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Parents, Are You Ready for College?

Your child is getting ready to go off to college this fall. Are you prepared?

Parents and their college-bound children discuss housing choices, meal plans, student loans (those FAFSA forms!), CHET savings plans, scholarships, work-study, and many aspects of leaving home for the first time. Often overlooked in these discussions are some important legal documents that each new student should have in place. Among those documents are Powers of Attorney, Health Care Directives and Designations, and HIPAA Releases.

Some of these may seem unnecessary – until you need them, when they become indispensable.

Many parents are surprised to learn that the college or university where their children attend send the child's grades to the child but not to the parents. A common refrain is, "I pay the tuition bills; I should receive the report card." Unfortunately, the schools do not see it that way. Their position is that students over age 18 are adults, and grades are confidential information which they send only to the student.

Why is it important to see your child's grades? While it is true that college is a time for children to grow into independent adults and for parents to let go of apron strings, it is also a time of many challenges, temptations, and even dangers for your child. Falling grades are often a sign of underlying concerns, such as alcohol or drug abuse, or physical, psychological, or emotional disorders. Some of these disorders surface for the first time in adolescents and young adults. Obtaining early warning signs on report cards can lead to early intervention to provide much needed help before problems spiral out of control.

How can parents overcome the school's privacy concerns? By having your student sign a Power of Attorney, specifically giving each parent the right to receive copies of grades and academic or disciplinary notices. While you are at it, include the authority to conduct banking transactions on behalf of your child. How can you convince your child to sign a Power of Attorney? You are paying the college costs, aren't you? That is an important carrot at the end of a stick, and is easier to address before your child has reason to hide something.

Privacy concerns also can prevent you from receiving health information about your child. The federal Health Insurance Portability & Accountability Act (“HIPAA”), protects the confidentiality of all health care information and records. If your child is 18 years old or older, HIPAA will prohibit doctors and hospitals from disclosing health information to you, without the express written consent of the patient. We recommend that your child sign HIPAA Releases for both parents.

We also recommend that your child appoint one of you as Health Care Agent, so that if your child’s physical or mental state prevents him or her from communicating intelligently with the doctor, then you may act or consent on his or her behalf. We strongly recommend that your child select one parent as the primary agent and the other parent as back-up. This may be a difficult decision, particularly when the parents are divorced, but it will avoid tremendous difficulty if the power is needed in the future and the parents disagree on treatment. Selecting one primary spokesperson will give the doctor clear instruction on who is the proper person to whom the doctor should listen.

A final recommendation for parents of college children may seem premature, but there are very good reasons to consider this now – life and disability insurance. No one likes to think about mortality, and the death of a child is almost unthinkable, but deaths of college-age young adults are real occurrences. Suffering the loss of a child is horrendous – having to pay back the student loans of a deceased child prolongs and worsens the misery. If you are a co-signer on any student loans, the obligation does not expire with the student. You will be independently liable to pay back the loan in full. The same holds true if your child becomes disabled and unable to work. Life and disability insurance on your child can lessen that burden. Insurance can also provide significant benefits that your child can continue far beyond college in the most likely event that he or she will live a full life after graduation. Purchase the policy so that your child is the owner, and the loan co-signer is the beneficiary. After the loan is repaid, the child can change the beneficiary to a spouse or anyone else.

Obtaining a life insurance policy for your child now can guaranty insurability in the future at preferred rates, especially if the policy contains a rider to allow increased coverage in the future without proof of insurability. Rates are very low for young, healthy adults. A whole life policy can build up enough cash value and generate enough dividends to become self-funding. I still have a policy which my parents bought for me, and I have not had to pay any premiums for the past thirty years!

If you want to keep the premiums low for life insurance, you may purchase a term policy instead of whole life. If you have more than one child with loans, you could lower the premiums further with a joint policy with first-to-die coverage. A joint, 15-year, level-term policy for two healthy young adults can provide plenty of coverage for their student loans for a very reasonable sum, and give you peace of mind. It is worthwhile to discuss all options with a trusted insurance agent.

We certainly hope that none of these documents will ever be used (except the POA to get the grades!), but if they are ever needed, you and your student will be far better off with them than without them.

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