



Financial Check Up for Parents and Graduates

Graduation includes new financial responsibilities and changes in family roles. This publication includes financial tips for parents regarding insurance, credit, banking services, and taxes. It is not intended to be inclusive of all the financial decisions families will face, but should start you on the road to making the necessary adjustments that will avoid costly omissions and unexpected bills. Congratulations on reaching a new milestone for your family.

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Insurance: Schedule time to visit with your insurance agent to determine what is or is not covered by your homeowner's policy. Dorm rooms are usually included in coverage, but your deductible may eliminate any benefits. Some insurance companies offer special riders for broad coverage on computers. Inventory contents before visiting to determine what losses would be hard to absorb. If an apartment is the next step in housing, a renter's policy is usually affordable protection. Review what is covered and not covered by the policy along with deductibles.

Update any auto policy for the new location of the vehicle. Clarify who is covered when driving the vehicle. As a co-owner you will retain liability for losses.

New health care reforms allow parents to extend their family health coverage to their children until they reach age 26 regardless of student status, marriage, or financial independence. Check with your insurance provider for terms and the necessary paperwork to ensure coverage is in place. Graduation is one of those special events that allow for adjustments outside of the annual election period. Expect a request by the insurance provider for annual status updates to prevent a lapse in coverage. Check the network for available health care providers. The new graduate should be provided the necessary insurance cards to obtain services.

Credit Scores: A good credit score means you are eligible for loans with reasonable interest rates. It also means you will be more likely to pay favorable insurance premiums, be less likely to be denied on an apartment rental application, be asked to pay lower utility deposits, and have one less obstacle to employment. Poor financial choices which have a negative impact include late payments; not paying a debt, which results in the account being turned over to a collection agency; running up debt on a line of credit that exceeds 30-50% of the available credit; having too many credit lines open. Now is a good time to visit www.annualcreditreport.com to verify a graduate's credit history is clean. This report should be obtained annually to ensure a case of identity theft has not occurred and the information on file is accurate. Until a credit history is established it may be necessary for parents or other adults to co-sign apartment applications and other requests for credit. Approach this responsibility with caution, ultimately anyone listed on a credit contract is obligated to pay a debt.