

Tutorial

Tuesdays

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Top 6 money tips to prepare students for college

You may have a child or know a child who is preparing to attend college in the fall. While personal money management may be the last thing on their mind, teaching teens how to budget in college is an important step and one that should not be skipped for their own financial well-being. Here are top tips to consider:



1. Create a budget

College may be the first time your child will be responsible for managing their own expenses—or at least the first time on a larger scale. Sit down with them and create a budget that estimates potential expenses for the year.

- Create categories
- Break it down by month to track expenses
- Compare and contrast as the school year progresses

2. Verbalize boundaries

Make sure to write down what you'll pay for and what your child will pay for when they're at college. Some parents pay for tuition, room and board but not for books or extracurricular activities. Some pay for everything. Discuss what those boundaries are.



3. Have them track their spending

Creating a budget is quite different from sticking to one, and kids don't always realize how much the little purchases add up. Have them track every single purchase, either on paper or using an app, for the first month of school so they can get a feel for the outflow of money. This includes Starbucks, Uber Eats, day trips, and other entertainment expenses.

4. Talk to them about jobs for college students

Is your child going to work while they are at school? During school breaks? Over the summer? What do you expect, and what are they expected to cover with that money? If possible, it might be easiest to spend the first semester concentrating solely on school and then determine whether your child can manage a part-time job along with their course load. If you decide to add a job to the mix, be sure to look for something manageable — while it's important for college kids to learn about money and budgeting, working too many hours can cause school performance to suffer.



5. Using a debit card and online banking

Help your child understand banking products and services. Opening a checking account with a debit card is a great step. The debit card should be used in accordance with the budget you've created and the categories you've discussed — what you will cover and what they will cover. Make sure your financial institution offers mobile banking so your child can keep track of expenses. If your banking app offers alerts on balances, even better! Set it up together. (Tip: Nymeo offers free checking and a mobile banking app with alerts and controls!)

If you think they are ready for a credit card, you will have to co-sign, which may not be the best idea. Having their own card is a good step when it comes to being responsible for debt and establishing a credit history, but they must fully understand how credit works and be given specific guidelines.



6. Sign them up for a personal finance class

Understanding the basics of finance — such as interest rates on loans and what’s a reasonable amount of debt — will go a long way toward learning how to budget in college, as well as helping your child function as an adult.

Prepare your child now for money independence later, and everyone wins. Check out opportunities at your financial institution. Credit Unions, like Nymeo, offer resources and online classes your child can take before embarking on their own financial journey at college.

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