



MAKING CENTS

GOOD TIME FOR FISCAL SESSION WITH THE KIDS



-John P. Napolitano, CFP®, CPA, PFS, MST, RLP®

With graduations in the near future and summer vacation on the horizon, this is a good time for a crash course on cash management for your young-adult children.

Do not miss the opportunity to get your recent college graduates started on the right foot. Now that the fear of supporting themselves is front and center, they may be more receptive than you think to a good fiscal session with dear old Mom or Dad.

Whether they have a job lined up or not, they are still thinking about apartments, automobiles and other costs of supporting themselves. The idea of living within their means should be engrained in their thinking, even if it means living at home after graduation.

Juggling their new cost of living, a new job and whatever debt they may have amassed can be a daunting task for anyone. Don't be surprised to learn that your new graduate also has some debts that you are not aware of, such as credit cards. If you find some, show them the math regarding just how long it takes to pay back the cards if they are only paying the minimum. The best alternative would be for you to help them work through a detailed income and expense budget and include as rapid a payoff of credit cards and other debt as possible.

For recent high school graduates, the discussion should be a little different. I'd start with figuring

out how much they'll need to save from summer earnings to take to college in the fall, and with a basic budget of income and expenses all the way through the end of freshman year.

These basic budgeting skills should start right now, with their first paycheck of the summer. Get them into the habit of saving from their first check. The best way to accomplish this is for the checks to flow into a savings account, with a

weekly stipend going to their checking portion to cover their living, or should I say social, expenditures.

Lessons on how to use and reconcile a checking account are also a good idea. Bounced-check fees, late charges and other unexpected expenses can ruin anyone's budget and get a credit report off to a bad start.

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You'll probably get some pushback, so consider starting with the fun stuff. Perhaps you can first open a checking and savings account at a local bank. I suggest a local bank so you can keep an eye on the account. Keep in mind that many banks will waive all charges and fees for college students. The student can get cash from the account by writing a check or using an ATM card anywhere in the U.S.

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