

COLLEGE SEND-OFF: SAFEGUARDING YOUR CHILD'S TRANSITION TO ADULTHOOD WITH KEY FINANCIAL AND LEGAL CONSIDERATIONS

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The transition from high school to college or turning 18 marks a significant milestone in a young person's life. As a parent, it's crucial to guide your child through this transition by addressing important aspects of financial and legal responsibility. Please find three key action items to share with your adult child:

- 1) Protect Identity:** With increased independence and financial activities, it becomes essential for your child to understand the importance of safeguarding their identity. Start by explaining the significance of protecting personal information like social security numbers and passwords, especially those associated with financial accounts. Emphasize the risks associated with identity theft and the long-lasting consequences it can have on their credit profile. Encourage them to be cautious when sharing identifying information, particularly over the phone or online.
- 2) Build Credit:** As your child becomes a legal adult, they gain the ability to enter contracts independently, including opening credit card accounts. While credit cards can be enticing for college students, it's vital to discuss the financial risks involved. Initiate a conversation about responsible credit card usage, staying within spending limits, and choosing a card that aligns with their needs and offers beneficial features. Help them understand the implications of missed or late payments, as high interest rates can accumulate quickly. The college years and early stages of their professional career present an excellent opportunity to develop good financial habits and build a solid credit history.

3) Execute Important Legal Documents: Reaching the age of 18 grants your child legal adulthood, which they now need to consider their own estate planning documents. To ensure you can support them effectively, familiarize them with these important legal documents.

- **Health Care Proxy:** As a parent, you lose the authority to make medical decisions for your child once they turn 18. Discuss the importance of appointing a representative who can assist with medical decisions if they become incapacitated.
- **HIPAA Release Form:** The HIPAA release form grants you access to your child's medical information, ensuring you can continue making informed decisions during emergencies or when they are away from home. Review the benefits of this form to enable healthcare providers to discuss their medical needs with you.
- **Durable Power of Attorney:** Educate your adult child on the benefits of granting a durable power of attorney in certain situations. This arrangement can prove helpful if they have a disability requiring assistance, if they are planning to take an extended overseas trip and may need help in managing their affairs at home, or if they would like your help in monitoring their finances during their early steps to independence.
- **Last Will & Testament:** Writing a will ensures that your assets are distributed according to one's wishes. Although 18-year-olds are still young and may have little in terms of assets, clear instructions can minimize legal complications and allow your child to decide who will oversee and manage their estate should something happen unexpectedly.

By reviewing these financial and legal considerations, your child will be more empowered to navigate the transition to adulthood with confidence. Providing guidance on identity protection, responsible credit card usage, and legal documentation will equip them with a framework to make sound financial decisions and ensure a smooth transition to independence.



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