

Teaching College Students Financial Responsibility



It's that time of year when parents and grandparents are sending kids off to college for the very first time. The children return as young adults with great educations and promising futures...but also mounting debt. [Seven in 10 seniors graduate with debt](#), owing nearly \$30,000 each. And while most of those expenses are due to student loans, some are also caused by careless spending.

One of the best ways for you to help your child through their college years is to help them build financially responsible habits from the start. You can do this first by setting expectations. Your child should know how much college will cost. Will you expect them to pay for all or some of the expenses including tuition, room and board, groceries, transportation and spending money? Will they need to have a job to help pay for these expenses? What are the financial drawbacks for them not maintaining a certain GPA or for not graduating on time (will they lose scholarships, for instance)?

Then, help them put tools in place that will keep them accountable. With apps, direct deposit, automatic withdrawals and other modern conveniences, students have an easier time saving—but also spending—money than ever before. To utilize these tools the best way, it's essential for students to actively:

- **Set a budget and monitor spending:** Too many students are never taught to simply spend less than they have and therefore rack up credit card debt as soon as credit is available. Do your child a favor by educating them about the drawbacks of using credit cards and the value of always knowing how much money can realistically be spent month by month.
- **Use safety measures:** Your child's phone, laptop and online accounts should be password protected to help prevent identity theft. They should be encouraged to treat their debit and credit cards responsibility, too, knowing where they are at all times and never sharing them with friends.
- **Set up notifications and alerts:** It's never been easier to set up notifications and alerts for upcoming bills, new transactions, and security breaches. Your child can even set up alerts with a calendar app or their phone's reminder tool for upcoming rent, tuition and other expenses so that nothing falls through the cracks.

- **But also pay attention to transactions, emails, and mail:** On the flip side of living in such an automated world is the fact that even adults sometimes overlook bills and transactions that require particular attention, like that sneaky tax letter or vehicle registration renewal notification that came in the mail. Teach your child to set aside time each month to go through their mail and email, and to log into their bank and credit card accounts to review upcoming bills or transactions that may have slipped through the cracks.

CPS IBEW Federal Credit Union can help with this important life transition by moving the student from a youth savings account to [a regular savings account](#), [checking accounts with debit cards](#), and direct deposit services—all available with 24-hour automated service and convenient online banking. [Ask us](#) how we can help make your child's move to independence a smooth ride.

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