

# The FAFSA Dissected

## Paying for Higher Education Lesson Plan

There are seven steps involved with completing the Free Application for Federal Student Aid (FAFSA). Each step is explained below. The FAFSA may be found at: [www.FAFSA.ed.gov](http://www.FAFSA.ed.gov).

### Step 1—Student Information

This section verifies the student's general eligibility, such as citizenship and higher education enrollment status.

### Step 2—Student Finances

If you have ever filed your taxes, then you will need copies of them for the calendar year prior to your anticipated graduation. (So, if you are going to graduate high school in 2014, you will need your tax returns or tax return estimations for the year 2013.)

### Step 3—Student Dependency Status

These questions determine if you are an independent student. Read the questions carefully before answering each one. If all of the answers are "no" then you will need to have your parents or guardians complete Step 4.

### Step 4—Parental Information

This section can be confusing because the questions are still directed to "you," the student, but require information from your parents. So when they ask, "How many people are in your parents' household," they're not talking about your grandparents—the "your" refers to you, even though this is the "parent" section.

### Step 5—Additional Student Information

You only need to complete this section if you answered "yes" to any of the questions in Step 3.

### Step 6—Colleges to Receive Information

The Federal Student Aid Office will send your financial aid eligibility information to up to four higher education institutions. You can submit six more school codes by following the directions listed on the "What is the FAFSA?" information sheet, found on the last page of the FAFSA.

### Step 7—Accuracy Certification

This is the contractual part of the form. By signing you, and your parents, are agreeing to the following:

- The information you provided on the FAFSA form is accurate
- Any financial aid money received as a result of the FAFSA will be used solely for the purpose of higher education
- You, or your parents, do not currently owe money or are in default on an existing federal grant or loan
- You will not receive a Pell grant for more than one higher education institution at a time
- You would be willing *and* able to provide documentation to verify the information you provided on the FAFSA

<sup>1</sup>More than half of those who dropped out cited needing to work, another 31% said they couldn't afford tuition. Only 10% dropped out because they found the classes too difficult. Public Agenda, *With Their Whole Lives Ahead of Them*, 2009, [www.publicagenda.org/theirwholivesaheadofthem/reality1](http://www.publicagenda.org/theirwholivesaheadofthem/reality1)

## FAFSA Application Tips

- File your taxes, and encourage your parents to file their taxes as soon as possible so you have the tax information you need to complete the FAFSA (you can always estimate the tax information and correct it later when you get your SAR).
- Complete the FAFSA as soon as possible after Jan. 1 every year to meet school and state deadlines.
- Always check “yes” when asked if you want to be considered for work-study. You can opt out of it later.
- ANSWER EVERY QUESTION you are not directed to skip (the directions will tell you to enter “0” if the question does not apply but they still want you to answer it). Some state and colleges award financial aid based on your answers. Your application will be rejected if the form is incomplete.
- Make sure that your name matches exactly the way your name is stated on your Social Security card, especially for the FAFSA documents.
- All school codes are listed on the official FAFSA website, [www.FAFSA.ed.gov](http://www.FAFSA.ed.gov).
- Review your Student Aid Report (SAR) as soon as you get it to make sure there are no mistakes. It is your job to correct errors on the SAR. Those errors might negatively impact your calculated need, and if you benefit from the error, you could lose all of your aid and might be forced to pay fines of up to \$20,000.

## Tips to Completing the FAFSA Online

- Apply for your Personal Identification Number (PIN) before you complete the FAFSA. You can request one at [www.PIN.ed.gov](http://www.PIN.ed.gov).
- Visit [www.FAFSA.ed.gov](http://www.FAFSA.ed.gov) to complete the application online and receive step-by-step instructions; you'll need your PIN.
- IRS data can now be transferred directly to your online FAFSA application using the IRS data retrieval tool.
- When submitting your FAFSA online, hit the ‘Save’ button often. Always use the ‘Next’ and ‘Previous’ buttons on the site. Never use the ‘Back’ button on your browser or **you may lose your information**.

## Aspects That Impact Eligibility

The following strategies will have the largest impact on need-based aid eligibility. All of these strategies should be employed **prior** to completing the FAFSA form.

- If you have been saving money for higher education, be sure it is **in your parent’s name and not yours**. This includes college savings vehicles such as a 529 college savings plan, prepaid tuition plan or Coverdell Education Savings Account.
- Parents should **pay off all consumer debt**, such as credit card and auto loan balances before you complete the application.
- In addition, parents should **accelerate necessary and planned expenses**, to reduce available cash. For example, if you need a new car or computer, buy it before you file the FAFSA. If it is possible, this might be a good time for your parents to prepay their mortgage.
- Another way to maximize need is to **spend down your assets** and income first before you start spending your parents’ money.
- If you feel that your family's financial circumstances are unusual, **make an appointment with the financial aid administrator at your school to review your case**. Sometimes the school will be able to adjust your financial aid package to compensate using a process known as Professional Judgment.
- Your parents should **maximize contributions to their retirement funds**. In addition, they **should not withdraw money from their retirement funds** to pay for your college education, as these distributions would count as taxable income, reducing next year's financial aid eligibility. (If you must use money from your retirement funds, borrow the money from the retirement fund instead of getting a distribution.)
- If you have any family members who want to contribute to your education, tell them to wait until after you graduate and **apply their financial gift towards your educational debt**.
- **Choose the date to submit the FAFSA carefully**, as assets and student marital status are specified as of the application date.