

Unlocking Youth Potential: Philanthropic Strategies for Financial Well-Being



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ROUNDTABLE #2: OPPORTUNITY PATHWAYS

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ROUNDTABLE #3: SUPPORT AND GUIDANCE

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ROUNDTABLE #4: PUTTING IT ALL TOGETHER: FUNDER FRAMEWORKS TO INTEGRATE AND SUPPORT FINANCIAL WELL-BEING CONDITIONS

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Asset Funders Network (AFN) partnered with the Aspen Institute Financial Security Program (FSP) to create a brief titled “High Stakes, High Reward: How All Funders Can Make Critical, Catalytic Contributions to Investing in the Financial Security of Young Adults.” The brief addresses the financial capability needs of young adults (YA) aged 16-25. It includes a framework for youth financial well-being and concludes with actionable strategies for philanthropists to enhance YA’s financial security. AFN also partnered with Young Invincibles to develop a complementary data document on the financial health of Gen Z based on their national survey. The survey covers key financial variables such as net wealth, debt types and amounts, and income sources and levels.



Based on the brief and data document, AFN launched a funder-only discussion series that ran from January to May 2024. This series featured four virtual roundtables centered on the financial well-being of young adults. The discussions allowed members to share promising strategies for youth financial well-being, discuss challenges, and explore opportunities for collaborative philanthropic investments.

This summary report provides insights from the funders who participated in the Roundtable Discussion Series and highlights learnings around three key themes:

- **Mental Wellness: An Essential Prerequisite for Young Adult Financial Well-Being**
- **Four Conditions Necessary for Young Adult Financial Well-Being**
- **Key Ingredients for Young Adult Financial Well-Being Program Design**

MENTAL WELLNESS: AN ESSENTIAL PREREQUISITE FOR YOUTH AND YOUNG ADULT FINANCIAL WELL-BEING



There is an increasing demand for mental wellness services among young adults, reflecting national concerns about their mental well-being. The U.S. Department of Health and Human Services [reports](#) that mental health challenges are the leading cause of disability and poor life outcomes in young people. In recent years, there has been a significant rise in mental health disorders among youth, including depression, anxiety, and suicidal ideation.

During the roundtable discussions, participants acknowledged that young people are struggling with their mental well-being, which is crucial to their ability to thrive. They also recognized the lack of awareness surrounding these issues and the shortage of adequate services available for young people.

Organizations serving young adults strive to meet these needs through partnerships, integrating mental health services into their programs, and advocating for supportive policies.

Providing mental health services also influences the organizational culture of YA-serving nonprofits, leading them to incorporate new supports such as time off dedicated to self-care. This reflects a significant culture shift within organizations, fostering a deeper commitment to the well-being of staff and the communities they serve.

Insights for Philanthropy:

Funders should prioritize embedding mental wellness support in their investments to better serve young adults. While many nonprofits provide support, the quality and comprehensiveness can vary. In many cases, mental health support is limited to referral networks rather than being provided in-house, making it difficult to track outcomes and measure the impact on well-being. When feasible, investing in building nonprofits' internal capacity to deliver mental wellness services is critical. By integrating mental health support into existing programs and developing robust in-house services, nonprofits can provide more consistent and effective support. This approach enhances the well-being of young adults and also fosters a healthier organizational culture.

FOUR CONDITIONS FOR YOUNG ADULT FINANCIAL WELL-BEING

During the roundtable discussions, a framework for young adult financial well-being was shared. Young adults need [four mutually reinforcing conditions](#) to experience financial security and be on track for economic success in later adulthood: financial stability, opportunity pathways, financial capability, and developmentally appropriate support and guidance. Each element is essential, as they interact and support each other in critical ways.

Financial Stability: Financial stability is the foundation of young adult financial security, crucial in its own right and for enabling other achievements. It means having the resources to meet day-to-day needs, pay bills, and handle financial shocks without derailing progress toward long-term goals. To achieve financial stability, young adults need income that exceeds the cost of living, minimal or no harmful debt, access to affordable quality housing and basic needs, and financial cushions such as savings, good credit, strong social networks, and quality public and private benefits.

Opportunity Pathways: Opportunity pathways are essential onramps to adult education and training. These include affordable and effective training programs, post-secondary education, and access to jobs with good pay, benefits, and career advancement opportunities.

It is equally important for young adults to have the financial support and stability necessary to devote sufficient time to education or training, similar to the support available to children from higher-income, higher-wealth families.

Financial Capability: Young adults need the skills, confidence, and habits to manage their money effectively, along with access to consumer-friendly financial products and services. These resources enable them to handle day-to-day finances and make important financial decisions, such as how to pay for college or choose a career. Financial capability programs are most effective when young adults have meaningful financial resources to manage, allowing them to learn by doing. As a result, these programs are increasingly delivered alongside employment and guaranteed income initiatives, providing young people with income they can manage in a practical, hands-on way.

Support and Guidance: Because young adults are at a unique developmental stage, they require support, guidance, and mentoring from caring adults and peers. This includes career, financial, and benefits advising and navigation support.

Insights for Philanthropy:

Funders can map their current investments for the following:

- Evaluate the extent to which current grantees and networks support the four interlocking conditions necessary for young people to achieve financial security.
- Identify high-impact and high-capacity partners addressing the four conditions.
- Identify gaps in how these organizations integrate financial stability, opportunity pathways, and navigation supports into their work.
- Determine whether these partners are youth-serving organizations that prioritize youth leadership, ensuring young people are actively involved in developing, designing, implementing, and evaluating programs.
- Fund programs to bridge these gaps while continuing to provide support to high-impact and high-capacity organizations that foster financial well-being for youth and young adults.

KEY INGREDIENTS FOR YOUNG ADULT FINANCIAL WELL-BEING PROGRAM DESIGN

During the Roundtable Discussion Series, four important program design considerations emerged as key to supporting youth and young adult financial well-being: youth voice and engagement, narrative work, holistic approaches, and evidence and scale.

Youth Voice and Engagement: The discussions highlighted the importance of involving youth in designing programs and driving continuous improvement. Rather than simply gathering feedback, it is essential to engage young people as leaders in developing and implementing solutions. This approach acknowledges the deep insights and wisdom that youth possess about their needs, and actively invests in the next generation of leaders. By engaging young people in the design process, nonprofits can better understand their needs and develop practical solutions.

One key aspect of genuine youth engagement is compensating them for their contributions. Offering incentives for their participation in designing programs and policies shows appreciation for their value and ensures their sustained commitment and involvement.

Insights for Philanthropy:

Funders are urged to support programs and initiatives that incorporate youth voices and compensate young participants, addressing a major barrier for youth—lack of income. Investing in approaches that allow young people with lived experience to shape and enhance programs aimed at improving their financial stability ensures that these strategies will effectively meet their needs.

Beyond involving youth in the design of programs, funders should also integrate youth voices into their funding strategies, working with them as equal partners to ensure investment strategies are relevant and practical. This involves empowering young people with the necessary resources and valuing them as equal contributors in decision-making processes.



Narrative Work: The Roundtable Discussion Series underscored the need to shift the narrative around young adults and their capacity for financial security and success. Perceptions of young people are often clouded by outdated stereotypes and biases from past experiences. To understand the ambitions and struggles faced by today's young people, we must approach them with an openness and a willingness to see the world from their perspective. This shift requires actively combating harmful and untrue narratives that misrepresent their experiences and potential.

Shifting the narrative and telling a powerful story requires both quantitative data and qualitative information. Both offer complementary insights that together provide a more comprehensive understanding of the financial needs of young adults. While data is essential, it alone cannot drive the necessary change in perceptions.

Additionally, the messenger's credibility plays a significant role in shifting narratives. Nonprofit organizations expressed that it is helpful to have national, credible sources to reinforce their messages about the data and lived experiences of young adults. Some stakeholders can be skeptical of local or affiliated sources, so having an independent and authoritative entity to back up these stories can be helpful.

Insights for Philanthropy:

Philanthropy can provide resources to support grantees in telling their stories more powerfully with quantitative and qualitative information. By investing in their partners' data capacity and storytelling capacities, philanthropic organizations can help shift the narrative and provide an accurate depiction of the financial outlook for young adults.

Funders also have a direct role in shifting the narrative and should consider leveraging their voice and convening power to highlight promising strategies to advance the financial well-being of young adults.

The roundtable discussion addressed the need to dispel myths within their philanthropic circles, including foundation boards. Harmful narratives about young adults can pose internal case-making challenges for funders when communicating with board members who are less familiar with the realities of financial challenges faced by young adults.



Integration and Holistic Approach: The discussions highlighted that developing a holistic, integrated program model for the financial well-being of young adults can be challenging but is essential. Such models encompass a range of supports, including food, housing, transportation, physical and mental health services, and guidance in financial capability and education/career navigation. These services can be integrated into existing programs or delivered through external partnerships to create a comprehensive support network.

Addressing all necessary services often involves strengthening the capacity of existing organizations. Meeting this need requires the implementation of complex and comprehensive collaborations across multiple organizations, which can be challenging and costly. However, these collaborations are crucial, as a wide range of services is necessary to support young adults effectively.

Insights for Philanthropy:

Philanthropy can help nonprofits build the organizational capacity to deliver holistic services. Funders should be open to exploring various models, recognizing the benefits and limitations of each, as well as their relative costs. In some areas, it may be necessary to build all required capacities internally, while in others, forming partnerships may be more feasible.

Collaboration and partnership require funding for the services themselves and also for the collaboration process, including staff time to create and maintain partnerships, integrate services, and ensure smooth collaboration.



Evidence and Scale: Building evidence for effective programs is often considered the first step before scaling and replicating them. As evidence is gathered, scaling can be pursued through various strategies, including partnerships and collaboration, systemic change, and advocacy and policy initiatives.

Effective partnerships are essential for scaling programs. By partnering with other organizations, programs can extend their reach and serve young adults they might not have been able to connect with on their own. Partnerships and collaborations leverage the strengths and resources of multiple organizations. By pooling resources such as funding, expertise, and infrastructure, collaborations create a more efficient and cost-effective way to deliver services to a larger audience.

Scale can also be achieved through systemic change and shifting practices within established systems. For example, one nonprofit described its efforts to integrate financial well-being strategies into pediatric healthcare systems to reach parents with young children. That same organization also engages with early education systems, higher education institutions, and social services to embed financial well-being services in those systems.

Addressing the barriers to financial security faced by today's young people ultimately requires committed, large-scale policy action. Legislative efforts and regulatory changes are key to driving the systemic shifts needed to improve the financial well-being of young adults. Examples of impactful policy measures include student loan debt forgiveness programs, non-labor income pilot programs, and the Affordable Care Act (ACA) provision allowing young adults to stay on their parents' health insurance plans until age 26.

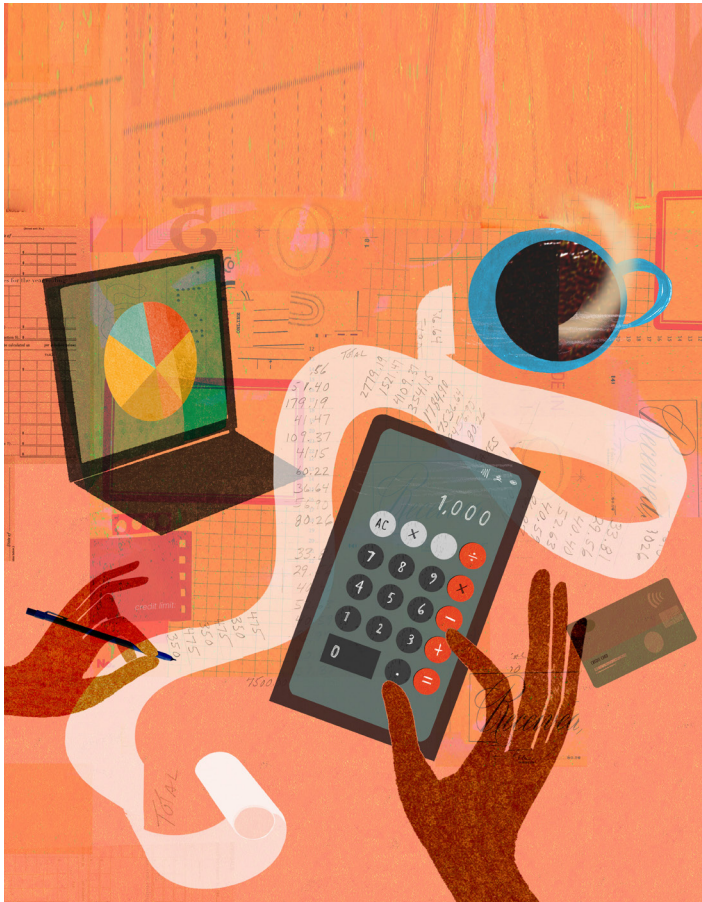
Insights for Philanthropy:

Building strong evidence and achieving scale requires significant investment. Philanthropy can play a pivotal role in enhancing the financial well-being of young adults by funding evidence-building efforts and supporting strategies to replicate and scale effective models.

Funding advocacy work is a key strategy for scaling impact. Expanding nonprofit services alone cannot solve this challenge; comprehensive systems change is necessary and must be adequately funded. While foundation support for direct community services yields immediate results, it is equally valuable to invest in advocacy work that produces changes to laws, regulations, and policies. This includes supporting research, evaluation, policy, and advocacy efforts aimed at achieving lasting and meaningful systems change.

Funders should also be cognizant of the long-term approach needed to make an impact. One funder suggested that the best way to help scale financial well-being efforts is to provide long-term patient capital to nonprofits, offering flexible funding that allows them to test and replicate effective approaches.

Supporting young adults during their transitional years is urgently needed. The period between ages 16 and 25 is critical in shaping a person's future. Young people from wealthy backgrounds can focus on personal development with relative ease, as their basic needs—housing, food, transportation, healthcare, and dependent care—are met. They have the resources to fund their education or training and face less stress about financial survival. This disparity creates an inherently unfair advantage.



If the current system and outcomes are unacceptable, funders must invest holistically, adequately, and enthusiastically in creating conditions that support the financial well-being of all young adults. What is required now is leadership and collaboration across philanthropy to courageously invest in young adults.

Actions to Consider:

- **Invest in Proven Strategies:** Choose at least one strategy that emerged from the Roundtable Discussion Series to support.
- **Collaborate with Other Funders:** Connect with other funders invested in YA initiatives to think ambitiously about collaboration and strategic funding.
- **Learn and Engage:** For more information and ideas, review "[High Stakes, High Rewards: How All Funders Can Make Catalytic Contributions to Investing in the Financial Security of Young Adults.](#)"

By taking these steps, we can significantly impact the financial well-being of young adults and ensure they have the opportunity to realize their full potential.