

Financial Tips for First-Time College Students

Sending your child to college is an exciting milestone filled with new experiences, friendships and opportunities for them to grow. For many families, it's also the first time your student will be managing their own money independently.

The good news is that helping your child develop smart money habits doesn't have to be overwhelming. With a few simple strategies, you can guide them to take control of their finances and avoid common pitfalls that trip up many college students.

Start with a budget. Creating a budget might sound boring, but it's instrumental in helping your student take control of their finances. Many people use the 50/30/20 rule, which calls for putting 50% of income toward needs, 30% toward wants and 20% toward savings and other financial goals. So, if your child has \$1,000 per month from financial aid, work or family support, they'd spend \$500 on essentials like textbooks and food, \$300 on fun activities and \$200 on savings or paying down debt.

Encourage them to track their spending and subtract anything they pay out from their total monthly funds. This helps them know exactly how much money they have at any given time. There are plenty of free apps to help monitor expenses, or they can simply use a notebook to write down what they spend each day.

Guide them toward smart credit habits. That first credit card in college can be both exciting and scary for parents. The key is helping students understand how to use credit wisely by paying off their balance on time every month. This helps build a positive credit history that will help them qualify for better rates on car loans, apartments and eventually a home mortgage.

Make sure your student understands that credit cards aren't free money. It takes discipline to charge only what they can afford to pay off completely when the bill

arrives. Otherwise, late fees and interest charges can be substantial.

Pay attention to everyday expenses. College life doesn't have to break the bank. Remind your child to take advantage of student discounts available at restaurants, clothing and grocery stores and entertainment venues.

Help them set spending limits for discretionary categories like entertainment, dining out and personal expenses. Here's where that budget can help set clear limits to prevent overspending. It's easier to say no to that expensive coffee or designer clothing when they know it would put them over their weekly limit.

Think about the future. While it might seem early to worry about life after college, making smart financial moves now can benefit them later. If your student has loans, consider encouraging them to make small payments while they're still in school, even though they're not required to do so. This reduces the amount of interest that builds up over time.

Encourage an emergency fund, even if they can only save \$25 per week. Having money set aside can give them flexibility after graduation, whether they want to move to a new city for a job, take time to travel, purchase a used car or pursue graduate school.

Teaching your child to manage money in college isn't just about helping them survive until graduation. The habits they develop now will shape their financial future for decades to come. By guiding them to start with a simple budget, use credit responsibly and make thoughtful spending choices, you're helping set the stage for success in college and beyond.

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