

FUNDING A COLLEGE EDUCATION

FAFSA: Don't Leave Money on The Table

When thinking about funding sources for your children's college education, you may assume your family earns too much to qualify for Federal grants, loans, and work-study job assistance. However, families with higher incomes are frequently eligible to receive some form of financial aid from the Federal government.

The U.S. Department of Education uses a formula for calculating financial aid eligibility that considers a range of factors in addition to income and assets, including family size and other financial obligations. When assessing a family's ability to pay for college, the Federal government recognizes only a small percentage of parents' assets as potential contributions, while other types of assets, including home equity and savings in IRAs and 401(k) plans, do not factor into the qualification formula.

Filing the FAFSA

Even if you expect to cover your child's college costs through sources other than Federal aid, it is usually worthwhile, if not required, for you to complete the Free Application for Federal Student Aid (FAFSA) as the initial part of the process. In addition to determining your family's eligibility for Federal assistance, the FAFSA is the primary qualifying form used by many college, state, local, and private financial assistance programs.

The first step in applying for financial aid is filling out the FAFSA, which is distributed and processed by Federal Student Aid, an office of the Department of Education. Hard copies of the FAFSA are often available at high school guidance offices, libraries, or post offices, or by calling the Federal Student Aid office. The simplest way to complete the FAFSA is by applying online at fafsa.ed.gov.



Filling out the form online will alert you to mistakes or omissions; it can also expedite the processing time by one to two weeks.

As a parent, the documents you will need to complete the FAFSA include your Federal income tax return and W-2 forms from the previous year, current bank statements, records of untaxed income, such as Social Security or veteran benefits, current business and investment mortgage information, and investment records. If you are divorced and are the child's custodial parent, only information about your own household's income and assets, including any child support and alimony, are required by the FAFSA. While some colleges look at the financial resources of the noncustodial parent in determining the student's need, the Federal government does not.

The Student Aid Report

When filling out the FAFSA, you may request that your financial information be sent to up to six colleges. If your child intends to start college next fall, it is advisable to file the FAFSA as soon as possible after January 1, because deadlines for submitting FAFSA information can be early in the year for some colleges and state awards programs.

Within a few days to a month after you file, you should receive by postal mail or e-mail a form known as the Student Aid Report (SAR). On the SAR, you will find the Expected Family Contribution (EFC), an estimate of the amount of your family contribution toward the student's college expenses for the year. The colleges you listed on the FAFSA will use this figure as a basis for determining the amount and type of any financial aid you will receive.

If financial need is determined, the schools that admit your child as a student will prepare a financial aid package that may cover all or part of the difference between your family's EFC and the cost of the college. Depending on your family's income and the resources of the institution, colleges may offer more or less aid than the difference between the EFC and the cost of attendance.

A Final Thought

Don't leave federal grant money for college on the table.

No matter how slight you believe your chances of receiving aid are, apply. You may receive more aid than you expect.

For more information about federal funding for education, visit the Department of Education at www.ed.gov.

And make sure you arrange a time to come to my office so we can discuss the FAFSA and your family's financial plan. Together, we can make sure you don't leave any money on the table.

