Fresh Out of High School? 3 Financial Tips to Get You Started

Your child just graduated from high school, but your role as a parent isn't quite finished yet. Summer is the perfect time to help them build a strong financial foundation before heading off to college.

You might be wondering: *What should they do with graduation money? How can they start managing their finances responsibly?*

For students preparing for college, we recommend focusing on three key areas: saving money, creating a budget, and building credit.

Open A Savings Account

A high-yield savings account is a great place to start. It allows students to earn a higher interest rate while still having easy access to their money. This makes it ideal for saving toward upcoming expenses like textbooks, school supplies, or emergencies.

Graduation money and earnings from a summer job can both be deposited here, helping students grow their savings before the school year begins.

When opening an account, students will typically need to provide:

- Social Security number
- Government-issued ID

- Address
- Phone number

Develop A Budget

The summer before college should absolutely be fun, but it’s also a valuable opportunity to get ahead financially. Even creating a simple budget now can make a big difference later. Start by deciding your time frame. Will the budget cover the full school year, or just one semester? From there, choose a method for tracking finances, whether that’s a notebook, Excel, or a budgeting app.

Next, estimate your income. If you already have a job lined up, calculate a rough monthly income based on expected hours and pay. If not, create a “goal budget” by researching job opportunities near your campus to estimate potential earnings.

Finally, outline your expected expenses. Consider costs such as:

- Rent or dorm fees
- Parking
- Car payments
- Groceries
- Gas
- Entertainment

Having a clear picture of income versus expenses will help students make smarter financial decisions once they’re on their own.

Build Credit

College is a great time to start building credit, which will be important after graduation. One way to do this is by consistently paying bills, like rent, on time.

To take it a step further, students might consider opening their first credit card. However, it’s essential to use it responsibly. A good rule of thumb is to treat a credit card like a debit card, only spend money that’s already in your bank account, and always pay off the balance in full.

Another option is a secured credit card. This requires a cash deposit and typically comes with a lower credit limit, making it a good choice for students without a credit history or steady income.

Building credit early can help students graduate with a strong credit score, setting them up for future financial success.

A Smart Start Goes A Long Way

Starting college is an exciting milestone, and learning to manage money is a big part of that transition. By opening a savings account, creating a budget, and building credit, students can set themselves up for confidence and success both during and after college.

A little preparation now can go a long way in helping them make smart financial decisions for years to come.