



Imparting Financial Lessons to College-Bound Children

Parents of college-bound children may have a long summer to-do list to get their children ready for school. But amid the family vacations and mile-long shopping lists, parents may also want to think of ways to financially equip their children for college.

Although some campus rules have changed, college freshmen are still likely to be inundated with credit card offers once they leave home. For many adolescents, college is the first time that they are in a position to make their own decisions, which is why money discussions become even more important in the weeks between high school graduation and freshman orientation.

Every family has different circumstances and different ways of handling money, so there may not be a “right” answer for the following topics. Nevertheless, these are things families will likely want to address to help ensure their children have a foundation for making sound financial decisions when they are on their own.

How to budget: By being far from home, college-age children may find that they no longer have easy access to money. Before school starts, parents should discuss with their children what -- if any -- financial support they will give for non-school expenses. If an allowance is given, it might be helpful to develop and implement a budget the summer before school begins. It may also be helpful to discuss tips for stretching it over the semester and the repercussions of the child going over-budget.

Agreeing on credit card use: Some parents may give their college-bound children a copy of their credit card to be used only for emergencies and traveling home while other parents may agree to more liberal use. Either way, parents may want to start conversations with their children in advance about how credit cards work and the consequences of going into debt. They may even wish to do a trial run over the summer in order to develop any new habits they wish to instill for the year ahead. There are some considerations about getting the child their own credit card with a low limit (which can still be monitored by a parent) in order for them to start building up their credit.

Deciding if a college job/internship is appropriate: Following the Great Recession, many students of an earlier generation learned – sometimes too late – the importance of having work experience before graduation. Some parents may want their children to work during the school year regardless of their financial situation, while other parents may favor focusing on studies and only certain types of work and internships. This could be an ongoing conversation with a college student as opportunities arise and the student’s interest area is further cemented.

Introducing philanthropy: While many think first about preventing their children from making financial mistakes, college can also be a time to develop a young person's interest in philanthropic giving. In college, students may be presented with various opportunities for volunteer initiatives, which they may not have time for later in life. Parents may wish to discuss integrating service-oriented coursework into their children's curriculum and taking on other volunteer projects in order to instill these values early in life.

While no two families will have the same goals and subsequently, the same framework for a conversation to prepare their children for college, discussing financial lessons can prove extremely valuable. Contact your Anchin Relationship Partner or Lydia Vercelli, a director in Anchin Private Client, at 212.840.3456 or info@anchin.com to discuss strategies and conversations around planning.



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