



## DEPARTMENT OF HEALTH & HUMAN SERVICES

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ADMINISTRATION FOR CHILDREN AND FAMILIES  
**Administration on Children, Youth and Families**  
1250 Maryland Avenue, S.W.  
Washington, D.C. 20024

April 8, 2015

Dear Child Welfare Agencies and Providers:

In addition to Child Abuse Prevention Month, April also has the designation of **National Financial Capability Month**. Financial capability is the capacity, based on knowledge, skills, and access, to manage financial resources effectively. Financial capability and security promotes the safety, permanency, and well-being of children, youth, and families.

Over the last few years, the Children's Bureau has been working with other offices in the Administration for Children and Families (ACF) and with other federal agencies to raise awareness and develop resources to build the financial capability of the children, youth, and families we serve through child welfare. Many of the resources developed can be used by professionals working with all families.

I want to take a moment to highlight some information and tools developed for working with older adolescents in foster care. In conjunction with the ACF's Office of Planning, Research and Evaluation, we released a brief that reviews what we currently know about the challenges impacting the financial stability of youth as they transition out of foster care, the existing evidence on the effectiveness of financial literacy programs, and issues for the field to consider as we continue to strengthen our work in this arena. This brief is located here:

[http://www.acf.hhs.gov/sites/default/files/opre/chafee\\_asset\\_brief\\_final\\_to\\_opre\\_012015.pdf](http://www.acf.hhs.gov/sites/default/files/opre/chafee_asset_brief_final_to_opre_012015.pdf).

Another resource developed in collaboration with ACF's Office of Community Services is *The Financial Empowerment Toolkit for Youth and Young Adults in Foster Care*. This toolkit is designed to provide caseworkers, independent living specialists, foster parents and other supportive adults with strategies and resources to critically evaluate and improve their ability to promote the financial capability of youth in foster care. The toolkit is a compilation of lessons learned, best practices and practical tools, which can be used together or separately. It is aimed at those working with youth under the age of 18 and young adults preparing to transition out of foster care, and the content and tools can be tailored to meet stakeholder needs. This toolkit and other related money management tip sheets are available here:

<http://www.acf.hhs.gov/programs/cb/resource/financial-empowerment-toolkit>. We also have a limited number of hard copies of the materials available, please email [info@childwelfare.gov](mailto:info@childwelfare.gov) or call 1-800-394-3366 to request copies.

We know that in addition to providing critical social services to children, youth, and families, many of you are working to strengthen your child welfare workforce. The developed resources can also be used as part of your workforce development efforts.

Enclosed for your information are additional materials and information on the topic of financial capability. We hope you'll take a few minutes to review the materials and consider how they can be helpful to your agency. Thank you for your dedication and commitment to supporting children and families.

Sincerely,

/s/

JooYeun Chang  
Associate Commissioner  
Children's Bureau

Enclosure

## **Additional Materials and Information on Financial Capability**

### **Q: What is financial capability?**

A: Financial capability is defined as the capacity, based on knowledge, skills, and access, to manage financial resources effectively. Financial capability is a relatively new term. This concept has developed out of a need to talk about something broader than financial education or financial literacy. For example, someone may be educated about financial concepts, but if they are unable to access safe, affordable financial services, they are not able to act on their knowledge. Financial capability is a framework for taking a broader approach to laying the foundation for economic well-being and stability.

### **Q: Are there examples where service and/ or social service providers have combined financial capability strategies?**

Yes, in recent years, there has been growing interest and experimentation with combining financial capability strategies with other social services programs. This is a common strategy for child welfare providers, especially independent living programs. We know some of our youth in foster care participate in programs as part of the general service population and others participate in programs developed specifically for youth in foster care. Some of the information about the effectiveness of these programs is discussed in a brief developed by Administration for Children and Families and is available here:

[http://www.acf.hhs.gov/sites/default/files/opre/chafee\\_asset\\_brief\\_final\\_to\\_opre\\_012015.pdf](http://www.acf.hhs.gov/sites/default/files/opre/chafee_asset_brief_final_to_opre_012015.pdf).

Another successful project has been when the child welfare agency or provider partners with organizations with financial expertise, such as those with experience in working families to file taxes and claim the Earned Income Tax Credit (EITC).<sup>1</sup>

### **Q: What are the other resources developed that may be useful to child welfare agencies?**

ACF and our federal partners have developed resources to support financial capability. These resources are diverse, ranging from a system for consumer financial services complaints to a new retirement savings opportunity. There are resources that can be used directly with clients and resources for your workforce.

#### *Building Financial Capability: A Planning Guide for Integrated Services*

The ACF Office of Community Services (OCS) has worked with the Corporation for Enterprise Development (CFED) to create *Building Financial Capability: A Planning Guide for Integrated Services*. This guide provides organizations with a process and a set of tools to develop a plan for integrating financial capability services into their existing programs and/or services. For example, users may begin by considering their clients current financial situations (such as poor

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<sup>1</sup> The Earned Income Tax Credit is a federal refundable tax credit for low to moderate income working individuals and couples—particularly those with children. The amount of EITC benefit depends on a recipient's income and number of children. In addition to families involved with child welfare, some foster, adoptive, or kinships families may be eligible for the benefit. Young adults formerly in foster care may also be eligible for the benefit, especially if they are parenting.

credit), then stating the desired outcomes for those clients (such as improved credit), and then determining what financial capability service is needed for the clients (such as credit counseling). The guide has tools to help organizations determine how to provide the financial capability services to their clients, whether they should offer the services themselves or if there are other organizations in their community that they could refer clients to or develop a partnership with, and tools to develop implementation plans for each of these strategies. To download the guide or learn more, go to <https://www.acf.hhs.gov/programs/ocs/resource/afi-resource-guide-building-financial-capability>.

#### *Financial Literacy and Education Commission*

The Financial Literacy and Education Commission (FLEC) is composed of 22 federal agencies, chaired by the Secretary of the Treasury and vice-chaired by the Director of the Consumer Financial Protection Bureau (CFPB). Many of the financial education resources created by the FLEC member agencies are available to the public on [MyMoney.gov](http://www.mymoney.gov). The website is organized around the MyMoney's five "building blocks" for managing and growing money: Earn, Save & Invest, Protect, Spend, and Borrow. MyMoney.gov also has special sections with resources for youth; teachers and educators; and researchers. Additional information about FLEC is available at <http://www.treasury.gov/resource-center/financial-education/Pages/commission-index.aspx>.

#### *Consumer Financial Protection Bureau*

The mission of the Consumer Financial Protection Bureau (CFPB) is to make markets for consumer financial products and services work for Americans — whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products. The CFPB has developed several important tools to help consumers increase their financial knowledge and skills and to protect consumers from deceptive and abusive financial practices.

CFPB's Office of Financial Empowerment encourages low-income and economically vulnerable consumers to make informed financial decisions by providing them with tools and information and by promoting a more inclusive and fair financial marketplace.

*Your Money, Your Goals* is a toolkit developed by the Office of Financial Empowerment for organizations that serve low-income consumers. *Your Money, Your Goals* is a resource that organizational staff can use to help the people that they serve set goals, choose financial products and build skills in managing money, credit, and debt. The full toolkit is available in English and Spanish, along with training videos and other materials at: <http://www.consumerfinance.gov/your-money-your-goals/>.

*Youth in Foster Care*- The CFPB published a series of action letters for child welfare caseworkers to send to credit bureaus if they find errors on the credit reports of children in their care. Similar letters are also available for parents with children outside of the foster care system. Sample letters are available at: [consumerfinance.gov/blog/how-to-protect-vulnerable-children-from-identity-theft/](http://consumerfinance.gov/blog/how-to-protect-vulnerable-children-from-identity-theft/)

CFPB's Office of Consumer Response handles consumers' complaints about a variety of consumer financial services and products, including money transfers, payday loans, and credit reporting. CFPB forwards complaints to the appropriate company, works to get consumers a response to their issue, and provides consumers with status updates throughout the complaint process. Consumers can submit complaints online at [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint) or over the phone by calling the CFPB at (855) 411-CFPB (2372) toll free. CFPB's U.S. based contact centers can help in over 180 languages, and can also take calls from consumers who are hearing impaired, have hearing loss, or have speech disabilities. The TTY/TDD number is: (855) 729-2372.

*Ask CFPB* is an interactive online tool that gives consumers clear, unbiased answers to common consumer financial questions. *Ask CFPB* contains over 1,000 easy-to-read, plain-language entries written by CFPB's subject-matter experts, and it provides definitions that translate highly technical industry jargon to help consumers better understand financial products and services. *Ask CFPB* is available in English at [consumerfinance.gov/askcfpb/](https://consumerfinance.gov/askcfpb/) and Spanish at [consumerfinance.gov/es/](https://consumerfinance.gov/es/).

Along with the Office of Financial Empowerment, the CFPB also has three other offices focused on specific populations: Students, Older Americans, and Servicemembers. Each of these offices has developed specific resources for those groups. To learn more, visit their websites:

Students - [consumerfinance.gov/students/](https://consumerfinance.gov/students/)

Older Americans - [consumerfinance.gov/older-americans/](https://consumerfinance.gov/older-americans/)

Servicemembers - [consumerfinance.gov/servicemembers/](https://consumerfinance.gov/servicemembers/)

Paying for college—consumers can get help to make informed financial decisions about how to pay for college at: [consumerfinance.gov/paying-for-college/](https://consumerfinance.gov/paying-for-college/)

### *Federal Deposit Insurance Corporation (FDIC)*

The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency created by Congress to maintain stability and public confidence in the nation's financial system. FDIC has several resources and initiatives that promote financial capability for low-income and underserved populations.

Money Smart is a comprehensive financial education curriculum designed to help low and moderate income individuals enhance their financial management and investment skills. In addition to Money Smart for adults, FDIC has developed specific Money Smart curricula for children and youth, parents, older adults, and entrepreneurs. Money Smart resources are available at no cost from the FDIC, many of which are available in nine languages including Spanish. Go to <https://www.fdic.gov/moneysmart> for more information.

FDIC is committed to expanding economic inclusion in the financial mainstream by ensuring that all Americans have access to safe, secure, affordable, and sustainable products and services from insured depository institutions that help people achieve financial resilience and build wealth (<https://www.economicinclusion.gov/>). A sustainable and positive connection between the insured banking system and a broad

range of customers benefits the safety and soundness of financial institutions and the well-being of their customers and communities. FDIC's support for economic inclusion is an essential element of the FDIC's mission to maintain stability and public confidence in the nation's financial system, by ensuring that the financial system effectively meets the financial services needs of the broadest possible portion of the public.

Under FDIC's Community Affairs Program, regional Alliances for Economic Inclusion have been created across the nation. These broad-based coalitions of financial institutions, community-based organizations and other partners are working on the ground to expand basic financial services for underserved populations, including savings accounts, affordable remittance products, small-dollar loan programs, targeted financial education programs, alternative delivery channels, and other asset-building programs. To learn more about these regional efforts, including how to contact regional Community Affairs staff, go to <https://www.fdic.gov/consumers/community/AEI/initiatives.html>.

#### *CFPB/FDIC Joint Efforts*

The CFPB and FDIC are working together to help young people in America build skills to make better financial decisions to improve their economic lives.

Parents and Caregivers – [consumerfinance.gov/parents](https://consumerfinance.gov/parents) is the online destination that provides resources to help parents and caregivers build young people's money skills.

Teacher Online Resource Center – [fdic.gov/teachers](https://fdic.gov/teachers) is the online destination that provides resources and tips teachers can use for financial education lessons in the classroom.