

Applying For Financial Aid

-By Billy Bruns, CFP®

The [FAFSA](#), or the Free Application for Federal Student Aid, is an application all families with college bound kids need to consider completing. It is the first step in gaining access to both need-based aid offered by the U.S. Department of Education and states, as well as merit-based aid offered by colleges and organizations. Below are some important items to keep in mind when filling out the FAFSA.

Who Should Complete the FAFSA

Regardless of whether you will qualify for need-based financial aid, you should complete the FAFSA. Some schools will not award merit-based financial aid without FAFSA completion; some also require the CSS Profile (discussed further below).

Getting Started

The FAFSA becomes available every October 1st. However, prior to starting the FAFSA, you must obtain a FAFSA ID. Parents use the same ID for all children and each child needs their own ID. You do not need to wait until October 1st to request an ID.

For the 2019-2020 school year families can file the FAFSA as early as October 1, 2018. You may want to wait a few days or a week when it opens for any technology issues to be worked out, but the earlier you file your FAFSA the better as some financial aid is given out on a first come, first served basis. Be sure to check the FAFSA filing deadline for each school you intend to apply to as these deadlines can vary.

Filling Out Your College List

You're able to list up to 10 schools to send your FAFSA information to. It is not required for you to have applied to a school to send them your FAFSA information. Even if you're only partially considering a school you should include it on your list to see what type of financial aid they will offer you.

Listing Your Financials

The FAFSA attempts to dig into your family's financials by asking about your assets and income. They don't ask for information about your expenses. When listing your assets, you should provide same day balances. When listing your income, you are required to use your tax return dated two years prior to the year the student will be in college. For example, you should use 2017 tax information on the FAFSA for school year 2019-2020 (the FAFSA that opens October 1, 2018). You can use the [IRS Data Retrieval Tool](#) to transfer this data directly into your FAFSA.

File Every Year

You will need to complete the FAFSA for the first time while applying to college, but you should also update your FAFSA every year you're in school to continue to qualify for aid. If your situation hasn't changed materially, you can use a renewal FAFSA with prefilled information from prior years.

CSS PROFILE Application

Many colleges additionally require you to complete the College Scholarship Service (CSS) Profile to be eligible for their merit-based financial aid. The CSS Profile is a more thorough application, but it is usually only required to be completed prior to your freshman year. The following table identifies the differences between how the FAFSA and CSS Profile look at different assets:

	FAFSA	CSS Profile
Cash, Mutual Funds, 529	5.64%	5%
Small Business	100 + employees	Yes
Non-Qualified Annuity	0%	5%
Home Equity	0%	Varies
Assets in student's name	20%	25%
Assets in siblings' names	0%	5%

Additionally, the CSS profile looks at income from both parents and step parents. The FAFSA only looks at the income of the parent with whom the student lives the majority of the time, but also includes any step parent married to the primary residential parent.

Helping your kids through college is incredibly gratifying for parents, but it isn't easy. It can be one of the largest expenses' families incur. The College Board found that the average cost of an in-state public college for the 2017-2018 school year was \$25,290, while the average cost of a private college was \$50,900. This level of savings requires careful planning and starting very early in your child's life. We can assist you with the amount to save to fulfill your goals while choosing the best savings vehicles to use. We also have great resources to refer you to for the entire college bound journey. Please contact us for further discussion.



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