat out. It is expensive. Consider making the basis of your

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meals pasta, noodles, and rice with sauces, some vegetables and some meat. Skip prepared foods and name brands. Store brands are usually just as good and are often even the same product (just with different labels). Be a comparison shopper.

- **Other basics.** Do not forget that you have to buy light bulbs, laundry soap, pay for the Laundromat, toothpaste, and cleaning products. Again, shop store brands. They work just as well.
- **Now for furniture.** You may be taking a furnished place at first. But if you need furniture and home decor, consider shopping Goodwill, Salvation Army, and thrift stores. There are great things there and they will cost a fraction of what they cost at stores.
- **Most young people want great clothes and love looking cool.** This is a real dilemma. But you can get there with a little extra work and wise shopping. Shop garage and yard sales. Consider thrift stores for bargains. Trade clothes with friends in a clothing swap. Buy cosmetics and shampoos that are on sale and not the expensive name brands. You will look just as good in inexpensive mascara.
- **For most kids coming from care, it is important to be on a bus line or near school or work so that walking is an option.** A car may be a dream of yours, but postpone it until you can handle the cost of the down payment on the car, monthly payments, fuel costs, registration fees, driver's license, and car license fees, taxes, insurance and repairs. Cars are expensive.



- **Recreation.** Cable TV is expensive and you can watch many TV programs and movies on the internet for free, so consider skipping cable. Check out books, music, and DVDs at libraries and use their computers for free. Go to free concerts and festivals. Picnics, walking, free concerts, and festivals can all be romantic dates.
- **Learn to advocate for yourself.** Check your accounts monthly to make sure that the amount you have and the amount the bank shows are the same if you have a checking account. If there is a discrepancy, call or go to the bank to straighten it out.

- **What about credit?**

Until you are earning more than you spend each month, resist all of the offers you'll get for credit cards. It is the downfall for so many people, and interest payments and hidden fees add up quickly. Do not get a credit card

unless it is a *debit* card, which will let you use the money you have deposited in your checking account, but will not let you go over the amount. Appeal any fines you may have for overdrafts as soon as you are penalized. Most banks will excuse one or two overdrafts (also called "bounced checks"), and erase the fines if you give them a good reason.

- **Look for advocacy programs** or get a mentor to help you deal with landlord and other disputes. Everyone, whether rich or poor, finds him or herself with conflicts involving money and payments. Learn what your rights are and how to assert yourself in a legal or financial dispute. It may be

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6682 West Greenfield, Suite 310
Milwaukee, WI 53214
800-762-8063
info@coalitionforcyf.org

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Advice from some members of the Youth Advisory Council in Wisconsin

What was the most helpful thing you learned about money management while in care?

- “My foster mom stressed that it’s easy to get in trouble with credit cards and if you do have one, you should make sure to pay it back all the way.”
- “I try to put 50% of my money in savings.”
- “I learned the importance of savings and keeping my ledger balanced.”
- “My foster family started me with a bank account when I first came to their home.”

What didn't you know while in care that you wish someone would have told you?

- “I wish someone would have explained the APR stuff better—I really didn’t get that. I wish someone would have told me how interest rates work so I would have understood better how it adds on to a base loan. I also want to know where to find information on loans online and what loans I currently have and need to keep up with.”

What advice do you have for current youth in care?

- “Only get one credit card.”
- “It’s hard to manage all the finances and all the bills that come every month.”
- “School is expensive, but worth it.”

What was your biggest financial mistake you made when you were on your own?

- “Cars!!! And buying a lot of crap I didn’t need.”

The Youth Advisory Council is a group of people who are or were in care who help advocate for the needs of youth in care.

intimidating, but it will get easier with practice.

One of the most important things might not seem related to managing money at all, but may be the most important area in your life—and that is to have a connection to at least one caring adult who can help you with everyday problems.

Work on those relationships you have with one or more special adults in your life—whether it is a foster parent, mentor, social worker, teacher, or religious or spiritual teacher.

Get as much help as you can from all sources. If there are programs in your community to provide transitional living places and support, use these resources. Find as many as you can . Long before you leave your foster home, talk to social workers, your parents, your counselors at school, and your therapist about your life when you’re on your own.

Taking care of yourself is a lifetime challenge, but can be especially difficult if you are just coming out of care. It may be a little overwhelming at times and you will probably make mistakes. But you’ll also end up learning a lot from those same mistakes. Remember that we all struggle to learn how to take care of ourselves and our money.

You will find some resources and the stories of others who are doing the same thing in a great book called, *Do You Have What It Takes?* You can borrow it from our resource [library](#) or you can order it from youthcomm.org. They even give you permission to photocopy pages from it.

What advice does Danielle, the teen who shared her experience at the beginning of this tip sheet, have for

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Milwaukee, WI 53214
800-762-8063
info@coalitionforcof.org

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other teens? “Get a job and save as much money as you can to survive. It’s a hard world, but you can do it.”



Resources

Library Assets

- **Money Talks: A Video Based Curriculum for Teens about Managing Money (DVD)**
- **Money Pals Being Cool With Cash (Parts 1 & 2)** (book). Teaches children about money.
- **Show Me The Money (DVD)**
Trying to decipher a pay stub can be challenging. How do you determine what "take home" pay is? What is FICA? What is a Medicare deduction? And why is the amount we take home so different from what we actually earn?
- [Financial Aid Awareness & Assistance](#) Tip Sheet

Other resources

- [The Wisconsin ETV Program](#): Funding up to \$5,000 for youth who have aged out of care who are attending post secondary schools.
- [The Focusing Investments and Resources for a Safe Transition \(FIRST\) Act, S.2341](#), provides foster youth financial support for critical independent living needs as they set out to develop self-sufficient, goal-oriented lives beyond the child welfare system.
- [Represent Magazine](#) has articles by and for youth who have been in foster care.



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