

Financial Considerations for Parents of College Students

So you have a college student. You are probably getting an idea of what college life costs. This may be a good time to revisit the financial issues associated with college.

Think about some of these questions as you start a discussion related to your student's financial savvy.

1. Can your student stay within an allowance?
2. Has your student had part-time jobs?
3. Has your student been responsible with his own money?
4. Has your student paid any of his own expenses?
5. Has your student ever had his own checking account?
6. Is your student organized enough to reconcile the monthly statements?

Now that your student's financial savvy has been determined, discuss these financial issues plus others that you may have. Here are some areas in which you want a clear understanding:

1. Who is going to pay for tuition, room and board, fees, and additional expenses? Parents, student or a combination of the two?
2. How much can your family afford?
3. Is your student expected to work? How many hours?
4. If working, how will your student use this income?
5. What is the time frame in which parents will continue to pay college expenses?
6. What will it cost to maintain your student and what is it still costing for the siblings at home?
7. If your student chooses to marry or live with someone will parents continue to provide support? At what level?
8. What will happen if your student over spends?
9. Will your student have a credit card? What are the advantages and disadvantages of credit?

10. Who is responsible for signing legal agreements like housing contracts and loan papers?

11. What banking services will be needed? (Credit card, ATM, debit card, checks, etc.) Will this account be at home or near the school?

Some additional planning that you may want to look at with your student:

1. Think about possible major or educational interests. How long will it take to graduate with the chosen major? What happens if it takes longer than planned?

2. Set goals with your student, such as: Internships (Look for only paid, or also unpaid internships?) Will your student go to summer school?

3. How many hours will be taken each semester? (Talk to other students, parents and school representatives as to what might be best for your student.)

4. What are the expectations for grades of both parents and student?

5. What happens if these expectations are not met?

College is an expensive time for most families. Dealing with the cost of college can have an impact on the education of the student and the retirement savings of the parents. Both goals need to be considered when determining finances available for college. A clear understanding of expectations is important so that both goals can be met.

Johnston, C., Mahar, C. College Spending 101 (2001) – University of Nebraska, Lincoln, Extension, p.6.

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