

Countdown to College

May 1st is a deadline that only the parents of a graduating high school senior can truly appreciate: the college selection deadline. At last, the final decision has been made and as a parent you may be thinking that all you have left to do is write a tuition check in August. However, this summer you will need to seize on this limited opportunity to prepare both you and your student for an entirely new realm of personal and financial freedom.

Remember that one of your primary goals with your children should be to help them learn how to be financially independent adults who exercise good judgment. As you well know, this process will likely take much longer than the next three months to accomplish. However, as they start this new chapter of independent living, it is important that you get them off on the right foot. There are a few critical items which need to be clearly delineated and now is the time for action.

Documents:

Once your children turn 18 there are legal limitations to how much information you as their parent are entitled to without their permission.

- You will need to have Health Care Power of Attorney (HCPOA) and HIPAA waiver documents prepared for them, as these legal documents determine who is entitled to have access to medical records and act on their behalf in the event of a medical emergency. Imagine the following: you live in North Carolina and your college student who attends school in New York is taken to the emergency room. Because your student is over 18, the hospital is not obligated to speak to you and can make it extremely difficult for you to get information about your own child. Only with a HCPOA and a HIPAA document in place will you be able to gain instant access to your student's doctors, records, etc., in the case of an emergency. It is critical that you get these documents executed prior to their leaving for college.
- As a parent, you won't have access to your student's college records without their permission. Your student can set you up with parental permission for certain accesses, typically by signing an online waiver that will grant you permissions. As a parent, I have had access to the billing, scheduling and critical information for my students, but chose not to have access to their grades. At a minimum, you will need them to grant you access to their billing information so that you can access the online payment records.

Bill Pay:

Although you probably will serve as the primary point of payment for most things related to college, your student will need a way to pay for some items while they are away.

- Every college has their own form of a "bucks" card which can be pre-filled with money for things like laundry, food, and sports tickets. While this type of card goes a long way in meeting students' needs while they are physically on campus, there are also such considerations as paying to have a bag checked at the airport or having maintenance performed on their car. To finance these things, your student should have a basic credit card. Be aware that credit card rules changed in 2010 and a parent is now required to co-sign on the card of any applicant under the age of 21; therefore, it is in your best interest that your student fully understands the rules about credit, given that his or her actions will affect your credit score. Even though you will have to co-sign, do not simply get them an additional card on your account. This is a good time to initiate a student account as it will give you the opportunity to teach them the mechanics of bill pay, late fees, and a general understanding of good credit practices. My advice is to get a card with a limit of no more than \$1,000 and to have a clear discussion about expectations for use and who will pay the bills.

- Regarding the debit card linked to your student's personal checking account, be sure that you do not set up overdraft protection that automatically drafts from your savings account. Sometimes students need to fail at something to truly understand consequences. Teach them how to keep track of their accounts online and to monitor their funds closely, but if they choose to overspend and swipe that card once too often, then let them pay the \$35 overdraft fee. It's a lesson they need to learn.
- Set expectations about spending levels before your son or daughter leaves for school. As my 19-year-old daughter explained to me, college affords opportunities to spend money many times a day, and it is difficult to say no if an acceptable spending limit has not been established. There should be clear limits or a semester budget for these items, or it should be determined that the "extras" come out of your student's account. Just as adults need clear boundaries regarding their spending, so do your college students.

Extracurricular Activities:

Another item to set clear expectations about before your student leaves for college is the amount of money you are willing to spend, if any, on the extracurricular activities available at their university. These costs may include fraternity/sorority dues, club sports fees, spring break trips, etc. If you haven't been through this experience with other students, you may be surprised at how much an 18-year-old can spend in a very short amount of time. Some parents choose to draw the line at these costs and they let their students know that if they want to participate, they will need to fund it themselves.

Summary:

You are making a huge financial commitment to send your children to college. Help them understand their responsibilities in this process and what their primary focus should be. I feel that a student who is financially invested in his or her education will put significantly more effort toward succeeding. Your goal in helping to pay for your student's education is that they become educated, not just by the university they attend, but by you. Teach them critical financial lessons early on in this newly independent stage and it will carry them toward a future where they can be financially independent and responsible adults. These are lessons that will last them a lifetime.

Regards,
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