

For Graduates, Monetary Gifts Can Keep on Giving

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It is graduation season, when high school grads are looking ahead to bright futures. They're also receiving many gifts to mark this important milestone in their lives. Cash is probably the most appreciated for the short term – useful for that new video game, pair of sneakers or just pocket money. But there are other smart, longer term, options that graduates should consider for their newfound "wealth." Before heading off for college, students should think about how best to save and spend the monetary gifts they receive.

College Costs

Parents will probably want to discuss ahead of time what expenses they expect their college student to pay for on their own. Expenses for college will certainly add up. Tuition, room and board are the obvious ones. Students will also need to buy text books, traditional school supplies - such as notebooks, binders and calculators - and there might be fees and equipment related to certain classes each semester. These are some of the costs that students could decide to pay for with a portion of the money they received as gifts. Another potential new purchase for college: a laptop computer and printer. If you do buy your own computer, be aware of whether the school provides free online access. Students must budget for basic living expenses in college, such as food, laundry, a landline or cell phone, and perhaps transportation. And let's not forget that college isn't all work and no play - money for going out with friends to restaurants, movies and for other entertainment is part of college life. Earmarking some of your graduation money each semester or school year can help students budget and keep track of expenses.

Bank Accounts

It wasn't too long ago that college students opening their first checking accounts had no choice but to use the bank local to their college campus, just for the convenience of being able to make easy deposits and withdrawals. Now, with online banking options, students can do business with their hometown community bank and stay connected from wherever they are. Some banks even offer checking services specifically for students. The efficiency of online banking allows account holders to monitor the most up-to-date balances, transfer funds from one account to another, and pay bills. High school graduates who receive monetary gifts might decide that putting cash into a savings account is the least intimidating way to invest their cash and earn some interest. Another advantage of student-held checking and savings accounts: some of the traditional fees are often waived.

The Gift of Time

Some graduates who are not continuing their education or who don't have to use their high school graduation money to pay for college expenses might be able to set aside their monetary gifts for later. A certificate of deposit could be a good option for a mid-term investment, and it can be opened with a local bank. CDs generally pay a higher interest rate the longer you're willing to wait for your money to mature.

It's never too early to think long term when it comes to finances. Young adults heading out of the teenage years are at a perfect time in life to start building their financial futures because they have years ahead of them to save and invest. An investment account can start a high school graduate toward a prosperous future. A consultation with a financial expert - such as a local banker - can show students how to manage their investments and other finances. Making smart decisions now can pay dividends years down the road!