

# Help Your College Student Stay On Budget

Transcript of a CLTV interview with Joe Orsolini, President of College Aid Planners

**Bill Moller, Host**  
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**Edited for clarity**

**Mr. Moller:** Many families, especially those with kids in college, find their household budgets somewhat strained these days. And no matter what great advice you give your kids about saving and spending and learning to live on a budget, once they go off to college and wade into this new world of independence, they face all kinds of inducements and enticements and temptations. And they tend to forget about living on a budget.

Joe Orsolini, you help parents save for college, apply for aid, and do financial planning. You're the president of College Aid Planners. What's the first thing that a parent should do?

**Mr. Orsolini:** First of all, the next time your child is home from college, or before they leave for college, sit down with him or her and develop a budget for that individual. The overall budget should cover the school semester. Then break it out into separate monthly budgets.

Develop categories and spending limits for each category -- for example, tuition and fees, books and supplies, room and board, entertainment, travel, clothing, discretionary spending, etc. And be sure you explain how important the budgetary process is to the whole family's well-being.

Then, when your child is back in school, they should track their expenditures through each month and for the entire school year.

By the way, budgeting is a valuable skill that will help your children throughout their lifetimes, both professionally and personally.

**Mr. Moller:** All right. This tracking of the expenditures, what does that actually involve?

**Mr. Orsolini:** What you want to do is have the child set up a journal, so they can record each expenditure in the proper category, and track where their money is going. If they are having problems sticking to their limits, that gives you an opportunity to go back and retrace some of the steps, and take steps to get back in line on the budget.

**Mr. Moller:** One of the worst things, as a negative inducement for kids, is the credit card. Credit card companies are very aggressive these days in getting kids to sign up, sometimes against their own best interest.

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**Mr. Orsolini:** Yes. On the average, students who use credit cards will double their credit card debt between freshman year and senior year. And they'll triple the number of credit cards in their wallets. So credit card companies feel much more aggressive about going after children. The average credit card held by a college student has about a \$2,300 balance on it. The interest on that debt is a killer.

**Mr. Moller:** And they don't have any income to pay that off right away.

**Mr. Orsolini:** No, in most cases they don't.

**Mr. Moller:** Well, what about a debit card? That keeps you kind of honest. It reins in your spending habits.

**Mr. Orsolini:** Exactly. Debit cards present a great opportunity for parents to help control their child's spending, because their spending is limited to the amount of money that is in their account. So unlike a credit card, where cardholders can keep spending money they don't have, the debit cardholder is limited to what they actually have on deposit.

**Mr. Moller:** You say parents should get kids involved with setting up the budget. How much oversight should a parent have? Demand to see all the checking and credit card statements? Or should the statements come to the parent in the first place?

**Mr. Orsolini:** It's a good idea for the parents to see the statements. Also, it's a good idea for the parents to follow up and monitor and make sure the students are staying within their budgets. If they are having problems staying within the budget, it's time to take a more active role in controlling their spending.

**Mr. Moller:** It's all about trust and honesty. All right. Joe Orsolini, thanks.

**Mr. Orsolini:** Thank you, Bill.

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