

THE PERFECT GIFTS FOR YOUR 18-YEAR-OLD

October 12, 2018



Legally, your 18-year-old's birthday is a big milestone. They are now recognized as an adult with legal rights to govern his or her own life. For example, they can do all the following: vote, enter legal contracts, apply for credit, obtain medical treatment, have the right to privacy and be completely independent from parental control.

Colleges will look to the student as their primary contact, and a parent must take additional steps to obtain information.

This change in legal status can have real consequences. For example, if your child is away at college and has to be admitted to a hospital emergency room, you may not have access to information on their condition or be allowed to make decisions on their behalf. Or perhaps your child is traveling and issues arise with their checking account, you may find you have no access to these accounts or funds in their absence.

Consider giving your 18-year-old a few gifts for their birthday that will set them off on the right foot for good financial life planning, and give you some peace of mind.

Start with these three essential forms:

HIPAA RELEASE FORM

The Health Information Portability and Accountability Act, or HIPAA, is designed to protect the privacy of all adults. This law means that once your child turns 18, you no longer have access to any of their medical information. Your child can grant you access to all or parts of their medical information by filling out a HIPAA Release Form. You can access a HIPAA release form online or directly from the medical providers and facilities your child uses.

HEALTH CARE PROXY

Similarly, you will not have the authority to make medical decisions for your child if they are unable to do so. To prevent this situation, your child can appoint one or more representatives to make these types of decisions through a Health Care Proxy. This form, which is also called a medical power of attorney, is also available online or from your medical providers.

DURABLE POWER OF ATTORNEY

Without a durable power of attorney, you cannot access your child's bank accounts or credit cards. If you need to access financial accounts, in hopes of managing or resolving any problem, you may be forced to seek court appointment as conservator of your child. Absent a crisis, a power of attorney can also be helpful in issues that may arise when your child is away at college or traveling.

Other things to consider:

- Order a Credit Report – even if your child has no credit, this report is a check for possible identity fraud.
- Set up your child's "My Social Security Account"- this ensures that no one else can access or take advantage of their social security number. Visit www.ssa.gov/myaccount/
- Remind your child that they should register to vote, and that all males must register with Selective Service.

IT'S TIME FOR "THE TALK"

Coming of age carries responsibilities and a few concepts that may be foreign to your child. You will need to pass on your wealth of knowledge such as budgeting, social security, credit scores, wills and identity theft. During the conversation, work in any life lessons you've learned through the years. Discuss any issues you had with early spending habits or earning money. Make the stories real and show your flaws. These stories will allow you to share situations with your child on an adult-to-adult basis that will help drive the concepts home, but also set the path for future discussions.

Consider opening a checking account or credit card while your child is still at home. Work with them to institute a budget using available apps geared to college students, such as the Mint app or a budgeting app from your bank. Be clear about budget guidelines, including how much you will continue to fund, as well as the consequences of exceeding the budget and overdrawing an account.

This is a great milestone birthday for your child – enjoy it even more knowing that you have given your child the perfect gifts.