



## FIVE STEPS TO CONSIDER BEFORE YOUR CHILD HEADS OFF TO COLLEGE

With your child heading to college, you have undoubtedly created a long checklist of essentials. From financing their education to bedding for their dorm room, many items on your 'to do' list are most likely getting checked off as college nears.

But before sending them off, take some time to consider several important legal and financial issues, which are often overlooked.

### Your child is now an adult

It is important to understand that an 18-year-old college student is usually considered a legal adult. As their parent, your legal right to make decisions for your child changes abruptly. Privacy laws may limit your ability to obtain this information, even if you truly need it. Except in unusual circumstances, you will generally no longer have automatic access to your child's health, financial and education records—including grades, schedules, illnesses and financial accounts—even if you are paying their tuition.

If it is ever necessary for you to step in and make important health or financial decisions for your child, establishing your legal ability to do so ahead of time can be critical.



#### 1 | Name a health care proxy

Have your child sign a health care proxy (also referred to as a durable power of attorney for health care) appointing you or another responsible adult with the power to make medical decisions if necessary.

Without one, you might need court approval to act on his or her behalf if your child is in an accident and becomes disabled, even temporarily. Even in less serious situations, privacy laws may prevent doctors from sharing information about your child's condition if you do not have a signed health care proxy.



#### 2 | Appoint a durable power of attorney

Arrange for your child to sign a durable power of attorney to appoint you, or another responsible family member or friend, as an agent to act on his or her behalf, if need be, in a variety of financial and legal matters. For example, if your child is studying abroad for a semester, having a power of attorney makes it easier for you to contact the local embassy or wire money from your child's bank account. It could also be important if you need to sign a legal document, such as a lease, in your child's absence.



#### 3 | Create a will

Most young people, including college students, don't need a will because their assets are modest. But a will can be helpful if your child has more significant assets and would like to determine who receives them. If your child is a trust beneficiary, a will containing a "power of appointment" clause can be especially useful. It helps make sure your child's trust holdings are distributed according to his or her wishes.



#### 4 | Understand cyber security

College is a good time to learn responsible banking habits and to understand cyber security. Make sure your child knows his or her dorm room, student lounge or libraries are not secure locations. They must remember to keep their banking account login information confidential, and to always log off after use. Your child should understand basic ways to prevent fraud, such as never providing their social security number and not opening suspicious emails, as well as the immediate steps if they are the target of online fraud.



#### 5 | Obtain a credit card

Obtaining a credit card can be difficult for students. In the past, young adults could get started with their own credit cards as soon as they got to college. Today, the Credit CARD Act requires anyone under 21 to have a co-signer, unless they are able to document that they are earning enough income to repay the debt. Since most college students are not able to earn enough to meet this requirement, a co-signer is often required. If parents co-sign, they are ultimately responsible for making payments on their child's card.

Holding a credit card has several benefits for college students. Landlords, prospective employers and even cell phone providers may want to look at your child's credit report as part of a background check. Establishing a strong credit score during college is important, especially for life after graduation. Also, possessing a credit card can offer security if your child runs into an emergency situation far from home.

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