

Covid threw a monkey wrench into the 2020-2021 college year. What about 2021-2022? Do you have a child or grandchild who will be graduating in the spring and planning on furthering their education (hopefully we'll have a cure or at least a vaccine)? If so, it's time to start looking at the financial aid process. With 2 college graduate daughters, I've been through the process a few times. Many people don't feel they will qualify for any aid as incomes and assets put them out of the running. However, it's worthwhile going through the process as it may open the door to other options the college/university may have at their disposal. In the past, FAFSA began accepting forms in January but that changed a few years ago to October 1. Now is the time to start gathering the information needed complete the form. Also, keep in mind the aid is based on the difference between the expected college cost (including tuition/fees/room and board) and your family expected contribution (FEC). You may not qualify for any need-based aid at a local or 2-year college but due to the higher costs, aid may appear for private or upper level state colleges. It's worth the time to find out your FEC to aid in determining where to apply or accept an offer.

---Chuck

Get Your FAFSA Ready

The application window for federal student loans opens on October 1.

Provided by Charles D. Vercellone, ChFC

Mark this date on your calendar: October 1. That is the day when current and future traditional college students can start submitting the Free Application for Federal Student Aid (FAFSA) for the 2021-22 school year. For many students, the FAFSA is frequently the gateway to significant financial aid: federal and state student loans, grants, university scholarships, and work-study programs.¹

FAFSAs should be sent in as soon as possible. The closer to "opening day" (October 1) you can do it, the better. Some states offer aid on a first-come, first-serve basis, and some universities set fall deadlines for financial aid requests.^{1,2}

What do you need to complete the FAFSA form? First of all, the FSA I.D., which replaced the older PIN system some may recall. Your student needs one, and if your student is your dependent, you also need one. An FSA I.D. is a username-password combination that will let your student fill out the FAFSA form online (this can even be done with the myStudentAid mobile app on your smartphone). You can create your FSA I.D.s at pin.ed.gov. You can fill out the FAFSA form at the FAFSA website, fafsa.ed.gov, entering numeric codes for the colleges or universities your student is considering for the 2021-22 school year.³

Your student will need to enter a bunch of personal information, some of which will be yours if you have recently claimed them as a dependent. The basics? Birthdates, Social Security numbers, and even the student's driver's license number, if applicable.

Beyond the basics, financial information is needed, both from you and your student, including checking and savings accounts' balances, investment account values, and business and rental property assets. Untaxed income (such as interest income and child support) must also be reported. In addition, you will need information from your 1040 income tax form for the 2019 tax year. Most of this tax

information can be easily imported right into the FAFSA form, thanks to its Data Retrieval Tool, which connects directly with the Internal Revenue Service. Not everyone is able to use the DRT, though, and not all info carries over, so keep your 1040 forms from 2019 handy.^{3,4}

Has your household income fallen since 2019? Then your student might qualify for more financial assistance than the FAFSA form calculates. A student can appeal an aid decision or ask for an adjustment to financial aid offered at any time, even during the midst of a quarter or semester.⁵ If you or your student need to pursue an adjustment, the first step will always be contacting the financial aid office of the school or institution in question.

You may have some leverage here. Enrollment is dropping at many universities, due to the pandemic, and the perception that pricier schools can't currently offer a real college experience. Virtual classes might still be the norm in the Fall 2021 term. Attracting quality students is a top priority, and financial aid offices may be ready and willing to negotiate new aid packages well into the 2021-22 academic year.

Whenever a college considers awarding financial aid, it looks at the expected family contribution (EFC), which is calculated according to a formula set by law. The EFC is the amount of money the college believes you can pay toward your student's education, and the EFC factors heavily into calculations of need-based aid (as opposed to merit-based aid, like scholarships).⁵

If your student receives more need-based aid, that may, in turn, reduce your EFC. Any revision of need-based aid can also potentially impact a student's estimated cost of attendance (COA); sometimes, the COA rises with changes in financial aid. When the COA rises, or the EFC falls, a household may be eligible to apply for work-study programs and subsidized college loans.⁵

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Citations.

1. University of Nevada, Las Vegas, August 13, 2020
2. StudentAid.gov, August 13, 2020
3. StudentAid.gov, August 13, 2020
4. University of New Mexico, August 13, 2020
5. Forbes, July 28, 2020

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