
Planning for Kids Going to College

For many young adults, going off to college is the first time they will be away from the family nest for any extended period of time. And frequently, it's also the first time that they will be required to deal directly with many of the financial issues and problems that characterize modern adult life.

Going to college is not only a half-step *out* of the family home; it's also a half-step *into* the adult world. The goal is not only to gain an education, but also to build the foundation for a successful life – financial and otherwise – in the years after college.

Steps to Consider for Financial Success in College

In broad outline, planning for a young adult at college is relatively simple: (1) make the best possible use of available financial resources, and (2) keep the almost inevitable accumulating debt to a minimum. Although debt is an unavoidable part of the college experience for many, the less debt accumulated going to school means less debt to pay off afterwards.

- **Budgeting:** For many families, college funds are scarce, so it's essential to make the most of the resources that are available. The self-discipline to create, and then follow, a monthly budget is a key part of meeting this goal.
- **Credit card debt:** The college years are frequently a young person's first introduction to "credit," often in the form of a credit card. Responsible credit card use can build a credit record that will be a valuable asset in future years. Irresponsible credit card usage can do just the opposite.
- **Student debt:** Relatively few students complete their undergraduate studies without at least some student debt. If a graduate degree is involved, student debt levels can become quite high. Matching the earning potential of the degree sought with the amount of debt assumed is a key calculation. Also, making sure that student debt is spent for education, and not for non-essential items, is a good way to keep the debt levels to an absolute minimum.
- **Other financial aid:** School counselors may be able to identify other types of financial aid which don't involve additional debt, such as scholarship or work-study programs.

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- **Car loans:** One essential item for many students – particularly those attending schools away from home – is a car. While an expensive sports car might be nice, basic, reliable transportation is more appropriate
- **Self-help:** It doesn't hurt to have the student work, at least part-time, and help pay for college with his or her own labor.

And if Professional Help is Needed?

Many families have existing relationships with financial professionals who will be glad to extend their services to a younger generation. Friends and family are also good sources of referrals to people they work with and trust.