

Eastern Wyoming College Video Transcript

Financial Aid: FAFSA Tips

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Hi, I'm Susan Stephenson, Financial Aid Director at Eastern Wyoming College.

Completing the Free Application for Federal Student Aid (or, FAFSA) can seem like a daunting task. Hopefully you've watched the *Seven Easy Steps to the FAFSA* video to learn step-by-step how to do the application. The online FAFSA application at fafsa.gov also has lots of help and hints available as you are entering answers in each field. Even with all that assistance available, there are still certain questions on the FAFSA that can be confusing.

Let's see if we can point out how to avoid some of the most common errors on the FAFSA and give you resources for help when you're stumped.

The first big mistake you can make when it comes to the FAFSA is not completing it. By not completing the FAFSA you are missing out on the opportunity to qualify for what could be thousands of dollars of federal aid to help you pay for college. Many scholarship applications require FAFSA results in order to calculate need. The FAFSA takes most people only around 20 minutes to complete, and there is help provided throughout the application.

Make sure you enter your Social Security Number correctly. Most errors can be corrected directly on the online FAFSA application, but your SSN cannot. Students who enter this number wrong should just start over and complete a new FAFSA for the academic year.

The "dependency" questions on the FAFSA are what determine if you will need to enter parental information or not. Here are some of the most common errors in the dependency section: If you have a child, but do not support that child more than 50%, you cannot answer "Yes" to having children who will receive more than half of their support from you. It's the support part that is important in that question. Many students incorrectly answer "yes" to being in legal guardianship. For this question, the definition of legal guardianship does not include your parents, even if they were appointed by a court to be your guardian. You are also not considered a legal guardian of yourself. Not living with parents or not being claimed by them on tax forms does not make you an emancipated minor or an independent student for purposes of applying for federal student aid.

Students often read the questions about having a bachelor's degree or being a graduate student incorrectly. A graduate student is one who is seeking a master's or doctoral degree, not someone who has graduated from high school.

Your household size includes yourself, your parent or parents if you are reporting their information on the FAFSA, and any children or other dependents supported by your parents if they live in the household and your parent or parents provide more than half of their support. If you are an independent student and are NOT reporting parental information, you may include a spouse, if you are married, and any children or other dependents supported by you if they live in your household and you and/or your spouse provide more than half of their support.

You count yourself as a college student plus anyone else listed in your household if they will attend college at least half-time as a degree-seeking student. The one exception to this is that you

DO NOT include your parents in this number if you are a dependent student (mainly because they support you; you do not support them).

Students with divorced parents often struggle with how to enter answers to parental questions. Use biological or adoptive parents' info only, (not grandparents' or guardians'). If your parents are divorced or separated, provide info for the parent you lived with most the previous year; if you lived with both equally, provide info for the parent who provided more than 50% of your support. If your parent has remarried, you MUST provide stepparent's information on the FAFSA. If your parents are unmarried and living together, you must report information for both.

Don't leave the questions about how much you or your parents earned from working blank, as that can actually *negatively* affect your eligibility. Include all your wages, which you can get from your W-2s, plus tips, self-employment salary, and any other income you may have had, even if you didn't file a tax return.

Untaxed income includes things like payments to pension plans, child support received, workers compensation and/or disability payments, but NOT Social Security benefits, Supplemental Security Income, student aid, welfare payments, combat pay, or WIA educational benefits. Read the instructions for those questions carefully, so you're not including things you don't have to.

Your income tax *paid* should reflect an amount that is LESS THAN your wages or Adjusted Gross Income. Also, do not enter the amount that was withheld from your paychecks, as reflected on your W-2s, because if you are receiving a tax refund, this amount would not be what your liability actually is. Your tax liability is shown on your tax return and is calculated from tax tables. To simplify entering income information, use the IRS Data Retrieval Tool to import your information directly from the IRS into your FAFSA. See the video *How to use the IRS Data Retrieval Tool* for step-by-step instructions.

Real estate, investments and business assets are often confusing. We'll discuss these in depth. Three questions ask about assets. One requests your total current balance of cash, savings and checking accounts, which should be easy for you to estimate. The other two request information *as of the day you complete your FAFSA* about the net worth of your (and your parents, if you are a dependent student) investments, including real estate, and businesses and/or investment farms. These can seem tricky, but are pretty easy when you break them down. Investments include real estate (but NOT the home you live in), plus things like stocks, bonds, mutual funds, money markets and so forth. Education Savings Accounts and College Savings Plans (like 529 Plans) must be included, but are added as assets of the PARENT, if the student is dependent. This lessens the impact to the student's eligibility. Only report the asset's net worth as of today. Net worth is the asset's current value minus any debt against the asset. For example, the net worth of rental property is the current market value of that property minus the property's mortgage. DO NOT INCLUDE the value of your own home, life insurance or retirement plans. These assets are not available for education, so should not be counted.

Reporting the value of business assets (which includes investment farms) is similar: use the net worth of the business by subtracting debt from current value. Family-owned and controlled businesses with fewer than 100 employees are exempt from reporting as an asset. Also, DO NOT INCLUDE a farm on which you or your parents live and operate. If you do not live on the farm property, then the farm land, buildings, machinery, equipment and inventory must all be included.

Other general tips: If you are selected for a process called “verification”, don’t panic. It doesn’t mean you did anything wrong on your FAFSA. It just means your school needs additional information from you to compare against your FAFSA answers for accuracy. Any time your school asks for information from you, it is important to respond in a timely manner, because they cannot continue processing your aid without the proper documentation. Your FAFSA is based on the previous year’s information, so may not accurately reflect your current situation. It is very important to contact the Financial Aid Office if there are ANY changes in your family’s financial situation or if you are unable to provide certain pieces of information. There are ways the Financial Aid Office can help you in these circumstances; remember, we are here to help you be successful and get the most aid for which you are eligible!

For more information on completing the FAFSA and for answers to other college questions you may have, check out the Federal Student Aid website at StudentAid.gov. Please also visit our website at ewc.wy.edu. If you need help with specific FAFSA questions or need other financial aid information, please contact the Financial Aid Office at 307.532.8224 or financialaid@ewc.wy.edu.