

PLANNING CONSIDERATIONS BEFORE COLLEGE

Jennifer McCarthy,
Head of Trusts and Estates

The summer before college is an exciting time for families. While high school graduates are busy celebrating, parents are fully immersed in ensuring that their children have everything they need for a successful and comfortable college experience.

Many children turn 18 during their freshmen year of college and become legal adults. As a result, a parent's right to access medical and educational records ends, and financial and healthcare decisions cannot be made without the child's consent.

Here are several actions you can take to ensure your child has a smooth transition to adulthood.

1 | Health Care Proxy

A health care proxy appoints an agent to make healthcare decisions for your child in the event she is unable to do so. Due to privacy laws, if this proxy is not in place, parents cannot obtain information about a child's medical condition without her consent, and a court proceeding may be required to enable the parent to make healthcare decisions.

2 | Contact Information

Your child should have your full contact information, and both parent and child should have a copy of the

health care proxy readily available—perhaps as a PDF document saved in your mobile phones and/or email accounts.

3 | Power of Attorney

A durable power of attorney appoints an individual to handle legal and financial matters on your child's behalf. This is especially useful if your child is spending a semester abroad with limited banking capabilities.

4 | Access to Student Records

The Family Educational Rights and Privacy Act (FERPA) is a federal law that requires colleges and universities to protect the confidentiality of a student's educational records and prohibits the institution from sharing this information without written consent from the student. Typically, students can grant their parents access to their educational records through the student portal. Without access, a parent does not have a right to view their child's grades.

5 | Will

A last will and testament disposes of assets upon death. If a child dies without a will, state law typically provides for assets to revert to the parents. This places assets into the parents' taxable estate; however, the child may intend for assets to pass to siblings or a charitable organization. A simple will can address these preferences.

6 | Financial Accounts

Accounts established under the Uniform Transfer to Minors Act (UTMA) become the property of the child when she reaches the age of majority. The age of majority is 18 or 21 depending on what state the account is established. If you have not done so already, this is a good opportunity to educate your child and introduce her to your financial advisor. Depending on the size of the account, it may make

sense to have your child create a [revocable trust](#) to hold the assets and appoint you as a trustee, which will allow you to oversee management of the assets and distributions to your child.

7 | Credit Cards

Consider obtaining a credit card for your child to establish credit and monitor spending. Setting up automatic payments ensures timely payments and will help increase creditworthiness. The Credit Card Accountability, Responsibility and Disclosure Act (Credit CARD Act) prohibits credit issuers from issuing a credit card to borrowers under age 21 unless a parent cosigns or proof is provided of sufficient income to qualify for the card.

Addressing these legal and financial considerations can provide peace of mind as your child embarks on this new journey.



Founded in 1964, First Manhattan is a \$31B+ AUM investment advisory firm that seeks to deliver strong financial returns through an investment approach aligned with clients' goals and driven by in-house, proprietary research; customized wealth planning advice; and personalized client service. For more than six decades, the Firm has been a trusted partner to individuals, families, and fiduciaries, as well as partnerships and charitable trusts and foundations. For more information, please visit firstmanhattan.com.

Through various operating subsidiaries, FMC Group Holdings LP ("First Manhattan") provides a range of brokerage and investment advisory services. First Manhattan Securities LLC (Member SIPC, FINRA, NYSE, and MSRB), a wholly owned subsidiary of First Manhattan, is a registered broker-dealer. First Manhattan Co. LLC, a wholly owned subsidiary of First Manhattan, is an investment adviser registered with the SEC. None of First Manhattan, its affiliates, and its or their personnel provide banking services or legal, tax, or accounting advice.