



## Assess Your Debt

### Tips for parents to help college students manage money effectively

A major factor for students to successfully manage their finances is to have a detailed conversation about the financial limitations they'll be living with while at school.

#### Prepare and stick to a budget

Determine a fixed amount of money that your students will have available for spending each week or month (whatever timeframe works for you). Make a comprehensive list of all the expenses they'll have to manage at school. Consider purchases such as food, clothes, laundry, personal hygiene items, entertainment, cell phone costs, postage, haircuts, purchases for classes, emergency medical expenses, travel, etc. Most colleges provide a detailed list of expenses that students can anticipate incurring their freshman year at school. This list can be an excellent starting point in developing your student's list.

Your plan should remain fluid for the first two or three months at school. Initially, you'll be making educated guesses about the amount of money that will be needed; after a few months you'll have a better idea of your student's financial needs and spending habits.

#### Use credit cards judiciously

Student credit cards have become popular on college campuses. Credit companies often have booths space at college functions where they sign students up for a line of credit that does not require your approval. These cards can be helpful in emergency situations; however, a first line of credit in the hands of an inexperienced student could lead to a heaping helping of financial distress. You know how easy it is to use a credit card when money isn't immediately available, but you also realize that you still have to pay for your purchase. Your student may not immediately make that connection; may not keep track of how much they've charged over the course of a month, or understand the implications of interest and late charges when a card's entire monthly balance isn't paid in full.

A debit card may be a better alternative to the student credit card. With a debit card, you control the amount of money held in the account. It's a way to keep your student from overspending while providing them access to money when they need it.

There are no right or wrong options in developing your student's financial plan for college. You need to customize your plan to what works best for you situation. The most important elements of a successful plan are communicating what you expect from your student and making sure they understand what they can expect from you.

To find more tips and resources for successful student financial planning, [visit AES's Web site YouCanDealWithIt.com](#).



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