

Two Generations of Financial Planning

Thirty years ago, when my mother was a senior in high school, as I am today, she was working two jobs in addition to all of her school commitments. She did this because the following fall she planned on attending the College of William and Mary, and needed to save up money to afford this education. Throughout her years in college, my mother waited tables to pay her tuition, and still graduated deep in debt.

Now, I am a senior in high school and, similarly, am getting prepared for college next fall. However, unlike my mother, I wish to graduate from college with savings rather than debt. Because my parents place a strong value on education, they have generously agreed to finance in-state college tuition, an advantage my mother was not given. Choosing to go to college is not a decision I ever thought much about; I always assumed I would go, understanding secondary education to be the natural next step in life after high school. Despite my assumptions, however, whether or not to attend college is a decision that many students must thoroughly consider. Is it more to my benefit to spend money on a college education, or to find a career directly after high school and earn a salary? For many, this choice is complicated, and the latter option is often the most appealing; but for most, going to college and earning a degree is better preparation for long-term profit. A college education provides individuals with greater options, usually correlating with a higher salary, than those who enter the career world directly after high school.

I truly have an advantage over many students across the nation simply because I am not burdened with the cost of a college education. I did, however, have to make a decision regarding my college education. When I began the college process, I looked at colleges all over the country, some with price tags higher than the yearly salary of many people. My parents told me they would finance the tuition of an in state school, so if I decided to go out-of-state, I would

somehow need to find a way to make up the difference. This was a decision I toiled over for a while, but in the end, I decided the benefits of going to college out-of-state were not strong enough for me to be willing to pay the price.

I realize how fortunate I am that my parents are willing to pay for my college education, but I also know that success, financial and otherwise, will not be handed to me simply based on my graduating from college. There are several other factors to consider if I intend to attain financial independence as a young adult. In order to learn and develop the skills I will need to manage my money when I graduate from college, I am choosing to work each summer, earning my own *spending money rather than depending on the support of my parents*. I honestly cannot predict whether the money earned from my summer jobs will be enough to support my costs in college. My guess is that this plan will keep me on a tight budget, but it will also give me the opportunity to develop smart spending. There are several techniques I can use to reduce my spending in college. I will create a spending plan in which I figure out how much income I have available and deduct all set expenses. (BrokeScholar) With this plan I will determine an allowance per month, and decide on the expenses that are most important to me. For example, I love Starbucks' coffee, but buying it every day adds up quickly, and, to me, it is not worth the price. Also, I will set aside a certain amount as savings, so I can graduate with money in the bank.

Over the next five years, as I begin to establish financial independence, it is important that I develop and maintain good credit. I plan on launching a financial footing as a college student that I can depend on after I graduate. Without good credit, I could run into several obstacles after graduation. For instance, I would need good credit if I ever wanted to buy a home or start my own business. It would be almost impossible to survive in today's economic world

without credit. (Bridges) In order to obtain credit, I plan on purchasing a car and getting a credit card once I am old enough. I will maintain good credit by paying my bills on time and reviewing my credit report yearly. Beginning to pay attention to my finances, and more specifically, my credit may be challenging at first because it is a responsibility I am not used to, but by starting while I am young, I can be more savvy as a young adult.

Establishing good credit is a goal that is much broader than being careful with money. In general, if I am interested in establishing and maintaining relationships throughout my life, it is essential that I develop good credit among my friends, family, and colleagues. Financial credit is very similar to personal credit. In both cases I make a promise, and it is my duty to uphold that promise whether it be promptly returning a sweater to a friend, or paying my bills on time. Over the next five years, my goal is to become a person that friends and banks alike can depend on.

I know the debt my mother incurred in college created a significant burden on her as she began her career, but the benefits of her education have since enormously exceeded any advantages she may have had by beginning her career directly after high school. Because she chose to go to college, she and my father can now afford to pay for my education. I hope that someday if I have children, I will be able to do the same for them, because in today's world the best thing a person can do for herself is get an education.

Works Cited

1. Bridges, Jim. "How To Get Good Credit." Video University. 2006.
<<http://www.videouniversity.com/getcredit.htm>>. Accessed 14 November 2006.
2. "Practicing Good Money Habits." Broke Scholar. 2006.
<www.brokescholar.com/index.cfm/fuseaction/article.goodmoneyhabits/PracticingGoodMoneyHabits.html>. Accessed 14 November 2006.