

FAFSA Completion Tips and Frequently Asked Questions

Tax Questions

If someone is going to do itemized deductions but they don't make over \$100,000, do they still qualify to use a 1040EZ or 1040A?

Itemizing deductions requires the use of a 1040.

Is child support considered income? Student lives with her mom. Her mom is unemployed, but she receives child support.

Child support is considered untaxed income. The "child support received" box must be checked and this will open up the field to report the total amount received in 2013.

Would the child support be reported under "earned income" or untaxed income? It is untaxed income. Check the box to open the field. Report all child support received for 2013.

If a parent dies, does a death benefit payment from a union qualify as income for the purpose of the FAFSA? If so, whose asset is it?

Pensions and Whole Life Insurance are not reported as assets. However, any income distributed to the beneficiary must be reported as income. If this income or a portion of it is taxable, it will be part of the Adjusted Gross Income. If the income or a portion of it is untaxed, the applicant will report it in Question 94.

Under items asking for student (#45) or parent (#94) income tax paid, be sure to take the figure directly from the tax return itself rather than the W-2 form. A common mistake is to report the amount of tax withheld as it appears on the W-2, instead of the amount of taxes the family was assessed on the tax return form.

Assets

If someone has a regular 401K through work but has a supplemental IRA or Roth IRA specifically set aside for college is this counted as a regular parent asset?

Yes. One of the most common errors on the FAFSA is for students to leave the student (items #41-43) or parental (#90-92) asset fields blank. If there is no monetary value to report for assets, use a -0- rather than leaving the item blank. The family's home should **NOT** be reported as an asset under "net worth of investments," nor should a family farm (family lives on and operates the farm) or family owned business with fewer than 100 employees be reported under "net worth of business and/or investment farms." Certain other types of investments to NOT be reported under net worth of investments include the value of retirement plans, non-education IRAs, annuities, life insurance or pension funds. However, investments DO include other real estate, 529 college savings plans and Coverdell savings accounts, trust funds, UGMA and UTMA accounts, money market funds, certificates of deposit, stocks, stock options and bonds.

Dependency

Note: Based on U.S. Supreme Court ruling, students in a same-sex marriage (legally married in a state or foreign jurisdiction that recognizes same-sex marriage) should report themselves as married on the FAFSA.

If a student applies to a military academy such as VMI or Naval Academy, will they be independent? Just attending the school does not designate them as independent?

Per FAFSA instructions, "Question 49: Are you a veteran of the U.S. Armed Forces? . . . You should answer "No" (you are not a veteran) if

- You have never engaged in active duty in the U.S. Armed Forces,
- You are currently an ROTC student or a cadet or midshipman at a service academy, or
- You are a National Guard or Reserve enlistee activated only for training purposes."

If a student is legally adopted, why are they considered to be independent?

The instructions indicate the following guidance for Question 52: "At any time since you turned age 13, were both your parents deceased, were you in foster care, or were you a dependent or ward of the court? You should answer "yes" if you had no living parent (biological or adoptive) at any time since you turned age 13 or older, even if you are now adopted." The questions to determine independent or dependent status are likely designed to capture as many situations as possible to provide access to federal student aid. However, we cannot provide the policy background.

Regarding students' dependency status, "Married or separated (but not divorced)," please give a few examples how to determine if the student would be considered dependent or independent?

A student who might otherwise be dependent (e.g., not a veteran; born after January 1, 1990; etc.) would be independent if he is currently married or separated. However, if he is divorced and doesn't meet any other criteria, he will be required to provide parental data. For example, this might happen when the student has been married and then divorced before age 24.

My understanding of a legal custody and legal guardianship are different, and a grandparent is a legal custody situation. Are you saying this is the same thing?

The FAFSA requires "legal guardianship as determined by a court in the student's state of legal residence." This is the instruction provided, "Answer 'Yes' if you can provide a copy of a court's decision that of today you are in legal guardianship. Also answer 'Yes' if you can provide a copy of a court's decision that you were in a legal guardianship immediately before you reached the age of being an adult in your state. The court must be located in your state of legal residence at the time the court's decision was issued. Answer 'No' if you are still a minor and the court decision is no longer in effect or the court decision was not in effect at the time you became an adult."

Requirements of emancipation?

For the FAFSA, a student is considered "emancipated" if he or she "can provide a copy of a court's decision that as of today you are an emancipated minor. Also answer 'Yes' if you can provide a copy of a court's decision that you were an emancipated minor immediately before you reached the age of being an adult in your state. The court must be located in your state of legal residence at the time the court's decision was issued. Answer 'No' if you are still a minor and the court decision is no longer in effect or the court decision was not in effect at the time you became an adult."

If a student has not yet joined the military, can they answer they intend to do so within the award year to be considered independent?

No. An applicant must be currently serving on active duty or be a veteran to qualify as an independent student.

If a student is a ward of the court because of delinquency, is he independent? Regardless of parent involvement?

The instructions tell the applicant to "answer 'Yes' if you were a dependent or ward of the court at any time since you turned age 13, even if you are no longer a dependent or ward of the court today."

Does temporary custody count as legal guardianship in Question 53?

An applicant can only answer “Yes” to question 54 if he or she is or was in “legal guardianship” as determined by a court in his or her state of legal residence. The term “custody” is not included in the instructions.

If a student is supporting someone else’s child that is not their own, but they do not have legal guardianship of the child, will this qualify for independent status?

Yes, if the student applicant is providing more than half of the support (includes money, gifts, loans, housing, food, clothes, car payments, or expenses, medical and dental care, and payment of school costs) for that person who now lives with the student and will continue to do through June 30, 2015.

If I chose to live on my own after I turned 16, does that make me an emancipated minor?

No, not unless you can provide a copy of a court’s decision that you are an emancipated minor. The court must have been located in your state of legal residence at the time of the legal decision. If you are not an emancipated minor, and do not meet one of the criteria for independent status, but you left your parents’ home due to an unusual situation, contact the college financial aid office about a possible dependency override.

Can I be considered independent if I live on my own and support myself, though I don’t already meet one of the independent criteria on the FAFSA?

No. Self-sufficiency, or parent’s refusal to complete the FAFSA are not reasons, in and of themselves, that can allow a student to be considered independent. If you feel you have a unique family situation, contact the college financial aid office about a dependency override.

Parent

Note: Based on the U.S. Supreme Court ruling, parent(s) in a same-sex marriage (legally married in a state or foreign jurisdiction that recognizes same-sex marriage) should report themselves as married on the FAFSA.

If a parent remarries in the last few months of the year, do both salaries need to be declared?

Yes, the marital status is reported as of the day the form is filed. Thus, if a parent is married at that time, income and assets for both must be reported.

What do you do if a parent does not have a Social Security number?

The parent should enter all zeroes for the Social Security number if none exists. Remember that a student must have a Social Security number in order to file the FAFSA, unless that student is from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau. Those students must enter “888,” and the remainder of the field will be completed during processing.

When would one use adoptive parent’s income on a FAFSA?

If a student was adopted prior to the age of 13, he/she would use the adoptive parent(s)’ income in the parent section of the FAFSA or if that adoptive parent is married to the custodial parent of the dependent student.

If the parent is the person applying for financial aid, would they then include themselves in the number they submit for “number of students in college”?

Yes. However, they are not to be counted on the student’s (child’s) FAFSA in the “number in college” figure.

If the parent and step-parent married in the last two months of the year, do they have to use both incomes, even if they file separately?

Yes.

If the parents are divorced, does each parent file a separate FAFSA, or is aid based on the custodial parent's income?
The FAFSA collects information about the custodial parent (and spouse, if applicable).

How do you determine whose taxes to use if the student lives with one parent six months of the year and with the other parent six months of the year?

Report the information of the parent with whom the student lived the most during the 12 months preceding the date you completed the FAFSA. It does not matter which parent claims you as a dependent for tax purposes. If you did not live with either parent, or lived equally with each parent, provide the information for the parent from whom you received the most financial support during the preceding 12 months, or the parent from whom you received the most support the last time support was given.

Explain the question about the education level of the parent(s).

This question is used by some state agencies and colleges to offer aid to first-generation students. It is not included in the federal analysis. In these questions, the applicant is answering about his or her natural or adoptive parents (not step-parents or foster parents). These are the only two questions on the FAFSA that use this definition of parent.

One common mistake that leads to a rejected application is reporting parents' marital status as single, divorced, widowed or separated but reporting the income of two parents. This happens when parents are currently divorced, widowed or separated but filed a joint tax return for the previous tax year. In these cases, you should only report information for one parent on the FAFSA.