



Things to Consider Before Sending Your Child Off to College

Bill Kaiser, Bland Garvey Wealth Advisors

As the summer winds down and freshman orientation approaches, now is the time to get a few things in order before your child heads off for their first year of college. Consider the following shortlist:

Begin Building Credit

If you haven't already done so, have your child establish a checking account to deposit any earnings from their summer job. Most banks have accounts that can be linked (or "householded") to your own to help avoid larger minimum balances or costly monthly fees. If your child is working this summer, have them set up direct deposit with their employer so their pay goes directly into their own account.

Next, have them apply for a credit card. It is never too early to begin building a credit score, and now is the perfect time to do it. Many times, the financial institution at which you set up their checking account will also offer a credit card. There are many different types of credit cards, and some companies offer cards with terms designed specifically for college students. However, such credit cards don't always go directly toward building a credit score. Before applying for a card, be sure to ask if it will count toward building your college-bound child's credit.

Then, have your child use their credit card (not their debit card) for all of their purchases. You can set up the card payment to be automatically withdrawn from their checking account a few days before the due date every month (to avoid racking up any interest) and in such a way that the balance is paid in full. This will give them the responsibility of learning how to use a credit card while keeping track of what they are charging and making sure that they have the money in the bank to cover their monthly bill. It also (hopefully) teaches them that it is best to pay their bill in full each month and never to incur debt that they can't pay off. By the time they graduate, they will have four full years of credit history.

In addition, credit cards are a much safer way to make payments than using a debit card. The credit card company is liable for the purchase, so if fraud occurs, most card companies will back the card holder and cancel the charge. If you are using a debit card, the cash is automatically withdrawn from your account and it can be much harder to recover in the case of fraud or an erroneous transaction on your account.

Another benefit of credit cards is that you can set up fraud alerts and be notified of purchases over a certain dollar threshold. I actually set up this feature on my daughter's credit card account to notify me of any purchase she makes over \$1. In effect, I receive a text message each time she uses her card. So I know not only when she is using it, but where she is spending her money. One might

say that is “over-parenting” a little. Perhaps that’s true, but if I am contributing to her cost of college, I think it is a fair trade-off to know where her money is being spent.

Monitor Social Media Accounts

If you haven’t already done so, you should become a follower of all of your child’s social media accounts. That includes Facebook, Twitter, Instagram, etc. We just recently saw how the [use of social media got out of control for a few Harvard applicants](#). Don’t let it happen to your child. You can always create an anonymous account with no followers of your own and use it solely to follow your child. That way their friends won’t even know you are following and so won’t feel inhibited. Again, one might argue that this is “over-parenting.” But I say that it’s your child, and even though they are no longer a minor, you should know what they are doing. As I stated before, if I’m paying the bill, it seems like a fair trade off.

Prepare Legal Documents

While we are on the topic of your child no longer being a minor, it is imperative to have certain legal documents in place before they leave for school. Because they are of majority age, they do have their own right of privacy and protection under the law. Thanks to the Health Insurance Portability and Accountability Act (HIPAA), that includes what can be released in a medical situation.

Consider the following: Your child is in an automobile accident and is brought unconscious to the hospital. You are notified by their friends and rush to the emergency room in hopes of speaking to the doctors. Unfortunately, by law, they cannot disclose any information to you unless your child has appointed you as an authorized party through a HIPAA release form.

Be sure to have the following legal documents drawn up and executed prior to your child’s departure for college:

- HIPAA Authorization (notary required)
- Medical Power of Attorney (two witnesses required)
- Advance Directive to Physicians (two witnesses required)
- Durable Power of Attorney (notary required)

The first year of college is a very exciting time, but with it can come anxiety for both the student and the parent. Think about using what remains of the summer as an opportunity to take the steps necessary to mitigate some of that angst through the preceding tips, and to help ensure a smooth transition for your child from parental dependence to greater autonomy.

About Bill Kaiser, Wealth Advisor, Bland Garvey Wealth Advisors, Richardson, TX

Bill joined Bland Garvey Wealth Advisors in 2011 to champion the firm's outreach and client service activities. He brings a depth of experience working with both individuals and companies seeking assistance with their investments, as well as coordinating their related accounting, estate and other wealth concerns in alignment with their financial goals.

Bill began his career as a public accountant for Ernest & Young in 1987, specializing in investing since 1992, when he joined Fidelity Investments. He has served as vice president at Northern Trust as well as Fisher Investments, a private client group. Bill holds a bachelor's degree in accounting from the University of Texas at San Antonio.

Bill is active in the Richardson Chamber of Commerce through the Leadership Richardson program and the Education & Workforce Committee. Bill also serves on the UT Dallas Gift Planning Professional Advisory Council and is a member of The Dallas Estate Planning Council. He is an avid tennis player and is actively involved in the tennis community.

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