

FAFSA RESOURCE SHEET

Completing the FAFSA (Free Application for Federal Student Aid) should be one of your first steps when preparing for college. Most colleges and universities require the FAFSA to be completed even if your student will not qualify for any aid. Grants, scholarships and work-study programs are also based on the FAFSA, so we recommend filing it as soon as possible. Certain grants and scholarships are awarded to the earliest students who apply.

TIMEFRAME FOR FILING

- October 1 – the FAFSA becomes available for the following school year
- State and institution deadlines – many institutions have an earlier deadline for filing the FAFSA – check with the institutions financial aid office that your student is applying to
- June 30 – federal deadline for filing the FAFSA

STEPS FOR FILING

When completing the FAFSA form, make sure you use the correct financial information, which could be 2 years old. For example, for the 2023/2024 academic year, use your 2021 tax return information.

1. Get your FAFSA ID (<https://fsaid.ed.gov>)
2. Gather the necessary documents

	US Citizen & dependent student:	US citizen & independent student
Student's Social Security Card	√	√
Student's driver's license (if any)	√	√
Student's prior (2021) W-2's	√	√
Student's 2021 Fed. Tax Return	√	√
Student's <u>current</u> bank statement	√	√
Parents' 2021 Fed. Tax Return	√	
Parents' 2021 W-2's	√	
Parents' <u>current</u> bank statement	√	
Parents' untaxed income records	√	
Parents' <u>current</u> investment records	√	
Parents' <u>current</u> business records	√	

3. Link your prior tax return directly to your FAFSA using the IRS Data Retrieval Tool.
4. List the colleges your student is interested in applying to. You can list up to 10 schools. If your student is undecided, list the schools you think are possibilities and file the FAFSA as close to October 1 as possible.

Review your Student Aid Report, which you will receive by mail or email between 3 and 21 days after filing. The report will have your **Expected Family Contribution (EFC)**, which is the out-of-pocket amount your family is expected to pay. The EFC is used by colleges to calculate potential eligibility for need-based aid.

EXPECTED FAMILY CONTRIBUTION

The parent's income is typically the biggest driver of the EFC calculation. The percentage of the parent's income that counts toward the calculation ranges from 22% to 47% and depends on a number of factors such as household size and the number of children attending college at the same time. Parent's assets are included at a rate of 5.64%. Keep in mind that there are a few assets that may be excluded from the calculation including your retirement accounts, cash value life insurance, primary residence and small business assets.

The student's income and assets are weighted differently than the parent's income and assets. The student's income above the protection allowance is assessed at a rate of 50%. Alternatively, the student's assets are generally factored in at a rate of 20% and may include bank accounts, UGMA/UTMA accounts and any other savings. Income and assets held in the student's name rather than the parent's name will create a higher Expected Family Contribution (EFC) and may reduce the amount of need-based financial aid. Depending upon your financial picture, you may wish to consider avoiding putting assets in the name of your child prior to filing out the FAFSA.

Please note, with the passage of the Consolidated Appropriations Act of 2021, the EFC will effectively be replaced with the Student Aid Index (SAI) starting in the 2024 - 2025 aid year. The SAI is expected to increase income protection allowances for both parents and students and remove certain income sources (such as grandparent owned 529 plans) from the student's aid eligibility calculation.

USING A PROFESSIONAL COLLEGE COUNSELOR

Clients sometimes choose to retain an independent college counselor to help them through the process. Generally, college counselors provide guidance on your child's college search and the application process. They can also assist in researching and applying for scholarships and other types of aid as well as advising on which standardized test(s) the student should take. If this sounds like a good approach for your family, there are many local independent college counselors to choose from.

The information contained in this report is for informational purposes and is not intended as financial, tax or legal advice, and is accurate to the best of our knowledge. If you are interested in exploring these strategies to see if they are applicable to your specific situation, please contact us.

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