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Brush Up On Cash Basics

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If you're financially successful, you know that staying that way is a continuous process. You're constantly monitoring your status, making the best choices so your money lasts well into retirement. And if you have children or grandchildren, you certainly don't want them to one day squander your efforts or miss a chance to savor the same success you've had.

In "Lessons to My Children: Simple Life Lessons for Financial Success, Wealth and Abundance," authors Wes Burnett and Mark Cohen offer ways to relearn issues and pass them on.

"Take a back-to-basics approach whether you're 18, 48 or 78," Burnett told IBD.

Here are key tips to brush up on:

- **Budget.** Every organized household operates with a plan. You know how much money you expect to make, which expenses must be paid and how much you need to sock away for savings.

Cohen's two college-age children have a similar plan. He says at the beginning of each month they know what items they might buy.

Burnett suggests parents help their college kids by calculating the cost of books, tuition, laundry and food.

- **Track expenses.** Those daily lattes add up, and you don't even notice. If you write down what you spend, you'll see clearly what needs to be cut back. Cohen's kids use their computer to keep tabs on spending. "They have a very limited budget," he said. "They need to track spending, so they're checking their balance every day, since they have an online checking account."

- **Limit credit cards.** College students should have only one credit card, Burnett says. "You have to tell them, it's OK to charge it but you better be prepared to pay for it in full when the bill comes," he said.

Janet Bodnar, author of "Dollars and Sense for Kids," says youngsters tend to equate credit cards with free money. A better way? "If kids know how to manage a cash budget before they leave home, they'll be less likely to get into trouble with cash or credit when they're in college," she wrote. To be on the safe side: "Today's cash equivalents — such as prepaid cards, debit cards and college-based smart cards you can load with money to pay for on-campus expenses — can give students emergency protection without unlimited liability."

- **Pay yourself first.** Get in the habit of setting aside 10% of your money every time you get paid. For college students, paying for school is the first way to pay themselves. They must also learn to set aside money. "That can be hard unless they think about it and budget it," Burnett said.

- **Seek.** Parents looking for a way to help their kids become financially savvy can go to Cohen and Burnett's LessonsToMyChildren.com for one lesson a month.

If you want professional help, whether you're a parent or a student, make sure your adviser is solidly in your corner.

"You want to make sure you don't get sold advice or a product that is in the best interest of the adviser and not necessarily for you," Burnett said. "Too often people have gotten burned with the advice they've gotten."

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