How To Complete The 2014-2015 FAFSA Form (Paper Form)
How To Complete The 2014-2015 FAFSA

(Tenth Edition)

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How To Complete The 2014-2015 FAFSA

If you have any questions on any of the topics covered, please send us an email at tuition2@bellsouth.net or give me a call at 502-721-8648

Completing The 2014-2015 Paper Version Of The Free Application For Student Aid (FAFSA)

The following pages will guide you through the process of completing the paper version of the 2014-2015 FAFSA. Note: This publication is subject to change. If changes are made prior to official release of the Federal form, a new version of this book will be issued.

In order to complete the FAFSA you should have the following documents available in order to answer some of the questions on this application:

- **2013 Federal Income Tax Return** - *(if you have not completed your 2013 tax return you can complete the FAFSA by estimating your tax liability and income by using your end of the year W-2, 1099, and other income tax documents and forms on which income is reported. If you complete the FAFSA on an estimated basis you may be required to submit corrected information to the college or needs Analysis Company after you complete your 2013 taxes.)*
- All W-2 forms
- All 1099 or other tax forms that show taxable or untaxed income
- Social Security #s of student and parents
- Dates of birth for student and parents
- Student’s driver’s license number
- Permanent address of the student
- List of assets of the parents and student
- List of colleges that the student is interested in attending

Most families will complete the online version of the FAFSA, [http://www.fafsa.ed.gov/](http://www.fafsa.ed.gov/). This link will take you to the centralized source for information relating to the federal financial assistance programs. The information available in the Data Center is divided into three categories described on the next page.
Student Aid Data
Provides information about the Title IV programs

School Data
Provides information about schools participating in the Title IV programs

Federal Family Education Loan Program Lender and Guaranty Agency Reports
Provides information about the FFEL program as well as important guaranty agency information

According to the FAFSA online website, Federal Student Aid, is an office of the U.S. Department of Education, ensures that all eligible individuals can benefit from federally funded financial assistance for education beyond high school. We consistently champion the promise of postsecondary education to all Americans—and its value to our society.

Federal Student Aid plays a central and essential role in supporting postsecondary education by providing money for college to eligible students and families. We partner with postsecondary schools, financial institutions and others to deliver services that help students and families who are paying for college.

Today, Federal Student Aid performs a range of critical functions that include, among others:

- Educating students and families on the process of obtaining aid;
- Processing millions of student financial aid applications each year;
- Disbursing billions of dollars in aid funds to students through schools;
- Enforcing financial aid rules and regulations;
- Servicing millions of student loan accounts, and securing repayment from borrowers who have defaulted on their loans; and
- Operating information technology systems and tools that manage billions in student aid dollars.

IMPORTANT NOTE:
This publication shows you how to complete the paper FAFSA. If you elect to complete the online version of the FAFSA go to http://www.fafsa.ed.gov. The questions that are asked in the paper FAFSA may not match (in order) to the online version of the FAFSA. However, you can refer to these instructions in this e-book to help answer questions on the online version.
STEP ONE

Purpose: Step one collects personal identification information (name, telephone number, address, Social Security Number, and so on). This step includes questions about citizenship status because you must be a U.S. citizen or non-citizen (legal immigrant) to receive federal student aid.

Questions 1-17

1-3. Name: Because the Education Department matches each name and Social Security Number (SSN) with the Social Security Administration (SSA), the name provided here should match the name on your Social Security card. If you use a name (such as a nickname) other than the name on your Social Security card, you will be asked to correct the inconsistency, and there might be a delay in the awarding of your aid.

4-7. Your permanent mailing address: You must give a permanent home mailing address (not a school or office address).

An incarcerated student may use his or her school's administrative address. If such a student uses a school's administrative address, the school's Financial Aid Administrator (FAA) must include a letter with the FAFSA indicating that the student is incarcerated and is therefore using the school's address.

Use the State Abbreviations list when entering your state.

8. Social Security Number (SSN). Generally, you must have a SSN to be eligible for federal student financial aid. If you submit a FAFSA without a SSN, your FAFSA will be returned to you unprocessed. The Privacy Act Statement gives information about how your SSN may be used.

To apply for a SSN or to get a replacement Social Security card, if yours has been lost or stolen, contact your local Social Security office. For additional information (in English or Spanish), you can call the SSA at 800-772-1213 (1-800-325-0778-TTY) or go to its web site at www.ssa.gov.

The one exception to the SSN requirement clause is for students from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau. If you are from one of these areas and do not have an SSN, you should leave Question 8 blank and send your FAFSA to the following address — not to the address on the FAFSA or the FAFSA envelope:

Federal Student Aid Programs
P.O. Box 4003
Mount Vernon, IL 62864-860
9. **Your Date of Birth.**

10. **Your Permanent Telephone Number:** Do not give your cell number or office number. Only give your Permanent Home Number.

11-12. **Your Driver’s license number and state:** You must provide your driver’s license number (if any). If you do not have a driver’s license, leave Questions 11 and 12 blank.

13. If you do not want to receive information through E-mail do not complete this question.

14. **Citizenship status:** You can receive federal student financial aid only if you are a U.S. citizen or an eligible non-citizen. If you have changed from a non-citizen to a citizen and have not informed the SSA contact the SSA to update your status. Otherwise, the SSA may report that you are not a citize, and you will have to provide citizenship documentation before receiving aid.

For financial aid purposes, an eligible non-citizen is one of the following:

- A U.S. permanent resident who has an Alien Registration Receipt Card (I-551 or I-151)
- A conditional permanent resident (I-551C)
- A non-citizen with a Departure record (I-94) from the U.S. Immigration and Naturalization Service (INS) showing any one of the following designations: “Refugee,” “Asylum Granted,” “Indefinite Parole,” “Humanitarian Parole,” or “ Cuban-Haitian Entrant.”

If you are not a citizen, nor an eligible non-citizen, you cannot receive federal aid while you are in the U.S. on one of the following:

- An F-1, F-2, or M-1 student visa
- A J-1 or J-2 exchange visitor visa
- A B-1 or B-2 visitor visa
- A G series visa (pertaining to international organizations)
- An H series or L series visa (allowing temporary employment in the U.S.)
- A “Notice of Approval to Apply for Permanent Residence” (I-171 or I-464)
- An I-94 stamped “Temporary Protected Status”

However, you may be eligible for state or institutional aid and may therefore wish to complete the FAFSA to apply for that aid. Fill in oval C for Question 14.

15. **Alien Registration Number (A-Number):** If you are an eligible non-citizen, enter your eight- or nine-digit A-Number. Leave the first space blank if you have an eight-digit A-Number.

If you answer "yes" to the question asking whether you are a U.S. citizen, do not indicate an A-Number in this question. If an A-Number is present, the Department will check with the INS to confirm your status.
16. **Marital status:** Your marital status directly affects how your income and assets are treated in the EFC calculation. You must report your marital status as of the date the application is completed.

17. **Date of marital status:** You should enter the date you married, divorced, separated, or were widowed. If you never married, leave this question blank. If your current marital status is “divorced,” enter the date you separated. If you were not separated, enter the date you became divorced.

**Questions 18-22**

18. **What is your state of legal resident?** States have varying criteria for determining whether you are a resident for purposes of state financial aid. However, if you established a true, fixed, and permanent home in any state more than four years ago, you will meet its criteria. The Department will disclose your FAFSA information to state agencies in your state of legal residence, to each school listed on the FAFSA, and to state agencies in the state in which each school is located. State and institutional programs may use the information provided on the FAFSA to determine your eligibility for state and institutional aid.

Your state of legal residence is also used in the EFC calculation to determine the appropriate allowance for state and other taxes paid by that state's residents.

Your residence is your true, fixed, and permanent home. If you are a dependent student, the state of legal residence is usually the state in which your parents live. If you moved into a state for the sole purpose of attending a college, do not count that state as your legal residence. Use the State Abbreviation list to provide the abbreviation for your state. This list can be found in the FAFSA packet.

19. **When did you become legal resident?** Your state will use this information to determine whether you meet its specific residency criteria for state aid.

20. **If you answered “No”** to the question on 19 asking if you became a legal resident of your state before January 1, 2009, provide the month and year you became a legal resident of your state.

21. **Are you male?** To receive federal student financial aid, male students who are at least 18 years old must be registered with Selective Service. Indicate whether you are male.

22. **Selective-Service Registration:** If you are male, 18 through 25 years of age, and have not registered with Selective Service, you can enter “Yes” to give Selective Service permission to register you. You can also register on the web at [www.sss.gov](http://www.sss.gov).

If you believe that you are not required to register, call the Selective Service office at 847-688-6888 for information regarding exemptions. Female students should leave Question 22 blank.

**Questions 23-31**

23. **Illegal drug offenses.** Question 23 asks whether you have been convicted of possessing or selling illegal drugs. If you have been convicted, you are not necessarily ineligible for aid. Students with convictions will receive worksheets with their Student Aid Reports to determine whether the conviction affects the student's eligibility for federal student aid.

If you have a conviction, you should still complete and submit the FAFSA because even if you are ineligible for federal student aid, you might still be eligible for state or institutional aid. Many states and schools use the data supplied by the FAFSA to determine a student's eligibility for aid from those entities.
Do not leave Question 23 blank. You will not be able to receive aid until you have provided an answer to this question. For assistance in answering this question, call the Federal Student Aid Information Center (FSAIC) at 800-433-3243. Have you been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal student aid (such as grants, loans or work-study)? Answer “No” if you have never received federal student aid or if you have never had a drug conviction while receiving federal student aid. If you have a drug conviction for an offense that occurred while you were receiving federal student aid, answer “Yes,” but complete and submit this application, and we will mail you a worksheet to help you determine if your conviction affects your eligibility for aid. If you are unsure how to answer this question, call 1-800-433-3243 for help.

24-25. Parent 1/Parent 2 highest school level. These questions do not affect your eligibility for federal student aid. Some state and institutional programs use the information provided here to offer aid to first-generation college students. Enter the highest-grade level completed by your parent 1 and parent 2. "Parent 1” and "Parent 2” in these questions mean your birth parents or adoptive parents, but not stepparents or foster parents. Note: This definition of parents is unique to these two questions.

26. High school diploma/GED: If you will receive your High School Diploma or earn a General Education Development (GED) certificate or equivalent home school credential before you enroll in college, mark the correct answer. If you check high school diploma, complete question 27, if not skip questions 27 and complete question 28.

27. High School Information: What is the name of the high school where you received or will receive your high school diploma? Write in the high school name and the city and state where the high school is located.

28. Will You Have a Degree: Will you have your first bachelor’s degree before July 1, 2014?


30. Degree or certificate. Write in the one-digit code for your expected degree or certificate, using the “Degree/Certificate Code List”. If your degree or certificate does not fit any of these categories, or if you are undecided, enter “9.”

Enter: For:
1 1st Bachelor’s degree
2 2nd Bachelor’s degree
3 Associate degree (occupational or technical program)
4 Associate degree (general education or transfer program)
5 Certificate or diploma for completing an occupational, technical, or educational program of less than two years
6 Certificate or diploma for completing an occupational, technical, or educational program of at least two years
7 Teaching credential program (non-degree program)
8 Graduate or professional degree
9 Other/undecided
31. Are you interested in work-study: Answer yes, no, or don't know.

STEP 2

Purpose: All students (dependent and independent) must provide financial information in Step Two. The EFC calculation, determined by a formula specified by law, uses a family's income, household size, and certain expenses to determine whether the family has discretionary income. If the family has discretionary income, a portion, and only a portion, of that income is included in the EFC as available for a student's educational costs.

Questions 32-55

How to Complete the Income Tax Section

It is best if you (and your spouse) fill out your 2013 income tax returns before filling out this application. However, if you have not completed your income tax returns, you should calculate your Adjusted Gross Income (AGI) and taxes paid using the instructions for IRS Form 1040. You can get the instructions and the form at a public library, your local post office, or download them in Portable Document Format (PDF) from http://www.irs.gov/forms_pubs/forms.html

If your application is compared with the tax returns you (and your spouse) actually file, the financial information must agree. If there are differences, you will need to correct the information on the web or send it back to the FAFSA processor. This could mean a delay in getting student financial aid.

Even if you (and your spouse) are not required to file a 2013 income tax return, you will need to calculate your earnings for the year. Use W-2 Forms and other records to answer the questions in this section.

If an answer is zero or a question does not apply to you, enter 0 (zero).

For the 2014-15 FAFSA, the "base year" for completing income tax questions is 2013. Income tax questions give 2013 Internal Revenue Service (IRS) tax form line references.

If you are married at the time you submit the FAFSA, even if you were not married in 2013, you and your spouse's income, assets, and exemptions must be reported. If you and your spouse filed (or will file) separate tax returns for 2013, be sure to include information from both returns. If you are single, divorced, separated, or widowed, you should answer the questions for yourself only and ignore the references on the FAFSA to "spouse."

If you are divorced, separated, or widowed but filed (or will file) a joint tax return for 2013, you should give only your portion of the exemptions, income, and taxes paid for the income and asset questions.

Information from one of the following 2013 income tax forms may be listed on the FAFSA in the same manner as U.S. tax information: the income tax return required by Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau. The amounts on these returns are already reported in U.S. dollars.
Foreign Income

Income earned in a foreign country is treated the same as income earned in the U.S. convert all figures to U.S. dollars, using the exchange rate in effect on the day you fill out the FAFSA. Information about exchange rates can be found in many newspapers or on the Internet, using the key search words “exchange rates.”

Include the value of any taxes paid to the foreign government in the "U.S. income tax paid" line item. If income earned in the foreign country was not taxed by the central government of that country, the income should be reported as untaxed income on the FAFSA.

In many cases, if you file a return with the IRS for a year in which foreign income was earned, a portion of the foreign income can be excluded on IRS Form 2555 for U.S. tax purposes. The figure reported on line 43 of Form 2555 (or line 18 of Form 2555EZ) should be reported on the "Foreign income exclusion" line on question 44 i of the paper FAFSA. The final total for the Form 2555 must not be reported as untaxed income because it contains other exclusions.

Questions 32-39

32. Filing return. Indicate whether you have already completed, are going to complete, or will not file a tax return for 2013

33. Type of return filed. Indicate which tax form you filed or will file for 2013.

34. What is or will be your filing status for 2013. Indicate Single, Head of Household, etc.

35. Eligible to file a 1040A or 1040EZ. If you (and your spouse) are eligible to file a 1040A or 1040EZ for 2013, indicate your eligibility to file one of these forms (even if you file a 2013 IRS Form 1040). For instance, tax preparers often file a Form 1040 or an electronic 1040 on behalf of a tax filer, even though that person's income and tax filing circumstances would allow him or her to file a 1040A or 1040EZ.

In general, a person is eligible to file a 1040A or 1040EZ if he or she makes less than $100,000, does not itemize deductions, does not receive income from his or her own business or farm and does not receive alimony. A person is not eligible to file a 1040A or 1040EZ if he or she makes $100,000 or more, itemizes deductions, receives income from his or her own business or farm, is self-employed, receives alimony or is required to file Schedule D for capital gains. If you filed a 1040 only to claim American Opportunity, Hope or Lifetime Learning credits, and you would have otherwise been eligible for a 1040A or 1040EZ, answer “Yes” to this question. If you filed a 1040 and were not required to file a tax return, answer “Yes” to this question.

36. Adjusted Gross Income. Provide your (and your spouse’s) Adjusted Gross Income (AGI) for 2013, 1040 - Line 37, 1040A - Line 21, 1040EZ - line 4. If you have not completed a 2013 tax form, you should calculate your AGI using the instructions from IRS Form 1040. You can get the instructions and the form at a public library or download them in Portable Document Format (PDF) from http://www.irs.gov/forms_pubs/forms.html

TIP: AGI includes more than just wages earned; for example, alimony, taxable portions of Social Security and business income are also included.

37. Income tax. Enter the amount of 2013 income tax you (and your spouse) paid from IRS Form 1040 - line 55 – 1040A — line 35 -1040 EZ– line 10; TeleFile or Estimated Tax Liability. Do not copy the amount of federal income tax withheld from a W-2 Form. Do not include any FICA, self-employment, or other taxes. If you did not pay any income tax for 2013, enter zero (0).
38. **Exemptions.** Enter your (and your spouse's) exemptions for 2013. Exemptions are on IRS Form 1040 or 1040A. If you answered, "Yes" on 1040EZ — line 5, use EZ worksheet Line F to determine the number of exemptions. If you answered "No" on line 5, you should enter "01" if single or "02" if married. On the TeleFile, use line J (2) to determine the number of exemptions.

**TIP:** If you are a dependent student, normally your parents will claim you as an exemption. Therefore enter 0 on line 38.

Questions 39 and 40 ask about earnings (wages, salaries, tips, etc.) in 2013. Answer the questions whether or not a tax return was filed. This information may be on the W-2 forms, or on IRS Form 1040—lines 7 + 12 + 18 + Box 14 (Code A) of IRS Schedule K-1 (Form 1065); on 1040A—line 7; or on 1040EZ—line 1. If any individual earning item is negative, do not include that item in your calculation.

39. **Student's income earned.** When the Department's processor calculates your EFC, certain allowances are deducted from your (and your spouse's) income for necessary expenses (such as taxes and basic living costs). The income earned from work will be used in the EFC calculation as an income factor when no tax form is filed. This income should be on your W-2.

40. **Spouse's income earned.** Use the instructions from #39, "Student's Income Earned" as the guide to answer this question for your spouse's income. If you are single leave this question blank.

If you filed (or will file) a tax return, you should include your share only from IRS form 1040; 1040A; 1040EZ; TeleFile — use your W-2. Even if you filed a joint return, you must report your and your spouse's earnings separately.

**TIP:** When completing questions 39 and 40 always include any income that was deferred or invested into a qualified retirement plan i.e. 401-K. Your total income can be found on your W-2 under Social Security Wages. Questions 39 and 40 are deduction questions to your benefit because this is where the FAFSA formula will calculate your state and Social Security taxes, which are deductions against your total income. It is to your best interest to have the answers to questions 39 and 40 as high as possible.

If you did not file a tax return, you should report your earnings from work in 2013. You can find this information on your W-2 Forms.

**Questions 41-43**

**Asset Information**

An asset is defined as property that has an exchange value. The purpose of collecting asset information is to determine whether your family's assets are substantial enough to support a contribution toward your cost of attendance (COA). Only the net asset value is counted in the need analysis; that is, any debts against assets are subtracted from the asset value.

**Ownership of an Asset**

Ownership of an asset may be divided or contested in several situations:

- **Part ownership of asset.** If you (or your spouse) have only part ownership of an asset, you (or your spouse) should report only that part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership, unless the share of the asset is determined by the amount invested or the terms of the ownership arrangement.

- **Contested ownership.** An asset should not be reported if its ownership is being legally contested. For instance, if you and your spouse are separated and you may not sell or borrow against jointly owned property that is being contested, the FAFSA information you report would not list any value for the property or any debts against it. If ownership of the asset is resolved after the initial application is filed, you may not update this information. However, if ownership of the property were not being contested, you would report the property as an asset.
Lien against asset. If there were a lien or imminent foreclosure against an asset, the asset would still be reported on the FAFSA until the party holding the lien or making the foreclosure completes legal action to take possession of the asset.

Assets that Are Not Reported

Examples of assets that are not reported include the following:

Principal place of residence/family farm - Your principal place of residence is not reported as an asset. Neither is your family farm if the farm is your principal place of residence and your family claimed on Schedule F of the tax return that it "materially participated in the farm's operation."

Personal possession - Do not report possessions such as a car, a stereo, clothes, annuity contracts, Life Insurance Policy cash value, money accumulated in a qualified retirement account or furniture. By the same token, personal debts such as credit card debt cannot be reported.

Investments

Rental properties - Generally, rental properties must be reported as investment assets rather than as business assets. To be reported as a business, a rental property would have to be part of a formally recognized business. (Usually such a business would provide additional services, such as regular cleaning, linen, or maid service.)

"Take-back" mortgages - In a "take-back" mortgage, the seller takes back a portion of the mortgage from the buyer and arranges for the buyer to repay that portion of the mortgage to the seller. For IRS purposes, the seller must report the interest portion of any payments received from the buyer on Schedule B of IRS Form 1040. If an amount is reported on this line of the tax return, the family probably has an asset that should be reported on the FAFSA.

Trust funds and tuition prepayment plans - If trust funds are in your (or your spouse's) name, they should be reported as your (or your spouse's) asset on the application. In the case of divorce or separation, where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes, unless the terms of the trust specify some other method of division.

How the trust must be reported varies according to whether you (or your spouse) receive or will receive the interest income, the trust principal, or both. If you (or your spouse) receive only interest from the trust, any interest received in the base year must be reported as income. Even if interest accumulates in the trust and is not paid out during the year, if you will receive the interest, you must report an asset value for the interest you will receive in the future. The trust officer can usually calculate the present value of the interest you will receive while the trust exists. This value represents the amount a third person would be willing to pay to receive the interest income you (or your spouse) will receive from the trust in the future.

The present value of the principal is the amount a third person would pay at present for the right to receive the principal when the trust ends (basically, the amount you would have to deposit now to receive the amount of the principal when the trust ends, including the accumulated interest). Again, the trust officer can calculate present value.
As a general rule, you must report the present value of the trust as an asset, even if your (the beneficiary's) access to the trust is restricted. If the creator of a trust has voluntarily placed restrictions on the use of the trust, then you should report the trust in the same manner as if there were no restrictions. However, if a trust has been restricted by court order, you should not report it as an asset. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

**Note:** If you have controlling interest in a business (over 50% or your family has controlling interest) and have less than 100 employees DO NOT count the business as an asset.

**Note:** The value of a prepaid tuition plan is treated just like 529 savings plans below. It is an asset of the parents.

**TIP:** New 529 savings plan assets will be reported as an asset of the parent – if another person owns the 529 savings plan, other than the parent or student, the accumulated value of the plan will NOT be counted as an asset on the FAFSA.

41. **Total current cash, savings, and checking account balance** - Include the balance of checking or savings accounts as of the date the FAFSA is signed unless you (and your spouse) do not have access to the money because the state declared a bank emergency due to the insolvency of a private deposit insurance fund. Do not include student financial aid.

42. **Net worth of investments** - Investments include real estate such as rental property, land, and second or summer homes. Do not include your primary place of residence (that is, your home). Include the value of portions of multifamily dwellings that are not your principal residence. Investments also include trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, Education IRAs in your name, installment and land sale contracts (including mortgages held), commodities, etc. Do not include the value of life insurance and retirement plans (pension funds, annuities, non-Education IRAs, Keogh plans, etc.)

Investment Value - Investment Debt = Net Worth of Investments

If you (and your spouse) own real estate or investments other than your principal residence, their value equals the amount they are worth today.

Investment debt equals how much you (and/or your spouse) owe on real estate and investments other than your principal residence. Investment debt means only those debts that are related to the investments.

Subtract the amount of debt on these assets from their value. Indicate this amount in your net worth of investments.

43. **Net worth of business and/or investment farm** - Business or farm value includes the current market value of land, buildings, machinery, equipment, inventory, etc. Do not include your primary home. If you have a business that employs less than 100 employees, do not include the value of the business.

Business/Farm Value - Business/Farm Debt = Net Worth of Business/Farm

For business or investment farm value, first figure out how much the business or farm is worth today.
Business or investment farm debts are what you (and/or your spouse) owe on the business or farm. Include only debts for which the business or farm was used as collateral.

Subtract the amount of debt from the value. Write in this amount for net worth of business and/or investment farm.

To report current market value for a business, you must use the amount for which the business could sell as of the date of the application. Also, if you are not the sole owner of the business, you should report only your share of its value and debt.

**Question 44**

*Exclusions from taxed income* - Because the items listed in this worksheet will be excluded from income when the Department’s processor performs the EFC calculation, you should not subtract them from your responses to the income questions in Step Two. These amounts should be calculated on the basis of what was received between **January 1, 2013** and **December 31, 2013** and not what was received during the school year.

*Education credits.* The American Opportunity, Hope and Lifetime Learning tax credits benefit students or parents who pay tuition and related expenses for attendance at least half time in a degree-granting program. These tax credits are subtracted directly from the total federal tax on a tax return. Enter the total amount of the tax credit you received in 2013, from Form 1040 — line 49 & 66 or line 49 for Hope or Lifetime credit; 1040A — line 31 & 43 or line 31 for Hope or Lifetime credit. For more information about these tax credits, visit the IRS website.

*Child support payments* - Report any child support payments paid during 2013 by you (or your spouse) because of divorce or separation. Do not include support for children in your household, as reported in the “number in household” question 93 on the FAFSA. For purposes of the FAFSA, a child is a member of your household if you provide more than half of the child’s support, whether the child lives with you or not.

*Taxable earnings from work-study or other need-based work programs:* You should report earnings from work as income in Step Two of the FAFSA. However, if those earnings are part of a financial aid package and are intended as need-based financial assistance, you should also report that income here as well. By claiming this income here, it will offset the income that you reported on your tax return; therefore the Federal financial aid formula will **NOT** count the income in calculating your EFC.

*Student grants and other awards* - Report any student grant, scholarship, or fellowship aid, including AmeriCorps awards, that was **REPORTED** to the IRS in your AGI. By claiming this income here, it will offset the income that you reported on your tax return; therefore the Federal financial aid formula will **NOT** count the income in calculating your EFC.

*Combat pay or special combat pay* - Only enter the amount that was taxable and included in your adjusted gross income. Do not enter untaxed combat pay.

*Earnings from work under a cooperative education program offered by a college* - enter the amount that was taxable and included in your adjusted gross income.

**Question 45**

a) **Payments to tax-deferred pension and savings plans.** You must report money paid into tax-sheltered or deferred annuities (whether paid directly or withheld from earnings), including amounts reported on the W-2 Form, in Boxes 12a through 12d, codes D, E, F, G, H, and S. You must include untaxed portions of 401(k) and 403(b) plans. **Note:** employer contributions to tax-deferred pension and savings plans should **not** be reported on the FAFSA as an untaxed benefit.
b) IRA and other plans - Enter the amount of IRA deductions and payments to self-employed SEP, SIMPLE, and Keogh and other qualified plans. These plan payments can be found on IRS 1040 — total of lines 28 + 32 or 1040A — line 17.

c) Child support received. Report child support you received for all children during 2013. Do not include foster care or adoption payments.

d) Tax-exempt interest income - Enter the total amount of tax-exempt interest income you (and your spouse) earned in 2013, as reported on Form 1040 — line 8b or 1040A — line 8b.

e) Untaxed portions of IRA distributions - This amount can be calculated from IRS Form 1040 (lines 15a minus 15b) or 1040A (lines 11a minus 11b). If the result is a negative number, enter a zero here.

f) Untaxed portions of pensions - This amount can be calculated from IRS Form 1040 (lines 16a minus 16b) or 1040A (lines 12a minus 12b). If the result is a negative number, enter a zero here.

TIP: The only exception to reporting IRA or pension distributions as income is when these distributions are rolled over to another IRA or retirement plan within 60 days following the day on which you receive the distribution from the initial IRA or retirement plan.

g) Housing allowances. Housing, food, and other living allowances provided to you or your spouse must be reported. This applies to compensation that some people, particularly clergy and military personnel, receive for their jobs. Include cash payments and cash value of benefits. If you received free room and board in 2013 for a job that was not awarded as student financial aid, you must report the value of the room and board as untaxed income. (This category, “housing allowances,” excludes rent subsidies for low-income housing and value of ON-BASE military housing or value of a basic military allowance for housing.)

h) Veterans’ non-education benefits - Enter the total amount of veterans’ non-education benefits you received in 2013. Include Disability, Death Pension, Dependency and Indemnity Compensation (DIC), and/or VA Educational Work-Study allowances.

i) Other untaxed income and benefits. Other untaxed income not reported in items 45a through 45h, such as workers’ compensation, disability, etc. Also include the first-time homebuyer tax credit from IRS Form 1040—line 67. Don’t include student aid, earned income credit, additional child tax credit, welfare payments, untaxed Social Security benefits, Supplemental Security Income, Workforce Investment Act educational benefits, on-base military housing or a military housing allowance, combat pay, benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels.

j) Cash received. Any cash support you receive from a friend or relative (other than your parents, if you are a dependent student) must be reported. Cash support includes payments made on your behalf. For instance, if your aunt pays your rent, utility bill, car payments, or buys you a car you must report those payments.

Certain income and benefits should not be reported:

Student financial aid - Student aid received is already taken into account when a school packages your aid. However, work-study earnings must be reported as taxed income.

Food stamps and other programs: Benefits received from federal, state, or local governments from the following programs are not counted as untaxed income: the Food Stamp Program; Women, Infants, and Children Program; Food Distribution Program; Commodity Supplemental Food Program; National School Lunch and School Breakfast Programs; Summer Food Service Program; and Special Milk Program for Children.
Dependent Assistance: You may be eligible to exclude a limited amount of benefits received for dependent care assistance if certain requirements are met. Generally, up to $5,000 of benefits may be excluded from an employee’s gross income or $2,500 for a married employee who files a separate return from his or her spouse. This exclusion cannot exceed the employee’s (or his or her spouse’s) earned income. (Note: Some states provide reimbursement for childcare expenses incurred by welfare recipients through TANF. You must report this on the application because you bill the state for the amount of childcare costs incurred while on welfare and are reimbursed on that basis.)

Per capita payments to Native Americans - You should not report individual per capita payments received in 2012 from the Per Capita Act or the Distribution of Judgment Funds Act unless any individual payment exceeds $2,000. Thus, if an individual payment were $1,500, you would not report it on your application. However, if a payment were $2,500, you would report the amount that exceeds $2,000: $500.

Heating/fuel assistance - Exclude from consideration as income or resources any payments or allowances received under the Low-Income Home Energy Assistance Act (LIHEA). (Note: Payments under the LIHEA are made through state programs that may have different names.)

STEP 3
Purpose: The questions in Step Three are used to determine, according to law, whether you are a dependent or an independent student for purposes of calculating an EFC. If you answer "No" to all of the questions in Step Three, you are a dependent student, even if you do not live with your parents. A Financial Aid Administrator (FAA) may make an otherwise dependent student independent in individual cases if he or she determines that such an action is appropriate. The FAA's decision is final and cannot be appealed to the U.S. Department of Education.

A dependent student moves on to Step Four from Step Three, providing information about his or her parents in the purple areas of the FAFSA. An independent student skips Step Four and continues with Step Five.

Answer all of the questions in this step.

46. Were you born before January 1, 1991? Note that if you were born on January 1, 1991 you should answer "No."

47. As of today, are you married? Answer “Yes” if you are legally married on the date you sign the application. "Married" does not mean living together unless your state recognizes your relationship as common-law marriage. Answer, “Yes” if you are separated but not divorced.

48. Will you be working on a master's or doctorate program (an MA, MBA, MD, JD, Ph.D., EdD, graduate certificate, etc.) in school year 2014-15? You should answer “Yes” if you will be enrolled in a master's or doctorate program in the first term you attend in 2014-15. If you will be finishing your bachelor's degree and moving on to a higher program during the school year, notify your FAA.

A graduate or professional student is not eligible for a Federal Pell Grant, so if you incorrectly report that you are a graduate or professional student, you will need to correct this answer to receive a Federal Pell Grant. Exception - Graduate students may apply for a Pell grant if their course of study will conclude with the award of a teaching license or certificate. Thus, following a graduate-level teaching program in a state university system will qualify a student for a Pell grant.

49. Are you currently serving on active duty in the U.S. Armed Forces for purpose other than training?
50. **Are you a veteran of the U.S. Armed Forces?** You should answer "Yes" if

- You have engaged in active duty in the U.S. Armed Forces (Army, Navy, Air Force, Marine Corps, or Coast Guard), or you were a member of the National Guard or Reserves who was called to active duty for purposes other than training, or you were a cadet or midshipman at one of the service academies, and
- You were released under a condition other than dishonorable.

You should also answer, "Yes" if you are not a veteran now but will be one by June 30, 2015.

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 Reserves enlistee activated only for training.

51. **Do you have children who receive more than half of their support from you?** "Support" means financial support. Do you have children who will receive more than half of their support from you between July 1, 2014 and June 30, 2015? An applicant whose unborn child will be born before the end of the award year can answer "Yes."

**TIP:** The financial support is the issue here; it does not matter whether the child lives with you.

52. **Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2015?** Again, the FAFSA is asking about financial support. In this question, the people supported must live with you.

53. 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? If you are currently a ward of the court or were a ward of the court until age 18, or both your parents are dead and you do not have an adoptive parent. If your parents are dead, but you have a legal guardian, you are considered to be an orphan for purposes of completing the FAFSA.

**You are not considered a ward of the court based solely on being incarcerated.**

54. As determined by a court in your state of legal residence, are you or were you an emancipated minor?

55. As determined by a court in your state of legal residence, are you or were you in legal guardianship?

56. At any time on or after July 1, 2013, did your high school or school district homeless liaison determine that you were an unaccompanied youth who was homeless?

57. At any time on or after July 1, 2013, did the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development determine that you were an unaccompanied youth who was homeless?

58. At any time on or after July 1, 2013, did the director of a runaway or homeless youth basic center or transitional living program determine that you were an unaccompanied youth who was homeless or were self-supporting and at risk of being homeless?

If you answered, "Yes" to any of the questions in **Step Three**, you should now skip **Step Four** and go to **Step Five**. If you answered "No" to every one of these questions, continue with **Step Four**.
In Step Four we will be reviewing the portion of the FAFSA that pertains to the parents’ information. Many of the questions asked are similar to the questions that were asked of the student (Steps One to Step Three). Since most of the financial support of the student comes from the parents, the next few Steps are very important when it comes to receiving financial aid for the student.

On the next page we will go over how to complete the FAFSA information for the parents of the student.
COMPLETING THE 2014-2015 FAFSA (PARENTS’) QUESTIONS

STEP 4

Purpose: Your parents must provide financial information in Step Four if you are a dependent student (i.e. if you answered “No” to every question in Step Three). The EFC calculation determined by congressional formula uses information from this part to determine whether your parents have any discretionary income. If they have discretionary income, a portion, and only a portion, of that income is included in the EFC as available for your educational costs.

Questions 59-74

Who is considered a Parent in This Step?

The term "parent" is not restricted to biological parents. There are instances in which a person other than a biological parent is treated as a parent, and in these instances, the parental questions on the application must be answered as they apply to such an individual (or individuals).

If your parents are both living and married to each other, answer the questions about both of them.

Important: If your parents are living together and have not been formally married, they should report their status as married on the application. If the state does not consider their situation to be a common-law marriage, then you should follow the rules for divorced parents. Check with the appropriate state agency concerning the definition of a common-law marriage. If your parents are not married to each other and live together, select “Unmarried and both parents living together” and provide information about them. Contact 1-800-4FED-AID for assistance completing questions 80-94.

An adoptive parent is treated in the same manner as a biological parent.

TIP: Neither a foster parent nor a legal guardian is treated as a parent for purposes of filing a FAFSA.

If one, but not both, of your parents have died, you should answer the parental questions about the surviving parent. Do not report any financial information for the deceased parent on the FAFSA. If the surviving parent dies after the FAFSA has been filed, you must submit a correction to in Step Three, thus updating your dependency status to independent, and correct all other information as appropriate (i.e., you will no longer fill out Step Four). If the surviving parent is remarried as of the date you complete the FAFSA, answer the questions about both that parent and the person he or she married (your stepparent).

If your parents are legally separated, the same rules as for a divorce are used to determine which parent's information must be reported. A couple does not have to be legally separated for purposes of the FAFSA. The couple may consider themselves informally separated when one of the partners has left the household for an indefinite period of time. If the partners live together, they can't be considered informally separated. However, in some states, a couple can be considered legally separated even if they still live together. If the couple’s state allows this, and they are legally separated, then they are considered separated for purposes of the FAFSA.
A stepparent is treated in the same manner as a biological parent if the stepparent is married, as of the date of application, to the biological parent whose information will be reported on the FAFSA, or if the stepparent has legally adopted you. There are no exceptions. Prenuptial agreements do not exempt the stepparent from providing required data on the FAFSA. **Note:** that the stepparent's income information for the entire base year, 2013, must be reported even if your parent and stepparent were not married until after 2013.

**59. Parents’ marital status as of today.** The FAFSA asks about parents' marital status because their marital status directly affects the treatment of income and assets in the EFC calculation. Your parents must report their marital status as of the date the application is completed.

Enter "married" if your parents are currently married. If you give information about your mother and stepfather, you would enter "married" because your mother and stepfather are married. If your parents are living together and have not been formally married but meet the criteria in their state for a common-law marriage, they should report their status as married on the application. If the state does not consider the situation to be a common-law marriage, then file the FAFSA as if they are separated. Check with the appropriate state agency concerning the definition of a common-law marriage.

**60. Month and year your parents were married, separated, divorced, or widowed.** **Note:** This question was added to the 2007-2008 FAFSA in order to flag problems that have occurred in the past by parents that tried to falsify their marital status.

**61. Parent 1’s Social Security Number.** Enter Parent 1(father, mother or stepparent's) Social Security Number (SSN) (that is, enter the information for the same person whose financial information you are reporting). The Privacy Act Statement gives information about how his SSN can be used.

**62. Parent 1’s (father, mother or stepparent's) last name.** Enter your (father, mother or stepparent's) last name (that is, enter the information for the same person whose financial information you are reporting). Use the name found on his Social Security card. Your (father, mother or stepparent's) SSN and last name on the application must match the number and name on their Social Security card. For information on how to update or correct the name on their Social Security card, you can call the Social Security Administration (SSA) at 800-772-1213 or go to the SSA’s web site at [www.ssa.gov](http://www.ssa.gov).

**63. Parent 1’s (Father, mother or stepparent’s) first initial of name.** Enter your (father, mother or stepparent’s) first initial of their name.

**64. Parent 1’s (Father, mother or stepparent’s) date of birth.** Enter your (father, mother or stepparent’s) date of birth.

**65. Parent 2’s (Father, mother or stepparent) Social Security Number.** Enter your (father, mother or stepparent’s) Social Security Number (SSN) (i.e., enter the information for the same person whose financial information you are reporting). The Privacy Act Statement gives information about how her SSN can be used.

**66. Parent 2’s (Father, mother or stepparent) last name.** Enter your (father, mother or stepparent's) last name (that is, enter the information for the same person whose financial information you are reporting). Use the name found on her Social Security card. Your (father, mother or stepparent's) SSN and last name on the application must match the number and name on her Social Security card. For information on how to update or correct the name on her Social Security card, you can call the SSA at 800-772-1213 or go to their web site at [www.ssa.gov](http://www.ssa.gov).

**67. Parent 2’s (Father, mother or stepparent) first initial of name.** Enter your (father, mother or stepparent's) first initial of their name.
68. **Parent 2’s (Father, mother or stepparent) date of birth.** Enter your (father, mother or stepparent's) date of birth.

69. **Your parents’ e-mail address.** If you provide your parents’ e-mail address, we will let them know your FAFSA has been processed. This e-mail address will also be shared with your state and the colleges listed on your FAFSA to allow them to communicate with your parents.

70. **What is your parents’ state of legal residence?**

71. **Did your parents become legal residents of this state before January 1, 2009?**

72. **If the answer to question 71 is “No,” give month and year legal residency began for the parent who has lived in the state the longest.**

73. **Number in parents’ household.** The number of family members reported determines the "income protection allowance" that will be subtracted from your family's income in the EFC calculation. This allowance accounts for basic living expenses.

The following persons are included in your parents' household size:

- You (the student), even if you do not live with your parents.
- Your parents (the ones whose information is reported on the FAFSA).
- Your parents' other children, if your parents will provide more than half of their financial support from July 1, 2014 through June 30, 2015 or if they could answer "No" to every question in Step Three.
- Other people if they live with and receive more than half of their financial support from your parents at the time of filing the application and will continue to receive that support from July 1, 2014 through June 30, 2015.

To determine whether to include children in the household size, the "support" test is used (rather than a residency requirement) because there may be situations in which a parent supports a child who does not live with him or her, especially in cases where the parent is divorced or separated. In such cases, the parent who provides more than half of the child's support may claim the child in his or her household size. It does not matter which parent claims the child as a dependent for tax purposes. If your parent receives benefits (such as Social Security or AFDC payments) in the child's name, these benefits must be counted as parental support to the child.

Support includes money, gifts, loans, housing, food, clothes, car payments or expenses, medical and dental care, and payment of college costs.

74. **How many people in your parents’ household will be college students between July 1, 2014 and June 30, 2015?** Always count yourself as a college student. Do not include your parents. You may include others only if they will attend, at least half-time in 2014-2015, a program that leads to a college degree or certificate.

**Questions 75-88**

These questions are asking if your parents or any one in your parents' household received any benefits from five federal benefit programs at ANY time during the tax year 2012 or 2013. Make sure you file in all the ovals that pertain to you.

75 – 79. In 2012 or 2013, did you, your parents, or anyone in your parents’ household receive benefits from any of the federal benefits listed below? Mark all the programs that apply:

- 75. Supplemental Security income
- 76. Supplemental Nutrition Assistance Program (SNAP)

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77. Free or Reduced Price Lunch
78. TANF
79. WIC

80. Filing return. Indicate whether your parents have already completed, are going to complete, or will not file a tax return for 2013.

81. Type of return filed. Indicate which tax form your parents filed or will file for 2013.

If you filed or will file a foreign tax return, a tax return with Puerto Rico, another U.S. territory (e.g., Guam, American Samoa, the U.S. Virgin Islands, Swain’s Island or the Northern Marianas Islands) or one of the Freely Associated States (i.e., the Republic of Palau, the Republic of the Marshall Islands or the Federated States of Micronesia), use the information from that return to fill out this form. If you filed a foreign return, convert all monetary units to U.S. dollars, using the exchange rate that is in effect today. To view the daily exchange rate, go to www.federalreserve.gov/releases/h10/current.

82. What is or will be your filing status for 2013. Indicate Single, Head of Household, etc.

83. Eligible to file a 1040A or 1040EZ. If your parents are eligible to file a 1040A or 1040EZ for 2013, make sure you indicate their eligibility to file one of these forms (even if they file a 2013 IRS Form 1040). Tax preparers often file a Form 1040 or an electronic 1040 on behalf of a tax filer, even though that person's income and tax filing circumstances would allow him or her to file a 1040A or 1040EZ.

In general, a person is eligible to file a 1040A or 1040EZ if he or she makes less than $100,000, does not itemize deductions, does not receive income from his or her own business or farm and does not receive alimony. A person is not eligible to file a 1040A or 1040EZ if he or she makes $100,000 or more, itemizes deductions, receives income from his or her own business or farm, is self-employed, receives alimony or is required to file Schedule D for capital gains. If you filed a 1040 only to claim American Opportunity, Hope or Lifetime Learning credits, and you would have otherwise been eligible for a 1040A or 1040EZ, answer "Yes" to this question. If you filed a 1040 and were not required to file a tax return, answer "Yes" to this question.

TIP: This question relates to what is called Simplified Need Testing. If you meet the above requirements the formula will not take into consideration the assets of the parents when calculating the parent's contribution.

84. As of today, is either of your parents a dislocated worker?

How do we complete the income tax section?

It is best if your parents fill out their income tax returns before filling out this application. However, if your parents have not completed their income tax returns, they should calculate their Adjusted Gross Income (AGI) and taxes paid using the instructions for IRS Form 1040. You can get the instructions and the form at a public library, your local post office, or download them in Portable Document Format (PDF) from http://www.irs.gov/forms_pubs/forms.html

Even if your parents are not required to file a 2013 income tax return, they will need to calculate their earnings for the year. They should use W-2 Forms and other records to answer the questions in this section.

If an answer is zero or a question does not apply to your parents, enter 0 (zero).
For the 2014-15 FAFSA, the "base year" for completing income tax questions is 2013. Income tax questions give 2013 IRS tax form line references.

Information from one of the following 2013 income tax forms may be listed on the FAFSA in the same manner as U.S. tax information: the income tax return required by Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau. The amounts on these returns are already reported in U.S. dollars.
What if my parents earned foreign income?

Income earned in a foreign country is treated in the same way as income earned in the U.S. Convert all figures to U.S. dollars, using the exchange rate in effect on the day you fill out the FAFSA. Information about exchange rates can be found in many newspapers or on the Internet, using the key search words "exchange rates."

Your parents should also include the value of any taxes paid to the foreign government in the "U.S. income tax paid" line item. (If the income earned in the foreign country was not taxed by the central government of that country, the income should be reported as untaxed income.)

In many cases, if your parents file a return with the IRS for a year in which foreign income was earned, a portion of the foreign income can be excluded on IRS Form 2555 for U.S. tax purposes. The figure reported on line 43 of Form 2555 (or line 18 of Form 2555EZ) should be reported on the "Foreign income exclusions" line 92 on page 7 of the paper FAFSA. The final total for Form 2555 must not be reported as untaxed income because it contains other exclusions.

85. Adjusted Gross Income. Your parents must provide their Adjusted Gross Income (AGI) for 2013. AGI is found on IRS 1040 line 37; 1040A line 21; 1040EZ line 4; or TeleFile — line I. If your parents have not completed a 2013-tax form, they should calculate their AGI using the instructions for IRS Form 1040. They can get the instructions and the form at a public library, your local post office, or download them in Portable Document Format (PDF) from http://www.irs.gov/forms_pubs/forms.html

TIP: AGI includes more than just wages earned; for example, alimony, taxable portions of Social Security, and business income or losses are also included.

86. Income tax. Enter the amount of 2013 income tax your parents paid from IRS 1040 — line 55; 1040A — line 35; 1040EZ — line 10; or TeleFile — line K (2). Do not copy the amount of federal income tax withheld from a W-2 Form.

87. Exemptions. Enter your parents' exemptions for 2013. Exemptions are on IRS Form 1040 — line 6d or 1040A — line 6d. If your parents answered, "Yes" on 1040EZ — line 5, use EZ worksheet Line F to determine the number of exemptions. If your parents answered "No" on line 5, they should enter "01" if single or "02" if married. On the TeleFile, your parents should use line J (2) to determine the number of exemptions.

If your parent is divorced, separated, or widowed, but he or she has filed or will file a joint tax return for 2013, he or she should give only his or her portion of the exemptions.

88. Parent 1’s (father, mother or stepparent’s) income earned in 2013. When the Department's processor calculates your parents' EFC, certain allowances are deducted from your parents' income for required and necessary expenses (such as taxes and basic living costs). Your parents' income earned from work will be used in the EFC calculation as an income factor when no tax form is filed.

89. Parent 2’s (father, mother or stepparent’s) income earned in 2013. Use the instructions from Question 88 (father, mother or stepparent’s) to answer this question, reporting your (father, mother or stepparent’s) income this time.

If your parents filed (or will file) a 2013 tax return, each should include only their share from IRS Form 1040 - lines 7 + 12 + 18 + box 14 or IRS Schedule K-1 (Form 1065); 1040A - line 7; 1040EZ - line 1; TeleFile (no return filed) - use the amount from the parent's W-2. Even if your parents filed a joint return, report each parent's earnings separately in Questions 88 and 89.
VERY IMPORTANT TIP: It is BEST to use the parents’ W-2 when answering questions 88-89. Normally parents contribute from their wages into a 401-K retirement plan or other qualified plans i.e. 403-B. The questions 88 and 89 are deduction questions in favor of the parents. This is where the FAFSA formula will calculate the state and social security tax that is paid on the parents’ total earned income from work. Just like federal income taxes the formula will also deduct state and social security taxes away form the available income of the parents, thus increasing the aid eligibility of the student. To fine the right income to put in questions 88 and 89, use the social security wages on each parents’ W-2 form. Qualified retirement plan contributions do not have federal or state income taxes withheld from the contributions. But social security taxes are withheld.

Asset Information

Questions 90-92

An asset is defined as property that has an exchange value. The purpose of collecting asset information is to determine whether your family's assets are substantial enough to support a contribution toward your cost of attendance (COA). Only the net asset value is counted in the need analysis; that is, any debts against assets are subtracted from the asset value.

Ownership of an Asset

Ownership of an asset may be divided or contested in several situations:

- **Part ownership of asset.** If your parents have only part ownership of an asset, they should report only that part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership, unless the share of the asset is determined by the amount invested or the terms of the ownership arrangement.

- **Contested ownership.** An asset should not be reported if its ownership is being legally contested. For instance, if your parents are separated and they may not sell or borrow against jointly owned property that is being contested, the FAFSA information they report would not list any value for the property or any debts against it. If ownership of the asset is resolved after the initial application is filed, they may not update this information. However, if ownership of the property were not being contested, they would report the property as an asset.

- **Lien against asset.** If there were a lien or imminent foreclosure against an asset, the asset would still be reported on the FAFSA until the party holding the lien or making the foreclosure completes legal action to take possession of the asset.

Assets That Are Not Reported

Below are examples of assets that are not reported:

- **Principal place of residence/family farm:** Your parents’ principal place of residence is not reported as an asset. Neither is their family farm if the farm is their principal place of residence and your family claimed on Schedule F of the tax return that it "materially participated in the farm's operation."

- **Personal possessions:** Do not report possessions such as a car, a stereo, clothes, life insurance cash value, annuities or furniture. By the same token, personal debts such as credit card debt cannot be reported.

EDUCATIONAL LITERACY CENTER

By Chuck Moore, CCFC, CAMC, CAFC

June 12, 2013
**Investments**

*TIP:* Pay attention to the words **AS OF TODAY** in the questions

**Rental properties:** Generally, rental properties must be reported as investment assets rather than as business assets. To be reported as a business, a rental property would have to be part of a formally recognized business. (Usually such a business would provide additional services, such as regular cleaning, linen, or maid service.)

"*Take-back*" mortgages - in a "take-back" mortgage, the seller takes back a portion of the mortgage from the buyer and arranges for the buyer to repay that portion of the mortgage to the seller. For IRS purposes, the seller must report the interest portion of any payments received from the buyer on Schedule B of IRS Form 1040. If an amount is reported on this line of the tax return, the family probably has an asset that should be reported on the FAFSA.

**Trust funds and tuition prepayment plans** - if trust funds are in your parents' names they should be reported as their asset on the application. In the case of divorce or separation, where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes, unless the terms of the trust specify some other method of division.

How the trust must be reported varies according to whether your parents receive or will receive the interest income, the trust principal, or both. If your parents receive only interest from the trust, any interest received in the base year must be reported as income. Even if interest accumulates in the trust and is not paid out during the year, if your parents will receive the interest, they must report an asset value for the interest you will receive in the future. The trust officer can usually calculate the present value of interest they will receive while the trust exists. This value represents the amount a third person would be willing to pay to receive the interest income your parents will receive from the trust in the future.

The present value of the principal is the amount a third person would pay at present for the right to receive the principal when the trust ends (basically, the amount that one would have to deposit now to receive the amount of the principal when the trust ends, including the accumulated interest). Again, the trust officer can calculate present value.

As a general rule, your parents must report the present value of the trust as an asset, even if their access to the trust is restricted as beneficiary/beneficiaries. If the creator of a trust has voluntarily placed restrictions on the use of the trust, then they should report the trust in the same manner as if there were no restrictions. However, if a trust has been restricted by court order, they should not report it as an asset. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

*TIP:* The value of a prepaid tuition plan is treated like the 529 savings plan.

*TIP:* New 529 savings plan assets will be reported as an asset of the parent – if another person owns the 529 savings plan, other than the parent or student, the accumulated value of the plan will not be counted as an asset on the FAFSA.

90. **Total current cash, savings, and checking account balance.** Include the balance of checking or savings accounts **as of the date the FAFSA is signed** unless your parents do not have access to the money because the state declared a bank emergency due to the insolvency of a private deposit insurance fund.
91. **Net worth of investments.** Investments include real estate such as rental property, land, and second or summer homes. Do not include your parents’ home. Include the value of portions of multifamily dwellings that are not your parents' principal residence. Investments also include trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, Education IRAs in your parents’ names, installment and land sale contracts (including mortgages held), commodities, etc. Do not include the value of life insurance and retirement plans (pension funds, annuities, non-Education IRAs, Keogh plans, etc.).

The money in an Education IRA is an asset for the student beneficiary because an Education IRA is not a retirement account. It is essentially a savings account to be used for a student’s educational expenses. Therefore, you must report the amount in an Education IRA with the student beneficiary's investments. If your parents have Education IRAs in their names, they should report them here.

Investment Value - Investment Debt = **Net Worth of Investments**

If your parents own real estate or investments other than their principal residence, the value equals the amount they are worth today.

Investment debt equals how much your parents owe on real estate and investments other than their principal place of residence. Investment debt means only those debts that are related to the investments.

Subtract the amount of debt on these assets from their value. Write this amount in for net worth of investments.

92. **Net worth of business and/or investment farm.** Business or farm value includes the current market value of land, buildings, machinery, equipment, inventory, etc. Do not include your parents’ primary home. **If parents own a controlling interest or in a business in which the family owns a controlling interest in the business that employee less than 100 employees DO NOT include the value of the business.**

Business/Farm Value - Business/Farm Debt = **Net Worth of Business/Farm**

For business or investment farm value, first figure out how much the business or farm is worth today.

Business or investment farm debts are what your parents owe on the business or farm. Include only debts for which the business or farm was used as collateral.

Subtract the amount of debt from the value. Indicate this amount for net worth of business and/or investment farm.

To report current market value for a business, you must use the amount for which the business could sell as of the date of the application. Also, if your parents are not the sole owners of the business, they should report only their share of its value and debt.

**TIP:** When evaluating the value of the business or farm do not take into consideration the “Goodwill” part of the business. Also, evaluate the value as if you HAD to sell the business or farm WITHIN 30 DAYS.
Questions 93

93. Parents’ 2013 Additional Financial Information (Enter the amounts for your parent[s].)

   a) **Education credits** (American Opportunity, Hope and Lifetime Learning tax credits) from IRS Form 1040—line 49 & 66 or line 49 only for Hope or Lifetime Credit, 1040A—line 31 & 43 or line 31 for Hope or Lifetime Credit.
   b) **Child support paid** because of divorce or separation or as a result of a legal requirement. Don’t include support for children in your parents’ household, as reported in question 72.
   c) **Your parents’ taxable earnings from need-based employment programs**, such as Federal Work-Study and need-based employment portions of fellowships and assistantships.
   d) **Your parents’ taxable student grant and scholarship aid** reported to the IRS in your parents’ adjusted gross income. Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant and scholarship portions of fellowships and assistantships.
   e) **Combat pay or special combat pay**. Only enter the amount that was taxable and included in your parents’ adjusted gross income. Do not enter untaxed combat pay.
   f) **Earnings from work under a cooperative education program** offered by a college.

Question 94

a) **Payments to tax-deferred pension and savings plans.** Your parents must report money paid into tax-sheltered or deferred annuities (whether paid directly or withheld from earnings), including amounts reported on the W-2 Form, in Boxes 12a through 12d, codes D, E, F, G, H, and S. They must include untaxed portions of their 401(k) and 403(b) plans.

   **TIP:** Employer contributions to tax-deferred pension and savings plans should NOT be reported on the FAFSA as an untaxed benefit.

b) **IRA and other plans**—enter the amount of IRA deductions and payments to self-employed SEP, SIMPLE, and Keogh and other qualified plans. These plan payments can be found on IRS 1040—total of lines 28 + 32 or 1040A—line 17.

c) **Child support received**—Report child support your parents received for all children during 2013. Do not include foster care or adoption payments.

d) **Tax-exempt interest income**—Enter the total amount of tax-exempt interest income your parents earned in 2013, as reported on Form 1040—line 8b or 1040A—line 8b.

e) **Untaxed portions of IRA distributions**—this amount can be calculated from IRS Form 1040 (lines 15a minus 15b) or 1040A (lines 11a minus 11b). If the result is a negative number, enter zero.

f) **Untaxed portions of pensions**—this amount can be calculated from IRS Form 1040 (line 16a minus 16b) or 1040A (line 12a minus 12b). If the result is a negative number, enter zero.

   **TIP:** The only exception to reporting IRA or pension distributions as income is when these distributions are rolled over to another IRA or retirement plan within 60 days following the day on which your parents receive the distribution from the initial IRA or retirement plan.

g) **Housing allowances.** Housing, food, and other living allowances provided to you or your spouse must be reported. This applies to compensation that some people, particularly clergy and military personnel, receive for their jobs. Include cash payments and cash value of benefits. If you received free room and board in 2013 for a job that was not awarded as student financial aid, you must report the value of the room and board as untaxed income. (This category, "housing allowances," excludes rent subsidies for low-income housing and value of ON-BASE military housing or value of a basic military allowance for housing.)
h) **Veteran's non-education benefits**: Enter the total amount of veterans non-education benefits your parents received in 2013. Include Disability, Death Pension, Dependency & Indemnity Compensation (DIC), and/or VA Educational Work-Study allowances.

i) **Other untaxed income and benefits**: Not reported above, such as workers’ compensation, disability, etc. **Don’t include** student aid, earned income credit, additional child tax credit, welfare payments, untaxed Social Security benefits, Supplemental Security Income, Workforce Investment Act educational benefits, on-base military housing or a military housing allowance, combat pay, benefits from flexible spending arrangements (e.g., cafeteria plans), foreign income exclusion or credit for federal tax on special fuels.

**Certain income and benefits should not be reported on the FAFSA:**

- **Food stamps and other programs**:

- **Benefits received from federal, state, or local governments from the following programs are not counted as untaxed income**: the Food Stamp Program; Women, Infants, and Children Program; Food Distribution Program; Commodity Supplemental Food Program; National School Lunch and School Breakfast Programs; Summer Food Service Program; and Special Milk Program for Children.

- **Dependent Assistance**: Your parents may be eligible to exclude a limited amount of benefits received for dependent care assistance if certain requirements are met. Generally, up to $5,000 of benefits may be excluded from an employee's gross income or $2,500 for a married employee who files a separate return from his or her spouse. This exclusion cannot exceed the employee's (or his or her spouse's) earned income. (Note: Some states provide reimbursement for childcare expenses incurred by welfare recipients through TANF. Your parents must report this on the application because they bill the state for the amount of childcare costs incurred while on welfare and are reimbursed on that basis.)

- **Per capita payments to Native Americans**: Your parents should not report individual per capita payments received in 2013 from the Per Capita Act or the Distribution of Judgment Funds Act unless any individual payment exceeds $2,000. Thus, if an individual payment were $1,500, they would not report it on an application. However, if a payment were $2,500, they would report the amount that exceeds $2,000: $500.

- **Heating/fuel assistance**: Exclude from consideration as income or resources any payments or allowances received under the **Low-Income Home Energy Assistance Act (LIHEA)**. (Note: Payments under the LIHEA are made through state programs that may have different names.)

**STEP 5**

Complete this step only if you answered, "Yes" to any question in **STEP THREE**.

**Purpose**: The number of family members you report determines the allowance that will be subtracted from your family's income to account for basic living expenses when the Department's processor calculates your EFC. The number of family members in college directly affects your family's ability to contribute to your education costs. Dividing the number of family members in college into your EFC will increase the aid eligibility of each family member that will be attending college.
Questions 95-102

95. Number in students (and spouses) household. The following persons are included in the household size of an independent student:

- You
- Your spouse, excluding a spouse not living in the household as a result of death, separation, or divorce
- Your children, if they will receive more than half of their support from your household between July 1, 2014 and June 30, 2015
- Other people, if they live with you and will receive more than half of their support from your household for the entire award year (July 1, 2014 through June 30, 2015)

To determine whether to include children in your household size, the "support" test is used (rather than a residency requirement) because there may be situations in which you support a child who does not live with you, especially in cases of divorce or separation. In such cases, the parent who provides more than half of the child's support may claim the child in his or her household size. It does not matter which parent claims the child as a dependent for tax purposes. If you receive benefits (such as Social Security or AFDC payments) in the child's name, these benefits must be counted as parental support to the child.

Support includes money, gifts, loans, housing, food, clothes, car payments or expenses, medical and dental care, and payment of college costs.

96. Number of college students in household. This question asks about the number of household members who, in 2014-15, are or will be enrolled in a postsecondary school. Count yourself as a college student. Do not include your parents. Include others only if they will be attending at least half time in a program that leads to a degree or certificate at a postsecondary school eligible to participate in any of the Federal Student Aid Programs.

97-101 in 2012 or 2013 did you, your spouse, or anyone in your household (from question 95) received benefits from any of the federal benefits listed below? Mark all the programs that apply:

- 97. Supplemental Security income
- 98. Supplemental Nutrition Assistance Program (SNAP)
- 99. Free or Reduced Price Lunch
- 100. TANF
- 101. WIC

102. As of today, are you (or your spouse) a dislocated worker?

STEP 6

Questions 103a-103h

Purpose: This section permits you to list up to four schools that you are interested in attending. If you apply using FAFSA on the Web, you must list at least one school. You don't need to list any schools on a paper FAFSA, but if you do so, the school you eventually select can deliver your aid faster.

The Department will send your information to all the schools listed. You should list each school's Federal School Code. For purposes of federal student aid, it does not matter in what order you list the schools. However, to be considered for state aid, several states require you to list a state school first. Therefore, if you plan to list a state school in your state of residence as one of the schools in Step Six, you might want to list it first.
**By Chuck Moore, CCFC, CAMC, CAFC**

**TIP:** It is best to list the most expensive in-state school FIRST.

If you want information sent to more than four schools, there are several ways to make sure all the schools receive your data:

- You can give your Data Release Number (DRN), printed on the Student Aid Report (SAR) you receive after submitting your FAFSA, to a school you didn't list on your application. The school will use your DRN to get a copy of your application information electronically.

- You can list six schools on the application, wait for your SAR to arrive in the mail, and then correct the SAR by replacing some or all of the original six schools with other schools.

- After the application is processed, you may send a letter to the Department's processor requesting changes in the list of schools.

- You can call the Federal Student Aid Information Center at 800-4-FED-AID (800-433-3243) to request changes to the schools to which the SAR was sent. You must receive your SAR before requesting these changes.

- You can give a photocopy of your SAR to any school that participates in the federal student aid programs.


The Department's processor will send data to only four schools at a time for one student. For example, if you originally listed four schools on the application and then replaced all four with new schools by changing your SAR, only the second set of four schools would get data from any corrections. If you made corrections to your FAFSA information at (or after) the time you listed the new schools, only the second set of schools would get the corrected data.

**Federal School Code** - The Department assigns a number called a Federal School Code to each school qualified to disburse financial aid. For a school to receive your application data, you must list the school's Federal School Code or full name and address. The FAFSA will be processed faster if you indicate the Federal School Code. These codes are not in the FAFSA instructions; they are provided in the "Federal School Code List" that the Department sends to high schools, colleges, and public libraries each fall. The Department also makes this list available at [http://www.fafsa.ed.gov](http://www.fafsa.ed.gov).

The Federal School Code is always a six-character code that begins with "0" (zero), "G," "B," or "E." Foreign schools may qualify to disburse aid, but some may not have Federal School Codes.

If you cannot get the Federal School Code, indicate clearly the complete name, address, city, and state of each college you are interested in attending. It is very important to indicate the correct city and state or Federal School Code so that your college can be identified. If a college is a branch campus, include the complete name of the branch. Also, indicate if it is a specific part of a university, such as the law school.

By answering the questions in Step Six and signing the FAFSA, you give permission to the U.S. Department of Education to provide your application information to the colleges listed. Colleges will use your FAFSA information to determine the amount of your financial aid package. You should not indicate the name of a college if you do not want that school to receive your information. If you leave these questions blank, the Department will not send your application information to any colleges.
Housing plans - For each school listed, answer the questions corresponding to your housing plans at that school – on campus, off campus, or with parents.

STEP 7
Questions 104-105

Purpose: This section asks for your signature and your parent's signature if you are a dependent student, and the date you completed the FAFSA.

104. Date this form was completed: (Paper FAFSA only) Fill in the month and day spaces using 2-digit numbers, e.g., 04 for April. Then indicate the appropriate year. Note that all information you report on the FAFSA must be accurate as of the date you complete the form.

105. Student and parent signatures/use the PIN for electronic signatures. (This is Question 103 on the Paper FAFSA only. FAFSA on the Web filers must either provide an electronic signature on FAFSA on the Web or print out and sign a signature page, or sign the paper FAFSA. If unsigned, your application will be returned unprocessed. If you provided parent information in Step Four, one parent whose information is provided must also sign electronically or on paper.

You (and anyone else who signs the form) certify that all information on the form is correct and that everyone is willing to provide documents to prove that the information is correct. You also certify that you will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education; that you are not in default on a federal student loan or have made satisfactory arrangements to repay it; that you do not owe money back on a federal student grant or have made satisfactory arrangements to repay it; and that you will notify your school if you default on a federal student loan. Additionally, you are giving your state financial aid agency permission to verify any statement on the form and to obtain income tax information for all persons required to report income on the form. Finally, by electronically signing FAFSA on the Web or signing the paper FAFSA, you give the Secretary of Education the authority to verify income reported on the FAFSA with the IRS and other federal agencies.

Do not submit your FAFSA on the Web application or sign, date, or mail the paper version of the FAFSA before January 1, 2014. If you do any of these things before this date, the application will not be processed and you will have to reapply.

When you sign electronically, you select your application year, enter your PIN information, and indicate you are a student before submitting the application. Your parents sign electronically by selecting the application year, entering parental PIN information, indicating they are parents, and identifying the person for whom they are electronically signing. Neither you nor your parents should share this number with anyone.

By electronically signing FAFSA on the Web or signing the paper FAFSA, you also give permission to the state financial aid agency to which information is being sent to obtain income tax information for all persons required to report income and for all periods reported on this form.

Although parental information must be provided for a dependent student, a high school counselor or a postsecondary school's Financial Aid Administrator (FAA) may sign the application in place of your parents in the following cases:

- Your parents are not currently in the U.S. and cannot be contacted by normal means
- Your parents' current address is not known
- Your parents have been determined physically or mentally incapable of providing a signature
By Chuck Moore, CCFC, CAMC, CAFC

If you are a dependent student, you cannot get federal aid without your parents’ financial information and signature on the FAFSA. Unless your parents are unable to sign for one of the reasons listed above, your FAA cannot sign in place of them. Your parents’ unwillingness to sign the FAFSA or provide financial information is not, in and of itself, a reason for the FAA to sign your FAFSA in place of them.

If your counselor or FAA signs the paper FAFSA or signature page in place of your parents, he or she should provide his or her title when signing and briefly state the reason (only one reason is needed) why he or she is signing for your parents. By signing your application, however, your counselor or FAA does not assume any responsibility or liability in this process. If a financial aid office finds any inaccuracies in the information reported, you will have to submit corrections.

If you complete a FAFSA on the Web application and fall into this category, you will need to either print a signature page or indicate that you are not printing a signature page and get an SAR. (Note, however that waiting for an SAR will delay the processing of the application.)

106-108. Repairer’s name/Social Security Number/signature-The law requires that if anyone other than you, your spouse, or your parents prepares the application, then the preparer must write in his or her name, the firm/company name (if applicable), the firm/company address, and either the firm/company’s Employer Identification Number (EIN) (as assigned by the IRS) or the preparer’s SSN.

High school counselors, FAAs, and others who help students with their applications by actually filling out line items on the form or dictating responses to items on the form are considered preparers, even if unpaid for their services.

IMPORTANT NOTE:

If you are the student, by signing this application you certify that you (1) will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education, (2) are not in default on a federal student loan or have made satisfactory arrangements to repay it, (3) do not owe money back on a federal student grant or have made satisfactory arrangements to repay it, (4) will notify your college if you default on a federal student loan and (5) will not receive a Federal Pell Grant from more than one college for the same period of time.

If you are the parent or the student, by signing this application you agree, if asked, to provide information that will verify the accuracy of your completed form. This information may include U.S. or state income tax forms that you filed or are required to file. Also, you certify that you understand that the Secretary of Education has the authority to verify information reported on this application with the Internal Revenue Service and other federal agencies. If you sign any document related to the federal student aid programs electronically using a personal identification number (PIN), you certify that you are the person identified by the PIN and have not disclosed that PIN to anyone else. If you purposely give false or misleading information, you may be fined up to $20,000, sent to prison, or both.

For More Information On Financial Aid And How To Pay For College Cost, Please Give Us A Call, Send Us An E-mail, Or Visit Our Website

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