

What Is Financial Aid?

- Financial aid is money to help students pay for college.
- Types of financial aid include grants, scholarships, education tax benefits, student employment, employer-paid education assistance, student loans and student loan forgiveness.
- Sources of financial aid include the federal and state government, colleges and universities, private foundations, philanthropists, corporations, lenders and employers.
- Demonstrated **financial need** is the difference between total college costs and the family's ability to pay for college.
- A college's **Cost of Attendance (COA)** includes tuition and fees, room and board, books, supplies and equipment, transportation costs, miscellaneous personal expenses, dependent care costs and disability-related expenses.
- A family's ability to pay for college is measured by the **Expected Family Contribution (EFC)**, which is based on the income and assets of the student and parents, household size, number of children in college, and age of the older parent.

How to Apply for Need-Based Financial Aid

- The student and parent should each get a free FSA ID – an electronic signature – at fsaid.ed.gov.
- Gather financial and other records you will need to apply for financial aid, including your Social Security card or permanent resident card (green card) and driver's license (if any), federal income tax returns, W-2 forms, 1099 statements, bank, brokerage and college savings plan account statements.
- File the Free Application for Federal Student Aid (FAFSA) online at fafsa.ed.gov or using the **myStudentAid** app as soon as possible on or after October 1.
- Use the **IRS Data Retrieval Tool**, if eligible, to transfer information from your income tax returns to the FAFSA.
- List an in-state public college first on the FAFSA to qualify for state grants, then colleges with the earliest aid deadlines.
- If applying to more than 10 colleges, wait until you receive the Student Aid Report (SAR), then login to delete the original list of 10 colleges and add up to 10 more colleges as a correction.
- Complete verification if your FAFSA is selected for verification. You may need to get an IRS Tax Return Transcript or IRS Verification of Nonfiling Letter at irs.gov/individuals/get-transcript or file IRS Form 4506-T.
- About 200 mostly private colleges require a supplemental form called the CSS Profile which you can file at cssprofile.collegeboard.org (fee waivers are available).

How to Apply for Merit Scholarships

- Merit scholarships are awarded based on unique skills and talents, including academic, artistic and athletic abilities.
- Start searching for scholarships ASAP using a free scholarship matching service, such as Fastweb.com and the College Board. Continue searching even after you are enrolled in college.
- Answer the optional questions, not just the required ones
- Apply for every scholarship for which you are eligible
- Beware of scholarship scams. Never pay a fee to search for scholarships or to apply for scholarships.

www.savingforcollege.com/article/complete-guide-to-financial-aid-and-the-fafsa

Sources of Official Help Filing the FAFSA

- 1-800-4-FED-AID (1-800-433-3243) or TTY 1-800-730-8913
- For FSA ID problems, call 1-800-557-7394
- Send email to FederalStudentAidCustomerService@ed.gov
- For questions about the CSS Profile, call 1-866-881-1167

Biggest Errors on the FAFSA

- **Failing to file the FAFSA.** You can't get aid if you don't apply.
- **Failing to read and follow the FAFSA instructions.**
- **Missing deadlines.** Some states and colleges have very early FAFSA deadlines for state and institutional grants.
- **Reporting retirement assets as investments.** Retirement plans, the net worth of the family home and small family businesses are not reported on the FAFSA.
- **Entering cents in financial figures.** Report only whole dollar amounts on the FAFSA, as decimal points are ignored.
- **Reporting the wrong year's income.** The FAFSA uses prior-year income. Appeal for more aid if income has changed.
- **Incorrectly claiming head of household tax filing status.**
- **Choosing the wrong parent to file the FAFSA.** When the parents are divorced or separated, only the parent with whom the student lived the most files the FAFSA. Choose the parent with lower household income to get more aid.
- **Not reporting a stepparent's stepchildren, income and assets.** Prenuptial agreements are ignored on the FAFSA.

How to Appeal for More Financial Aid

- Appeal for more financial aid at any time, even mid-year.
- Contact the college financial aid office to ask about their appeals process if you are affected by special circumstances. They will ask you to file an appeal form or write a short letter.
- Special circumstances include any financial circumstances that changed since the base year and anything that differentiates the family's ability to pay from that of the typical family.
- Provide copies of third-party documentation of the special circumstances and their financial impact, such as receipts, bills, layoff notices and letters from teachers, school counselors, social workers, doctors, police and clergy.
- Special circumstances include job loss, pay cuts, death of a wage earner, high unreimbursed medical expenses, high dependent care costs, changes due to COVID-19, private K-12 tuition for siblings, parents enrolled in college, and the end of child support or Social Security benefits for a child.

How to Get More Financial Aid

- Don't realize capital gains on or after January 1 of the sophomore year in high school, or offset them with capital losses. Don't take retirement plan distributions.
- Shelter assets by using them to pay down debt, by reducing income under \$50,000 or by accelerating necessary expenses.
- Shift assets from the student's name to a parent's name or spend down student assets first. Move money from an UGMA or UTMA account into a custodial 529 plan account.
- Increase the number of children in college at the same time.