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Pre-College Conversations to Have With Your Kids: Who Pays for What

by [Michele Lerner](#) Aug 5th 2013 5:00AM

If you're shopping for extra-long sheets and other college dorm must-haves, it's time to have some serious money talks with your kid. (That's assuming you haven't already done so. If you did, you're ahead of the game. Go to the head of the class.)



Alamy

Now, hopefully you've been prepping your child for college and helping them hone their money-management skills for the past 18 years, but even if you haven't, you can take steps now to reduce future confusion and defuse some potential fights about finances.

If you have a year or more before you send your kid to college, then you have time to follow the advice of Jonathan Clements, director of financial education at Citi Personal Wealth Management in New York City. Clements recommends discussing [choosing a less-expensive school](#) when your kid is applying for college, especially if you expect them to help pay tuition and expenses by working or taking out loans. Clements says that even if your student is contributing only to their own living costs rather than to tuition and room and board, they're likely to spend more in general at a "ritzy private school," particularly if they join a fraternity or sorority or a sports team that travels.

Yet even if your child is heading to college in just a few more weeks, and you're just starting to talk about money, you can still have an impact on their money management skills. One of the most important issues to discuss is who will pay for what. Jeffrey Cutter, a certified public accountant and owner of Cutter Financial Group in Falmouth, Mass., says there is no right or wrong answer. What matters

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most is for both parents and child to be clear on the parents' expectations, and for the parents to be sure that they get buy-in from the student.

"Do they want to go to college? Are they willing to do what it takes to make it happen? No matter how much the parents spend, they want to make sure it is on a student who's willing and able to do the work and be successful at college," says Cutter.

Splitting College Costs

Every family is different, but there are some general rules to follow, says Andrew V. Tignanelli, a certified financial planner and president of The Financial Consulate in Hunt Valley, Md. "The child needs to be responsible for something substantial," says

Tignanelli.

"Age 18 is a must time to begin to teach your child that life is full of responsibilities and handling your finances prudently is one of them. Obviously, the child who has been working

and prudent in handling their finances in high school is going to need a different set of challenges from the one who has shown little or no financial responsibility. It's best to begin these lessons slowly at much younger ages, but if that hasn't happened, then shock therapy may be necessary."

Cutter suggests splitting costs according to categories of expense, such as tuition, room and

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board or rent, books, fees, and entertainment.

"Every family is different [regarding] how much they're willing and able to pay for higher education for their children," says Cutter. "We have some clients that want to pay for everything except entertainment. We have others who believe it's the child's responsibility to pay for the entire nut. This can be done through [loans](#), grants, [financial aid](#), savings, working part time or full time, or getting a job at the school."

Clements says how much the student contributes depends on the individual child. "If your student has the savings to pay for some expenses themselves, it's important to guide them into how much you expect to contribute so they know how much they need to earn before school starts," he says. "You may have to front them some money at first and have them repay you when they're able to earn more on semester breaks."

Working While in College

If you expect your student to contribute financially to college, you'll need to discuss the possibility of working during the academic semester.

"You don't want your kid to have to earn so much that they fail academically or are miserable during college," says Clements. "You don't want them working more than they have to. I've discouraged my kids from working while they're in college because I believe it's their time to learn, not to work."

On the other hand, Clements says a highly disciplined kid who worked throughout high school and still got good grades might be OK working 10 hours or so a week during college, unlike a student who needs to put in more time and effort to succeed academically. Tignanelli personally believes students

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should work while they're in college. "It's important that a child learn how to be in a business environment with people much older than they are," he says.

While you'll obviously have a lot on your to-do list before you say goodbye to your child for their first semester, a conversation about money matters should be an important part of your college send-off, whether it serves as a reminder of your previous plans or as a starting point for future financial arrangements.

Michele Lerner is a contributing writer to The Motley Fool. Try any of our Foolish newsletter services [free for 30 days](#).

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