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5 Credit Card Habits To Take To College And Beyond



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Before Janene Tompkins' son, 21, left home to move to New York this summer, he asked his mom, a certified financial **planner** in Durham, North Carolina, for money advice.

“He asked me if he should be establishing credit and how to get his own credit card,” Tompkins says. She explained to him how credit scores work, how to maintain good credit and how to responsibly use credit cards, including the importance of paying off the balance each month.

Talking to [kids about using credit cards](#) can be challenging, especially for parents who never received the same financial literacy lessons from their family or who have struggled with credit card debt. But financial experts say it's an essential conversation to have — especially before your child goes away to college or moves out to live on their own — to head off mistakes that hurt their finances over the long run.

Here are five habits to instill in your children as they start using credit cards:

Good habit No. 1: Track spending

“Have your children write down every purchase and keep a running total of everything they bought throughout each credit card payment period,” says Jared Tanimoto, founder of Ascent Wealth Advisors in Newport Beach, California.

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Manually recording spending might sound extreme, especially when apps or websites can show the statement at any time. But Tanimoto says it's an important step to take for credit card newbies to establish a solid habit of knowing exactly where the money is going and to avoid surprises at the end of the month. Then, your child can review the monthly statements to check for errors (and report any possible fraud to the card issuer).

In fact, it might even help to share your own credit card statements with your children, says Angie Furubotten-LaRosee, a certified financial **planner** in Richland, Washington. That can help spur a conversation about how you avoid credit card debt or reasons you've carried a balance.

Good habit No. 2: Embrace budgeting

Another financial habit to encourage a young adult to embrace: sticking to a budget, such as the [50/30/20 method](#), which is spending 50% of take-home pay on needs, 30% on wants and 20% on savings and debt payments.

“Think of your credit card purchases as using cash,” says Kelly Reddy-Heffner, a financial planner in Pennsylvania. “If you don’t have the cash already available, wait 24 hours to decide if the purchase is necessary.”

Good habit No. 3: Avoid fees and interest

“You’re not ready to use credit cards unless you’re ready to pay for it,” says Jaime Quiros, certified financial planner and portfolio manager at FBB Capital Partners in Bethesda, Maryland.

In other words, it’s important for those just starting their financial lives to know that paying off the balance in full each month is critical to avoiding interest and fees.

Making on-time payments will also help build their credit score, which they’ll need in the future when they are ready to take out other loans, such as a mortgage or auto loan.

Good habit No. 4: Keep credit cards to yourself

While college students tend to share everything from textbooks to germs, credit cards shouldn’t be passed around. They need to know that they are responsible for whatever gets charged on the card, and if they let someone borrow their card, they could end up facing an unexpectedly big bill at the end of the month.

The same goes for parents and kids, Quiros says. Because students often aren’t able to take out a credit card in their name unless they earn income and have a credit history, parents sometimes offer to [share a credit card with their children](#), either by adding them as an authorized user on their existing credit card or co-signing on a student credit card.

While this approach can work out if the student uses the card responsibly, it can also go wrong if overspending ends up hurting their parents’ finances.

Instead, Quiros recommends that parents take out a new credit card with a low credit limit, so even if the child overspends, the potential damage is reduced.

Parents could also consider a secured card, which requires an upfront security deposit that is usually the credit limit.

Good habit No. 5: Pick the right card

Once you've prepared your child for the potential pitfalls of credit cards, you can also help them discover the benefits of responsible use, including travel rewards or cash back.

Tompkins and her son spent time comparing different credit card offers and reward programs to find the one that will reward him for the spending he expects to do most, which is at grocery stores and restaurants. He plans to use the rewards to help offset some of the costs of his new life in New York.

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I write about personal finance and credit cards at NerdWallet. I also wrote three books about money: "Smart Mom, Rich Mom," "The Economy of You," and "Generation Earn." Previously, I was a money editor at US News & World Report and AARP. I love writing about money with t... MORE