

## 5 Questions for Students and Parents to Answer About College Finances

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**JULIE:** Hopefully you'll begin discussing finances with your college student [long before they set foot on campus](#). But whenever you decide to have the "money talk," don't forget to cover these essentials:

**1. Who is paying for what?** There are seemingly as many different strategies for paying for college as there are families. Money can come from the student; the parents; from scholarships, loans, or grants; or a combination of sources.

The categories for where money will be spent are just as numerous. At a minimum, you'll be paying for tuition, fees, and books. Other expenses may include room and board, living expenses, and travel expenses.

In our family, scholarships cover most of Lindsey's tuition. My husband and I are covering the balance of her tuition, fees, books, and room and board. Lindsey is responsible for her spending money, which covers gas; meals out; entertainment; clothing; gifts; and incidentals.

Whatever your situation, decide up front who is paying for which expense so that the expectations are clear.

**2. How will we communicate about money?** For some students, college represents the first time they'll be handling money on their own. How much the parent is involved with that process will be up to the individual family.

Will there be some kind of regular budget meeting? Will the student be placed on a budget? These are good things to discuss early.

[Follow these [four steps](#) to financially prepare your student for college.]

One thing that really helped us when Lindsey left for school was that her student checking account is linked to ours at the same bank. This made it easy for us to transfer money back and forth as needed.

**LINDSEY:** It's easy to get caught up in the excitement of going to college and have a "We'll cross that bridge when we come to it" attitude about finances. In my experience, however, it is important to establish expectations for both you and your parents early on, to avoid any awkwardness or stress when financial issues come up.

**1. What if I run short on cash?** This was a reality for me and many of my friends freshman year, and it is certainly something to discuss with your parents before getting that fateful bank statement.

Will your parents help you out, and, if so, will this be as a gift or just a loan? If your parents do give you money, will there be any conditions involved, such as getting a part time job or working out a budget?

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**2. Who covers the little things?** My mom hit on the big expenses—tuition, books, and room and board—above, but also consider the more negligible costs that will inevitably crop up. Over the last year, my parents and I have had to divvy up expenses such as a \$75 membership to an honors society, a \$25 strength assessment for a class, and a \$10 dance class.

Remember, like these small expenses, unexpected expenses and medications must be accounted for in the budget, too. Just

expenses like these—as well as gas, grocery items, and medications—may not be your most costly budget items, but they are important for both parents and students to keep in mind when considering the cost of school.

**3. What responsibility (if any) will your parents have in your money management?** Each family has different priorities about how much of a role parents need to play in their student's finances. There's no right or wrong decision, but it's good to ensure that everyone is on the same page.

For instance, some of my friends are completely financially independent. They monitor their own bank accounts, control their own budgets, and are basically on their own when it comes to spending. I also have friends who are on the opposite end of the spectrum. Their parents are linked to their checking accounts, check up on their purchases, and intervene if they believe their student is mismanaging his or her funds.

There's no perfect formula for deciding on parental involvement, but consider looking at your past money management skills to decide whether more freedom would be beneficial or detrimental to your financial situation.

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