

MONEY MATTERS



Money Tips For Your College-Bound Student

(NAPSA)—Before you move your child into a dorm, it's important to have a discussion about financial matters and your expectations regarding the use of credit and general money management behaviors. In this current environment, it is very important to start independence off on the right foot.

The following concepts can be a road map for parent and child in establishing solid financial practices.

Maintaining A Credit Score Is As Important As Maintaining A GPA

Discuss the importance of good credit and how this is integral to your child's ability to achieve future goals (renting a first apartment, starting in a profession, buying a home). Having a healthy credit score and an accurate credit report are important to establishing good credit, suggests Loretta Abrams, from HSBC - North America's Consumer Affairs department. Help your child remember:

- Plan to pay off—or at least pay more than the minimum on—all bills on time.
- Keep balances below 50 percent of available credit limits (30 percent is even better).
- Don't open credit accounts that aren't needed (having too many requests for credit can lower a credit score).
- Request a free report at www.annualcreditreport.com and make sure the information on it is accurate.

Helping your child choose (and use properly) the right credit card and build good credit habits are vital to successful future borrowing.

“Graduate” Your Student From An Allowance To An Expense Reimbursement Plan

Rather than a monthly or



College students—and their parents—can learn how to manage money.

weekly allowance, introduce an expense reimbursement system. In this way, you engage your child in discussions as you establish expectations, encourage ongoing communication about financial decisions and require formal expense tracking before reimbursement.

Encourage Savings With A Little Incentive

Encourage your child to open a savings account and establish a regular savings pattern by agreeing to “match” all or a portion of the savings above a certain threshold amount.

Banking 101

(...with a safety net)

Partner with your child in finding the right financial institution by discussing considerations such as branch locations, number of ATMs, costs, services, fees and product offerings. You can provide oversight by including yourself as a joint account holder. Most banks encourage online banking and have interactive sites to manage or transfer funds, set electronic limits and avoid overdraft fees.

Teach Smart Spending And Credit Use

Students should learn to use

credit wisely and live within a budget. Smart spending doesn't mean having to give up their social lives. Encourage them to be imaginative: Rent a video and get friends to bring drinks and snacks. Take advantage of free campus activities. Shop around to compare prices on books or basic necessities.

Help Them Retain Their Identity

The FTC estimates that as many as 9 million Americans have their identity stolen each year. Reestablishing your good credit and name if you become the victim of identity theft or fraud can be a lengthy, costly and time-consuming process. Here are some “dos and don'ts” to help protect your child against fraud and identify theft:

Do...

- Shred receipts and financial documents.
- Protect personal information (date of birth, driver's license number, Social Security Number, account numbers, passwords).
- Conduct online shopping on a secure Web site.

Don't...

- Discuss financial matters in public or on cell phones.
- Write passwords or PIN numbers on the back of ATM or credit cards.
- Mail bill payments from your home mailbox.

As Abrams explains, the college years can be a great opportunity for parents to introduce effective and business-appropriate systems for budgeting, saving and accumulating wealth.

For more free financial tips and information, available in English and Spanish, visit www.yourmoneycounts.com.