THE RESOUNDING RESILIENCY OF GRANDFAMILIES:

Financial Stories from Older Relatives Caring for Children in Lower-Income Communities

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“[Being a grandparent], it’s not [as] easy as you having a baby and you have a husband or a family to help out—because you’re prepared for that. … You’re [thinking your] life is fine; you’re living for you and you got one or five kids thrown on you, you know. It’s not easy.”

INTRODUCTION

Three years ago, "Irene's"[1] daughter passed away suddenly. Her young grandchildren went to live with their father, where they suffered from severe neglect. Finding the father unfit, Irene took the children under her care. They lacked necessities like underwear and proper clothing—her granddaughter's boots didn't even match. Between frequent trips to court and taking care of the children, Irene cut back on work, reducing the little means she had to cover her mounting expenses. Without legal custody of the children, Irene could not receive income support for them. Before long, she and her family were homeless.

Grandparents taking over care of their grandchildren is not unique to Irene's story, nor is the financial hardship her family faced in that situation. In fact, approximately 2.7 million grandparents in the United States are responsible for their grandchildren.[2] More than one in five of these grandparents lives below the poverty line. These "grandfamilies" have a family structure, where children are living with grandparents or other relatives who act as heads of the household, rather than the children's parent(s). Their circumstances are often overlooked when envisioning opportunities to strengthen the financial lives of families in lower-income communities.

To deepen our understanding of the financial situations facing grandfamilies, particularly those in low- to moderate-income households, Citi Community Development convened Generations United and CFED to interview grandparent caregivers.[3] The purpose of these interviews was to gain an understanding of grandfamilies' individual household finances, including how they earn and spend money, what financial products they use to transact and store money, what challenges they face and what strengths they draw upon. Their stories open a discussion about how organizations that offer social or financial services to grandfamily caregivers can help build financial stability and increase mobility for these multi-generational families.

In this report, we begin with an overview of grandfamilies in lower-income communities and provide background on the interviews we conducted. We then discuss key themes from the financial stories of caregivers that emerged from the interviews. We close by identifying some opportunities to help improve the financial situation of grandfamilies.

1 The names of interviewed caregivers have been changed in this report to protect their privacy.

2 Renee R. Ellis and Tavia Simmons, Coresident Grandparents and Their Grandchildren: 2012 (Washington, DC: U.S. Census Bureau, 2014), https://www.census.gov/content/dam/Census/library/publications/2014/demo/p20-576.pdf.

3 The content presented in this paper are solely the views of Generations United and CFED.

AN OVERVIEW OF GRANDFAMILIES IN LOWER-INCOME COMMUNITIES[4]

Grandfamilies are diverse. They live in every area in the country and represent all races, ethnicities and income levels.[5] Grandfamilies can come together for a variety of reasons, including death, illness, job loss, military deployment, substance abuse, incarceration and mental illness. The circumstances are typically unexpected and can result in sudden financial hardship, as bringing children into a household comes with a host of additional expenses, like buying diapers, school supplies and clothes. Instead of saving for retirement, grandparent caregivers may suddenly find themselves saving for college. Additionally, there may be significant legal fees and court costs for those that choose to seek legal custody of the children.

In this report, we refer to grandfamilies as households where grandparents, or other relatives of similar or older generations, are the primary caregivers for children of their sons, daughters, nieces, nephews or grandchildren.[6] This typically means that the children live with the caregiver and are financially dependent on them. The parents, if alive, are largely absent, though they may maintain contact with the children and/or caregiver(s).

As the total number of grandparents and other relatives raising children full time in the US is not formally measured by the Census or any other survey, it is not possible to fully capture the state of grandfamilies. Fortunately, there are some data on grandfamilies headed by grandparents—a segment that makes up a large portion of grandfamily households. Nearly 2.7 million grandparents report they are responsible for their grandchildren.[7] About 35% of these grandparents are age 60 or older. Fifty-eight percent are still in the workforce, and nearly a quarter have a disability. Notably, more than one in five of these grandparents lives below the poverty line.[8]

4 For the purpose of this research, we define lower-income households as those with annual household incomes below 80% of the Area Median Income as defined by the Federal Financial Institutions Examination Council (http://www.ffiec.gov/pdf/msa14inc.pdf). This includes incomes below $61,040 for the Chicago Metropolitan Area and $76,720 for Trenton, NJ. Unfortunately, there is not specific data on grandfamilies in this income range. The best available data, which we utilize in this overview, represent segments of the grandfamilies population rather than the whole,

5 To learn more about grandfamilies, see State of Grandfamilies in America: 2014 (Washington, DC: Generations United, 2014), http://www.gu.org/LinkClick.aspx?fileticket=yfGpYQNMuxk%3d&tabid=565&mid=1182.

6 Of note, in contexts beyond this report, the term "grandfamilies" is often used more broadly to describe families headed by grandparents and other relatives who share their homes with their grandchildren, nieces, nephews and/or other related children. Sometimes, grandfamilies are strictly defined as homes where grandparents are full-time caregivers of grandchildren when the parents are not present in the home. Other times, grandfamilies include multigenerational households where families pool resources and grandparents provide care while parents work.

7 Ellis and Simmons, *Coresident Grandparents.*

8 A household is considered to be in poverty if their income falls below an amount set by the US Department of Health and Human Services. A family of four that has less than $24,250 in annual household income is considered to be in poverty. For more on the poverty guidelines, please see http://aspe.hhs.gov/2015-poverty-guidelines.

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Grandparents Responsible for Grandchildren

2.7 MILLION

Grandparents are responsible for grandchildren

58 PERCENT of them are in the workforce

25 PERCENT of them have a disability

21 PERCENT of them live below the poverty line

37 PERCENT of them are age 60 or older

40 PERCENT of them have provided care for more than 5 years

Given the rate of poverty among grandparents caring for grandchildren, it is clear that these families often face dire financial circumstances. Compared to grandparents who are not raising their grandchildren, grandparents who do raise grandchildren are more likely to be living in poverty, more likely to be working at least part time and more likely to have a disability.[9] Furthermore, grandparents who are living with their grandchildren are twice as likely to face the threat of hunger as those who do not have a grandchild in their house.[10]

Despite these hardships, grandfamily households are often alternatives to placing children in non-relative care. Compared to children in non-relative care, these children enjoy more stability, are more likely to maintain connections with siblings, and are more likely to preserve their cultural heritage and community bonds.[11]

9 Ellis and Simmons, *Coresident Grandparents*.

10 James P. Ziliak and Craig Gunderson, The State of Senior Hunger in America 2012: An Annual Report (Alexandria, VA: National Foundation to End Senior Hunger, 2014), http://www.nfesh.org/wp-content/uploads/2014/05/State-of-Senior-Hunger-in-America-2012.pdf.

11 Time for Reform: Support Relatives in Providing Foster Care and Permanent Families for Children (Washingtpon, DC: The Pew Charitable Trusts, Kids Are Waiting, Generations United, and the Children and Family Research Center at the University of Illinois Urbana-Champaign, 2007), http://www.pewtrusts.org/~/media/legacy/uploadedfiles/wwwpewtrustsorg/reports/foster_care_reform/SupportingRelativespdf.pdf.

ABOUT OUR INTERVIEWS WITH GRANDFAMILY CAREGIVERS

In April 2015, our team went to Chicago, Illinois, and Trenton, New Jersey, to conduct interviews with 20 grandfamily caregivers about their financial lives.[12] All of the 20 caregivers we interviewed were women, ranging in age from 47 to 89 (average 65.6). Sixteen described themselves as African-American, though we also spoke with caregivers who identified as Latino or Hispanic, white and multiracial. Most of the caregivers with whom we spoke were grandmothers. Two were great-grandmothers and one was a grand-aunt. On average, they have been the primary caregiver of a grandfamily for approximately 10 years. Twelve reported that they had permanent guardianship or legal custody of the children in their care. Two had formally adopted, five held temporary guardianship and one was a licensed foster parent. Two caregivers did not have any formal legal relationship with the children in their care.[13]

There were typically 2.5 people in the grandfamily households interviewed—usually the caregiver and one or two children. The children ranged in age from 11 months to 21 years old at the time of the interviews, with the average being 12.2 years old. Most of the children have been with the interviewed caregiver since they were very young. Parents were absent for a variety of reasons, including unexpected death, drug addiction, incapacity due to disabilities, incarceration or being too young at the time of the child's birth.

It is important to note that the interviewees were not intended to be a representative sample of all lower-income grandfamilies in the US, and those interviewed did not represent the racial, ethnic, geographic and gender demographics of grandfamilies as a whole. There are several distinct features of the caregivers interviewed that may make their experiences different from other lower-income grandfamilies. First, all of the grandfamily caregivers interviewed were connected to a social service organization that specifically serves grandfamilies or communities of grandfamily caregivers. Most of the caregivers interviewed receive social or community services, such as peer support groups, food assistance, housing assistance or need-based financial assistance offered by the community partners that selected them. Second, all the grandfamily caregivers interviewed were not employed in traditional settings and had time to speak with us during typical weekday work hours. Nevertheless, while we recognize that the pool of interviewed caregivers was not necessarily representative of all grandfamilies in the US, the insights gleaned through these interviews still help us start to develop an understanding of the financial situations facing grandfamilies in lower-income communities.

12 Interviewed caregivers were selected by nonprofit community partners in the area. Interviews lasted for approximately 30 minutes and caregivers were compensated in cash for their time.

13 Note that caregivers with multiple children in a household sometimes reported different types of legal relationships for each child.

THE FINANCIAL STORIES OF CAREGIVERS

The financial lives of interviewed caregivers are similar in many ways to those of other lower-income American households. However, several themes emerged among our sample that differentiate the challenges that grandfamilies in lower-income communities face.

1. **Grandfamily caregivers become parents again, taking on the expenses of raising and incorporating children into their households.**
2. **Increasing income is particularly challenging later in life, which makes it especially hard to make ends meet when also managing the financial needs of children.**
3. **Grandfamily caregivers are experienced household financial managers, but face significant barriers in achieving financial stability.**
4. **Grandfamily caregivers often forego their own financial dreams to care for the children.**

GRANDFAMILY CAREGIVERS BECOME PARENTS AGAIN

A striking aspect of grandfamilies' lives that arose in all interviews was how the interviewed caregivers took on all the responsibilities of raising a child that are typically expected of parents. This was illustrated most clearly in the grandfamily caregivers' expenses.

"I'm not a grandparent, I'm a parent."

EXPENSES OF PARENTING A CHILD

Our interviews revealed that grandparent caregivers incur costs of raising a child similar to those incurred by other families. Growing children require lots of food and clothing. They require healthcare, housing, transportation, entertainment and educational activities, both during and after school. Most grandparents commented on the constant expense related to raising children. One grandmother mentioned that she's currently buying replacement clothes for her teenage grandson every six months. She noted, "Seems like every time I turn around I am spitting out money." Several caregivers mentioned that raising grandchildren is just like raising their own children, but with a few more challenges that come with being older. As one grandmother mentioned, "It's like starting a family all over again, but I don't have the energy."

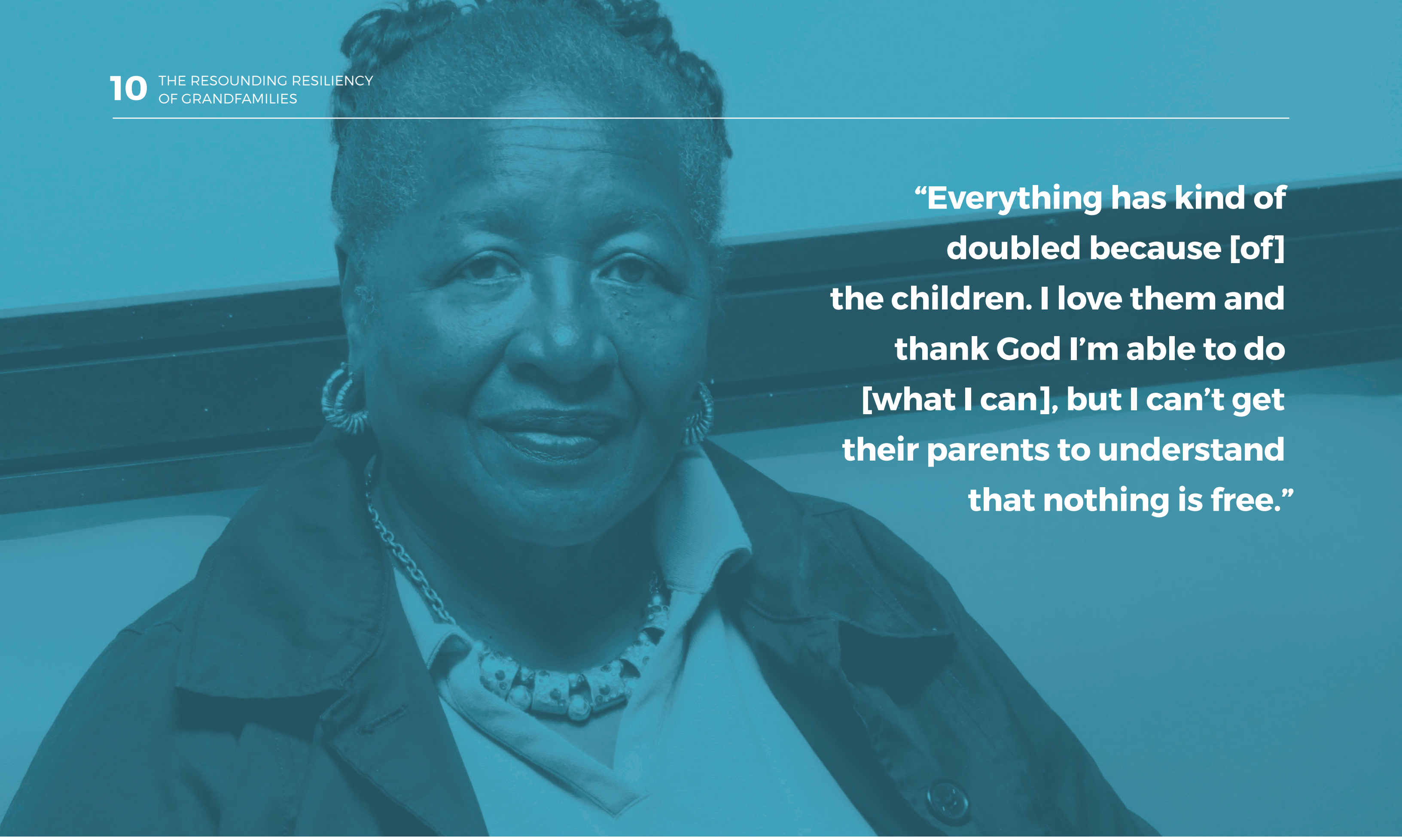
Even after the children are grown, caregivers usually continue to incur costs as the children enter young adulthood. A few caregivers interviewed talked about how their grandchildren have turned 18 (or are about to turn 18), but require financial assistance as they are in college or in jobs that don't pay enough for them to live independently. In these stories, the children remained deeply connected to their grandfamilies, even as they transitioned to adulthood, which has a financial implication for caregivers.

Zoey's Story: Just Trying to Pay the Bills

"Zoey" is the great-grandmother of a 15-year-old boy with special needs. She receives Social Security income for herself and Social Security disability support for her great-grandson. When asked what key expenses she has, she says, "Well, I have to purchase my food, everything. I have to take care of my whole household." In her household, "everything" includes food, a car payment, utilities, a cable bill, taxes and a mortgage. She also has significant medical expenses as she is diabetic and her insurance only covers 80% of her medical costs. Her grandson is at an age where he is growing quickly, so clothing has become a major expense. "He's growing up like a weed. Growing out of pants while he wears them."

Zoey does not feel like she has enough money each month. "Not with the light bill. Especially right now, the winter months, I got to pay half. So I pay a little more on this one and a little less on this one. I can't pay the full thing every time, so I have to pay a little because they let me do that. Otherwise I couldn't pay it off." Additionally, Zoey's food bill is getting expensive, and she has had to let some of the other bills go in order to cover food.

She says that getting out of debt—which includes her mortgage and some credit card debt—would be most helpful. Zoey says that she thinks a lot of other grandparents are dealing with the same kinds of issues. "Everybody's got a different thing. It's a little rough when you are old, take on a new kid. But it gives you something to live for."



EXPENSES OF BRINGING CHILDREN INTO A GRANDFAMILY

In addition to the typical costs of raising children, there are also financial costs related to becoming caregivers as grandparents, and these costs add extra strain on household finances. Several caregivers mentioned costs related to gaining legal custody of the child or claiming child support payment from the parents. For those who can afford a paid attorney, fees are exorbitant. Even if a family can't pay for an attorney, there are costs associated with going back and forth to court, as one grandmother in the Chicago area pointed out. She has to go into the city regularly to deal with a custody issue with the father of one of the children. These trips cost her time and gas, which are significant costs for a family with limited income.

For some, there are extra costs are related to addressing any abuse or neglect the children suffered in the past. For others, taking on children means incurring another type of cost they can't afford. But because they sense that the children wouldn't have any other place to go, these grandparent caregivers work with what they have.

INCREASING INCOME IS PARTICULARLY CHALLENGING LATER IN LIFE

The average annual income of households we interviewed was $25,414, with the highest being $51,600 and the lowest being $10,128. Many of the grandfamilies balanced multiple income streams and reported two to three sources of income for their household. The primary source of income for most caregivers was Social Security, including retirement, disability and survivor benefits. Some were employed either full- or part-time, while others had income from retirement investments or pensions. Most families supplemented their income with food and child welfare assistance from public agencies, and a substantial portion also received (usually irregular) contributions from other family members. Only a few mentioned that they received child support from parents, but even in instances when they did receive child support, they considered it supplemental and not a primary source of income. As one grandmother in Chicago said, "It's really nice to get that [child support payment] every two weeks. It's not much, but it's nice."

GETTING AND KEEPING A JOB IS CHALLENGING

In discussing income, almost all caregivers talked about experiencing income fluctuations at one point or another around the time they became a caregiver. They commonly reported decreases in household income. Several caregivers lost their job, or had a spouse lose their job, and mentioned it was hard to get back to work due to their age or health condition. A few said that they had to cut back on hours or to take leave from a job to care for the children, thereby reducing their income. A few talked about decreases in household income as their grandchildren aged out of child welfare or financial support programs.

Martha's Story: Diminishing Job Opportunities

"Martha" is the grandmother of four children—two girls and two boys who range in age from 13-18. They've lived with Martha since they were babies. Martha's financial situation is dire. She used to have two full-time jobs and one part-time job and was making nearly $30,000. However, she started getting laid off from the jobs in 2011. In June 2014, Martha lost her last job, where she was working at a state-run group home.

In the time since the layoff, Martha's financial situation went from stable to catastrophic. She used up her savings to cover the gaps and cut down on expenses dramatically; by the time of the interview, Martha's family had forgone certain basic needs. For example, when Martha got laid off, she couldn't afford her rent at $1,250 per month. She was able to move herself and the kids to her sister's house, but then her sister passed away and the family was homeless until they could find an apartment Martha could afford.

Martha's hoping that the state will re-open her position at the group home or that she'll get another job very soon. It's not easy. As she says, "I'm getting old. That's why I think I'm having a harder time getting a job."

BURDEN ON MAKING ENDS MEET

Most of the caregivers we talked to said that it was hard to make ends meet on their current incomes, meaning that their expenses regularly exceeded their income. As one grandmother in Chicago said, "What's going out leaves faster than what's coming in. By the time I finish paying the bills and I also tithe, I pray that nothing comes up because I have nothing to give. I'm just making it. Or, as they say, I'm robbing Peter to pay Paul."

Unfortunately, even for those who reported they can currently make ends meet, their stability appears to be tenuous. Caregivers who are currently able to cover their expenses worry that a disruption to their lives (e.g., they get sick, an income support is reduced, etc.) could disrupt the balance they've worked so hard to achieve.

"It's not enough, but you make it enough."

GRANDFAMILY CAREGIVERS ARE EXPERIENCED HOUSEHOLD FINANCIAL MANAGERS, BUT FACE SIGNIFICANT BARRIERS

Caregivers often shared confidence in managing their household's budget. As one grandmother in Trenton said, "I know how to budget. I raised four girls by myself, so I know how to budget. If that weren't the case, only God knows what it would be like." The caregivers' confidence in their financial capability was usually highlighted with descriptions of actions that demonstrate that they know how to manage their family's finances. For example, some interviewees listed out recurring and irregular income and expenses, while others talked about strategies they utilize to keep expenses low. Still other interviewees expressed knowledge of options to help increase their household income, discussed their understanding of fees related to the usage of various financial services, or cited examples of negotiating or balancing various payments to creditors or vendors to stay afloat. This isn't surprising given that grandfamily caregivers have raised a family before and felt they were stable enough to take in children when the parents were unable to provide.

"I'm making it. Well, not making it, but I got my head above water. Thank God I know how to doggy paddle, because if I didn't, I would have drowned a long time ago."

FINANCIAL SUPPORT IS HELPFUL, BUT OFTEN NOT ENOUGH

All interviewed caregivers mentioned that they receive some form of financial support from public (government) or private (nonprofit) agencies. For many caregivers, these sources of income don't fully cover their financial needs on a regular basis, but they do offer some relief. With regards to income support from Social Security, one grandmother in Trenton said, "Thank God for the check when [my grandson] came in, because when it was just mine, it was very difficult."

Eleanor's Story: Master Budgeting on a Limited Income

"Eleanor" is the 70-year-old great-grandmother of an eight-year-old girl. She and her husband have a fixed annual income of $11,000. Most of their household income comes from Social Security. Though her income is limited, Eleanor says, "I'm making it. [We] don't have a big income [but], we're not suffering too much." Eleanor is quite a savvy manager of household finances. She is knowledgeable and connected to social programs that help cover her family's basic needs. Her income is utilized to pay for rent, utilities and clothes for her granddaughter. She uses a bank account and prepaid card from the state's food assistance program for her transactions. She pays most of her bills electronically, either by setting up automatic withdrawals or by using her debit card. She also keeps a bit of cash on hand for routine purchases. She has credit cards for emergencies, but indicates that she understands how to avoid getting into trouble with credit. She says she's trying to not put herself in a position where she has to deal with an emergency because she can't afford it.

Financial support from private sources were also mentioned by caregivers as helpful sources of income. Employer-related benefits, such as pensions or disability benefit plans, were mentioned as primary sources of income for a few of the interviewed caregivers. Others mentioned how smaller support, such as donations of food or clothing from a charity group, or small amounts of cash assistance to help with expenses for children such as clothing, helped in certain crisis periods.

In addition to income from institutions, caregivers also mentioned receiving financial assistance from family and friends. Sometimes, that financial support came in the form of a gift. As one grandmother in Chicago described, "The unexpectancies [sic] that can happen can really take someone in a grandfamily situation way back. … Had I not had my sister, I don't know how I would have had the money to get my car fixed. Then, that would have led to [my grandson] not being able to go to school." At other times, that financial support came in the form of a loan. A different grandmother in Chicago recounted two costly situations where her grandchildren's school uniforms were ruined: once by a marker in the washing machine and once when their home was infested with bed bugs. They were able to borrow money for new clothes and a couch, but they have not been able to get enough resources for beds. At the time of the interview, one of the children was still sleeping on the floor.

ASSETS ALLEVIATE FINANCIAL PRESSURE, BUT CAN BE QUICKLY DEPLETED

During our interviews, caregivers sometimes referenced savings they had built up or assets they had purchased (i.e., a home) earlier in life. Often, these stories illustrated how important savings and assets are for alleviating some of the financial pressure that comes with becoming a grandfamily. These assets were typically where caregivers went first when things got tough, but these resources eventually deplete. As a caregiver in Trenton recounted, she had some savings when she first took in her grand-niece, but her savings eventually ran out.

"I think that I'm fortunate because I tried to put aside and preserve myself in case something went wrong. [Little] did I know I was going to be getting a kid.

BARRIERS IN PUBLIC PROGRAMS LIMIT FINANCIAL STABILITY

Caregivers sometimes expressed frustration with public systems that are intended to help lower-income families become financially stable and economically mobile. Some caregivers said that accessing income supports can be difficult. One grandmother in Chicago said, "They never mention that you don't get finances for the child; if you don't ask, you don't get it." This particular grandmother was a licensed foster parent and was able to receive additional income and supports when she became her grandson's foster parent. She said that she was blessed in her situation, as many caregivers who have had related children placed with them don't know about the option to become foster parents to those children. Other caregivers talked about how applying for financial assistance is difficult due to a variety of income and programmatic requirements.

Other caregivers indicated that they felt unable to save because doing so would risk losing eligibility for a financial assistance program on which they depend. As one grandmother in Chicago said, "When you live in subsidized housing, it's hard to have anything extra, because any extra money you [have] will [cause you to] be penalized." Another grandmother in Trenton said, "When we are receiving Social Security Income, you are limited to, I think it's $2,000. … They see that you have a little money and they think, 'oh you can afford things.'" For most of the caregivers interviewed, saving was already a challenge given their financial circumstances. These policies—typically referred to as asset limits or asset tests—add an extra layer of discouragement, making the ability to save for the future an even less realistic option for these families.

GRANDFAMILY CAREGIVERS OFTEN FOREGO THEIR OWN FINANCIAL DREAMS

There's no question that raising children requires sacrifice from caregivers. This sentiment was particularly strong among the caregivers interviewed. Most indicated that they gave up something of significance to them to become primary caregivers for a second (or sometimes third or fourth) time. As one grandmother in Chicago said, "I just turned the big 5-0 in January. It was kind of bittersweet. … All my 40s, I didn't really get a chance to do [much] because I was in court fighting for him. So now, I just woke up and was like, 'hello, 50!'"

PRIORITIZING DREAMS FOR CHILDREN

For many caregivers, sacrificing for the children meant giving up a life they envisioned. As one grandmother said, "I was thinking, when my son graduated high school, I could pay off all the bills, enjoy my life, and then, they were at my doorstep." For others, these sacrifices mean giving up on thinking about the future (e.g., retirement). The shift in expectation for caregivers' lives was strongly reflected in their financial goals. Almost all the goals stated by interviewees related to benefiting the children in their care.

With children being their top priority, grandfamily caregivers most often mentioned the goal of ensuring the child(ren) go to college. In a similar vein, some caregivers expressed a desire to ensure their grandchildren were financially independent or that the children would be taken care of if something were to happen to them. Other common goals included being able to pay for a special occasion, such as a birthday or Christmas, and having savings to cover emergencies or to pay off debt.

FINANCIAL GOALS FEEL TOO DISTANT

With the exception of a grandmother who's currently paying for college, most caregivers didn't mention a plan or strategy for reaching their financial goals. Not having a plan could be related to a sense that goals are too distant to be realized. Most caregivers indicated that they were not on track with their financial goals because making ends meet in the short term was their top priority. For example, when asked if she had any financial goals for the future, a grand-aunt in Trenton said, "Naw, not at the moment, unless I get lucky or something. … [I] just take it day by day."

Jane's Story: Deferred Dreams

"Jane" is the grandmother of an eight-year-old boy. A major financial burden weighing on her mind at the time of our interview was the legal expenses involved in fighting for guardianship of her grandson. Her attorney's bill for one month was $7,000. To cover legal expenses, Jane has liquidated a savings bond and has almost entirely drawn down one of her savings accounts.

The legal battle has meant Jane is deferring her financial goals. There are many things that Jane said she wished she could do. Specifically, she would like to save a little money in order to repair and remodel her home. She also said she needs a new car and would love to have the money to afford that. Jane would also like to be able to travel more. She spoke about how nice it would be to be able to take her grandson on a bigger vacation. Jane also said she would like to have the ability to send her grandson to college, if he wants to go. When asked if she feels she's on track to meet her goals, Jane said, "I have all of these lovely ideas, but I don't have the money for them."

"You have to be willing to make sacrifices when you get the kids. You have to know what you are getting yourself into. And remember that they won't be small forever."

FIVE OPPORTUNITIES TO HELP IMPROVE THE FINANCIAL LIVES OF GRANDFAMILIES IN LOWER-INCOME COMMUNITIES

The financial stories provided through these interviews reflect the strength and spirit of grandfamily caregivers. Each story features a woman who took on the responsibility of raising another child or multiple children at a time when her financial circumstances were stagnating or tightening. While not comprehensive, the insights from these stories help us to identify several opportunities to help improve the financial lives of grandfamily caregivers in low-income communities.

Leverage policy change and program integration opportunities to help grandfamily caregivers to increase income and smooth financial volatilities.

The most pressing issue raised by caregivers was the difficulty they experienced making ends meet. A large part of the problem from their perspective was the limited opportunities to maintain or increase income to raise the children in their care. To compensate, caregivers talked about the various strategies they use to economize by cutting costs and shifting expenses. However, there are limits to how much one can shift or cut, and the reality is that raising kids takes a significant amount of resources. Over and over again, caregivers talked about how grandfamilies need more support to increase income and smooth financial volatilities.

From a policy perspective, federal and state policymakers should explore the range of ways to broaden eligibility and remove barriers to benefits, services and employment.[14] Additionally, more programs to help grandfamily caregivers earn income within the constraints imposed by their health or child-care situation could be developed or better integrated with other services available to grandfamilies. Finally, changes could be made to remove asset limits in programs utilized by grandfamily caregivers to enable these families to save.[15]

From a programmatic perspective, there are opportunities for public and nonprofit services across the country to better integrate and tailor services to grandfamilies' financial needs. This could mean integrating financial capability programs and services into organizations that offer social services to grandfamilies, or it could mean increasing awareness of grandfamily issues and social supports among financial program and service providers.[16]

Raise awareness among grandfamily caregivers about options available for additional support.

While all of the caregivers we interviewed had access to some form of public support, not all were receiving the support necessary to help absorb the cost of raising a child. For example, out of the 20 caregivers we interviewed, only one was a licensed foster parent. Although becoming a foster parent to a grandchild is not an available option for most grandfamilies, that designation comes with supports and services that are not offered to non-foster parents. It may be an option, among others, that can help some grandfamily caregivers. Raising awareness of the different options can be helpful in creating additional pathways to financial security and stability.

14 For more on policy recommendations to increase income opportunities for grandfamilies, see, Ana Beltran, Improving Grandfamilies ' Access to Temporary Assistance for Needy Families (Washington, DC: Generations United, 2014), http://bit.ly/1N02kQu and Stepping up for Kids: What Government and Communities Should Do to Support Kinship Families (Baltimore, MD: The Annie E. Casey Foundation, 2012), http://www.aecf.org/resources/stepping-up-for-kids/.

15 Resources on asset limit policies at the federal, state and local levels are available on CFED's website at http://cfed.org/policy/policy_issues/asset_limits/.

16 For more information, see "Integrating Grandfamily Services and Financial Capability Services" on page 18.

INTEGRATING GRANDFAMILY SERVICES AND FINANCIAL CAPABILITY SERVICES

A variety of social and financial services are available for grandfamilies through nonprofits; universities; and state, county and local government organizations. The breadth and depth of services to directly or indirectly assist grandfamilies with financial issues vary significantly across states, and often across areas within states. Descriptions of common social and financial services available to grandfamilies are below. The services listed here may be offered individually or as part of a menu of services offered by an organization. There are opportunities to continue to integrate the various grandfamily services so that social service providers may better understand clients' financial challenges and improve the support they offer to these clients.

COMMON SOCIAL SERVICES

Information and referral: Services in which people can seek information on resources available to their family and are provided information or referrals to income, nutrition, health, legal support and other similar services
Assistance in completing forms for public benefits and Social Security: Services in which people can seek help filling out forms for public benefit programs and Social Security
Counseling and support groups: Individual sessions or group meetings in which family caregivers can talk to a professional or peers about their situation
Housing assistance: Services that help to provide housing to families in need
Respite care: Services that provide temporary relief child care for family caregivers to have a break
Legal assistance: Free or reduced fee legal services for people from households with low incomes
Kinship navigation: Generally, services that help people who care for relatives' children to identify and connect to resources available to them; There may be variations in the level of help and counsel available to families

COMMON FINANCIAL CAPABILITY SERVICES

Financial counseling: Individual financial sessions in which clients seek consultation on a specific financial problem and get expert advice
Financial coaching: Individual financial sessions in which clients are encouraged to identify their own financial goals and are supported through accountability and positive feedback in their journey to achieve their goals
Free tax return preparation: Free tax preparation and filing services by IRS-certified volunteers
Financial education: Classes, seminars or workshops that present overviews of common financial topics such as budgeting, saving and planning for retirement

When integrating financial capability services into grandfamily services, there are a few tips to keep in mind. Here is some advice offered by staff from our community partners that serve grandfamilies:

1. Tailor financial capability services for individual grandfamilies so that their unique situations can be addressed.
2. Ensure that staff providing financial capability services have an understanding of grandfamily needs so that they can offer advice on what's best for their situation.
3. Build relationships with the caregivers over time to establish trust.
4. Be sensitive regarding when and to whom caregivers are willing to talk about their finances.
5. Provide one-stop services in one location so that service delivery is more efficient and effective.
6. Offer comprehensive social, emotional and health services for all members of a grandfamily.
7. Partner thoughtfully by selecting trusted organizations and developing memorandums of understanding.

To learn more about integrating financial capability services, visit http://cfed.org/programs/integrating_financial_capability/.

Empower caregivers to reach their financial goals.

Grandfamily caregivers make significant sacrifices to care for their grandchildren, and they often shoulder most of the burden on their own. It's important to recognize the capabilities of these caregivers as providers and household financial managers, while encouraging them to continue looking toward the future. Caregivers do have a wide variety of goals and dreams—some for themselves and some for the children in their care—but many aren't able to look past their current financial situation to make strategic plans for the future. There are opportunities to provide financial products, services and programs that help caregivers envision pathways to their financial goals and to start taking actionable steps toward those goals. As part of the effort to empower caregivers toward action, special attention should be paid to include ways caregivers can reduce stress or give themselves some mental breaks from the day-to-day activities of managing a household.

ACCESSING PUBLIC BENEFITS AS A GRANDFAMILY CAREGIVER

Grandparents raising grandchildren often have difficulty getting access to services and supports for the children and themselves. Many do not have legal custody of the children and believe they lack the authority to secure benefits for them. In fact, only 12% of grandfamilies receive TANF (Temporary Assistance for Needy Families) despite nearly 100% being eligible.[17] Less than half of low-income grandfamilies report receiving SNAP (Supplemental Nutrition Assistance Program, formerly Food Stamps), a similar portion of eligible children in grandfamilies receive Medicaid, only 17% of low-income working grandparents or other relative caregivers receive child care assistance, and only 15% of these caregivers receive housing assistance.

There are several ways grandfamily caregivers with low incomes can access the public benefits available to help cover the cost of raising children. One possible option for some, often mentioned by grandfamily service providers, is for the caregiver to become a licensed foster parent. Currently, the vast majority of relatives raising children do not get the support that comes with being a licensed foster parent. For every child being raised by a relative in the foster care system, 23 children are being raised by relatives outside of the system.[18] For grandfamily caregivers, being outside of the formal foster care system likely means that they may not have the advantage of a social worker to help them navigate complex social service, physical health care and mental health care systems. The financial support available for those outside the foster care system is dramatically lower than what is available to those inside the system.

Seek ways to build the capacities of caregivers' social and family networks to financially support grandfamilies.

As many of the caregivers mentioned the emotional and financial support offered by their social networks, there may be an opportunity to look beyond the caregiver to further assist the grandfamilies. Other adults connected to the caregivers—such as grown children, the children's parents, other grandchildren, siblings and close friends—may have a strong desire (or responsibility) to support the caregiver in raising children.

With more exploration, new programs could strengthen the financial position and capabilities of people in the caregiver's support network so that they can be stronger resources for the grandfamily. Formalizing and empowering the network to develop financial strengths and contribute to one another's well-being could also help reduce the stigma caregivers feel about asking for help.

17 *Stepping up for Kids: What Government and Communities Should Do to Support Kinship Families* (Baltimore, MD: The Annie E. Casey Foundation, 2012), http://www.aecf.org/resources/stepping-up-for-kids/.

18 Generations United, *State of Grandfamilies in America.*

STRESS AND ITS IMPLICATIONS FOR GRANDFAMILY CAREGIVERS

An interesting issue that arose during interviews is how stressful it is to be a grandfamily caregiver, particularly in a lower-income household. Many of the grandfamily caregivers talked about the stress they experienced from managing a household with children. They often mentioned stress in the context of health as it can aggravate other health problems. Others talked about stress as they explained how certain stress-reducing activities are helpful in their lives.

The negative implications of stress for mental and physical well-being are well-documented. Emerging academic theory from the fields of behavioral economics and psychology suggests that stress may also have a negative impact on the way people make financial decisions.[19] This notion of financial scarcity suggests that being stressed because of limited time, energy or money can cause people to become myopic in their decision-making, making it harder to give optimal attention to each economic choice.

One of our interviews supports this theory. A grandmother in Trenton, who mentioned that she recently took out an auto-title loan, said, "All my money goes to bills. And I just went and did something I shouldn't have done. I went and took out a loan because I was just tired of being broke. It's like, my check is basically just bill money." At the time she took out the loan, she knew that there would be costs associated, saying, "They charge a ton for interest. And I knew it was bad, but I just got tired of being broke."

Many caregivers noted the importance of having strong mental capabilities to ensure that they are able to make adjustments to their living needs as finances tighten. Some even talked about how it's important to do something for themselves and to feel great joy in it. One grandmother talked about an Easy Ride adjustable bed she recently bought herself. She thinks of it as her car and that it was a good buy because of the relief it brings her. Another grandmother mentioned taking a day trip with her daughters to a peaceful outdoor sanctuary, mentioning how beneficial it was to get away. It seems as though the opportunities to do something for themselves to relieve stress are rare for the caregivers interviewed, but are restorative and helpful in maintaining their full capabilities.

Continue to learn more about the financial lives of grandfamilies.

The stories collected through our interviews help to build a picture of what the financial lives of grandfamilies in lower-income households are like, but it is only a start. These snapshots identify opportunities for future research about grandfamilies and their finances. Four key issues deserve more exploration. First is how costs related to the startup of new grandfamilies and custody battles affect the people in the family – both in the short and long term. Second is to compare the financial situation of grandparent caregivers before and after incorporating children into their households. Third is to seek information from grandfamily caregivers who are not currently connected to social services or who source a larger proportion of their income from employment or retirement savings and pension. Fourth is to learn more about how money and resources flow from grandfamilies to and from their social networks. Exploring more in these areas will further illuminate the challenges facing grandfamilies and potential solutions to support them.

19 For more, see Sendhil Mullainathan and Eldar Shafir, *Scarcity: Why Having Too Little Means So Much* (New York: Times Books, 2013).

CONCLUSION

The 20 grandfamily caregivers we interviewed provided a picture of their individual financial lives. Their stories illuminated insights about what the financial situations of grandfamilies in low-income communities across the country might look like. Each story is unique, but common among them is the great amount of love and courage required to take on the challenge of bringing together a family under difficult emotional and financial situations. Grandfamilies are indeed grand in so many ways. We hope their stories inspire programs and policymakers to learn more about them and their financial lives.

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ABOUT CFED

CFED empowers low- and moderate-income households to build and preserve assets by advancing policies and programs that help them achieve the American Dream, including buying a home, pursuing higher education, starting a business and saving for the future. As a leading source for data about household financial security and policy solutions, we promote programs on the ground and investing in social enterprises that create pathways to financial security and opportunity for millions of people.

ABOUT GENERATIONS UNITED

Generations United's mission is to improve the lives of children, youth and older adults through intergenerational collaboration, public policies and programs for the enduring benefit of all. For nearly three decades, Generations United has been the catalyst for policies and practices stimulating cooperation and collaboration among generations, evoking the vibrancy, energy and sheer productivity that result when people of all ages come together. We believe that we can only be successful in the face of our complex future if generational diversity is regarded as a national asset and fully leveraged. For almost twenty years, Generations United's National Center on Grandfamilies has been a leading voice for issues affecting families headed by grandparents or other relatives.

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