

## OFF TO SCHOOL THEY GO !

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A generation ago, the only grave concern most parents had about their college-bound children was how much money they'd spend on pizza and beer. Today, it's the fear that their child could be headed to bankruptcy court by the time they're ready to graduate.

As the new school year approaches, it's a good time for parents to conduct a money class for their children, even if they've made their best effort to teach money lessons before. Why? Because money savvy for the average 18-year-old can evaporate with all that freedom.

Consider new student week on most campuses. Tables set up in the student union by the nation's credit card issuers stretch as far as the eye can see. Late-night pizza runs add up. And there's an ATM on virtually every corner waiting to dispense cash at warp speed – for a fee.

While your child is making his or her list of stuff to cram into the back of the car, use this list as a last-minute money curriculum for your student:

**Talk about bank accounts:** Students generally should set up a checking account on campus, but talk to your child about debit options and fees, particularly for overdrafts. Some universities also have their own credit unions. You may want to encourage them to open an account and begin a relationship with their own credit union.

**Help them make a budget:** Help develop a tentative budget for school. Work together to determine necessary realities about everyday expenses, tuition and financial aid. Then tell them that when he or she comes home at Thanksgiving, you will sit down again to review those figures and discuss reasonable adjustments. You obviously need to trust your children, but this might help them develop solid and consistent money habits.

**Co-sign that credit card:** Co-sign the credit card but keep it in the child's name. That way, you'll be alerted to financial missteps before they get too serious. Consider prepaid cards as well as lower-limit credit cards. Convince your child not to sign up for any credit cards on campus, no matter what the card company is giving away.

**Talk about identity theft:** Personal financial data left on laptop computers, cell phones and other electronic devices can be readily stolen on campus or in a dorm or roommate environment. Tell your child to keep all paper records in a safe place and introduce passwords to keep all their digital information safe.

**Occasionally have a financial checkup:** Sit down with your child and review their budget. Discuss where they were short or long. And introduce a new tradition – the credit report check. They should request their annual free credit report from each of the three agencies and both of you should review them for possible errors. They can request those reports at [www.annualcreditreport.com](http://www.annualcreditreport.com); I recommend a different credit agency every four months.

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## ASK A CFP® PROFESSIONAL!



Charles Buck CFP®

Q. What do you think of all the market volatility?

A. First of all I don't like it. Nobody likes to see their investment portfolio go down. But, it is an inevitable part of investing. Because I believe in the capitalistic system and that our economy is sound and will grow, volatility is the price we must pay. Since 1946 a 100% stock portfolio has had an average gain of 11.58%, but its largest loss was a negative 26.47% in one year, and its largest gain 52.62%. So far this year returns are still in positive territory. It has been 5 years since we have had an annual negative return. Let me quote Jason Zweig, Money Magazine, "Stay calm. If great gains are driving you to buy, or losses propelling you to sell, think before you react. It's always a bad idea to make investment decisions in the heat of the moment".

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