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# **PAYING FOR COLLEGE – TAX STRATEGIES AND FINANCIAL AID**

**By: Robert Stevenson, CPA**

“This seminar is about empowering parents with the information they need to get the maximum amount of aid they are entitled to receive”.

## **TAX STRATEGIES**

### **Section 529 Plans**

1. Prepaid Tuition Plan ([www.texastomorrowfunds.org](http://www.texastomorrowfunds.org))

“Texas Guaranteed Tuition Plan” is currently closed to new enrollment. When the 78<sup>th</sup> Texas Legislature deregulated college tuition the prepaid tuition plan was unable to forecast future tuition growth and the plan was subsequently closed to new investors. They will honor existing contracts.

2. Prepaid Tuition Plan ([www.texastuitionpromisefund.com](http://www.texastuitionpromisefund.com))

“Texas Tuition Promise Fund” was created in the 80<sup>th</sup> Texas Legislature. This fund began offering prepaid tuition contracts on September 1, 2008 and will be a separate program from the existing “Texas Guaranteed Tuition Plan”.

When you purchase tuition credits within the Texas Tuition Promise Fund you enter into a contract with the State Comptroller. These plans will only be used for tuition costs and may be used for out of state and private universities. If you redeem the credits then the earnings will be taxed at ordinary rates and will include a 10% penalty. Contact the Texas Tuition Promise Fund at 1.800.445.GRAD (4723).

3. Savings Plan ([www.texascollegesavings.com](http://www.texascollegesavings.com))

“Texas College Savings Plan” will cover tuition and fees, room and board, and books and supplies. The tax benefits include tax-free earnings (when used toward qualified education expenses), favorable federal estate and gift tax provisions, and American Opportunity and Lifetime Learning Credits may be available. The Plan offers a wide range of different investment portfolios. The primary differences between Savings Plans and Prepaid Tuition Plans are that you as the investor have the investment risk in the Savings Plan, whereas the State Comptroller has the investment risk in the Prepaid Tuition Plan. The other major difference is the Savings Plan may be used for any qualified education expense. These plans may be reached at 1-800-445-4723 and if you want to compare 529 Plans, the College Savings Plan Network has a website where they compare 100 plans from around the country at ([www.collegesavings.org](http://www.collegesavings.org)).

4. Savings Plan ([www.lonestar529.com](http://www.lonestar529.com))

The “Lone Star 529 Plan” is a Section 529 Savings Plan that is advisor-sold and is an alternative to the Texas College Savings Plan.

The exemption from federal income tax for withdrawals from Internal Revenue Code Section 529 Plans that are used for qualified education expenses was scheduled to expire on December 31, 2010. The Pension Protection Act of 2006, which was signed by President Bush on August 17, 2006, made the exemption permanent. This exemption applies to all Qualified Tuition Plans. The definition of qualified education expenses was expanded to include computers, certain educational and business software, and internet service.

5. Private College 529 Plan ([www.privatecollege529.com](http://www.privatecollege529.com))

In September, 2003, a nationwide group of 270 private colleges and universities launched the Private College 529 Plan. This plan is a prepaid tuition plan wherein amounts paid in will purchase guaranteed percentages of tuition and mandatory fees at all of the participating schools. Furthermore, each school is required to post a discount to current tuition of at least 0.5% per year. Investment risk and tuition inflation risk are thereby shifted from consumers to participating schools. No consumer fees are charged, and refunds are available if the child does not use the funds at one of the participating schools. Participation in Private College 529 Plan does not guarantee admission to any college or university.

## **Education Tax Credits, Deductions, and Benefits**

1. American Opportunity Tax Credit

This credit was part of The American Recovery and Reinvestment Act of 2009 and modifies the Hope Scholarship Credit for tax years 2009, 2010, 2011, 2012, and has been extended through 2017 by The American Taxpayer Relief Act of 2013. The AOTC covers the first four years of post-secondary education and includes 100% of tuition, fees, books and supplies (no room and board) up to \$2,000 and 25% of the next \$2,000 for a total credit of \$2,500. The credit phases out for couples between \$160,000 and \$180,000 on a joint return and for all others between \$80,000 and \$90,000. The credit applies against the AMT and is refundable for families up to 40%. Take the credit on Form 8863.

2. Lifetime Learning Credit

This credit is for all other family members even if out of college and there is no degree or workload requirement. The credit is 20% of the first \$10,000 paid in 2012 of educational expenses per family, or \$2,000. The phase out range is between \$104,000 to 124,000 for MFJ and \$52,000 to 62,000 for all others. Use Form 8863 to figure your credit.

3. Tuition Deduction

You may deduct up to \$4,000 on your 2010 and 2011 tax returns for tuition and fees. To qualify your AGI must be no more than \$130,000 if you file jointly and \$65,000 for all others. You may deduct \$2,000 if your AGI is no more than \$160,000 if you are married and \$80,000 for all others. Form 8917 should be used to figure your allowable tuition and fees deduction. The deduction expired at the end of 2011, but has been extended through 2013 by The American Taxpayer Relief Act of 2013.

4. Coverdell Education Savings Account

Originally created under the Taxpayer Relief Act of 1997 and originally called Education IRAs even though they were never really retirement accounts. Currently you may contribute up to \$2,000 per child per year up to age 18. The contributions are non-deductible and your withdrawals will be tax free if used for qualified expenses (K-12 and college). There is a phase out of this benefit for couples with AGI between \$190,000 and \$220,000 and for all others with AGI between \$95,000 and \$110,000. Other relatives may contribute if their AGI does not exceed the limits and the child does not receive more than \$2,000 in total. When completing the FAFSA (Federal Methodology) and the CSS Financial Aid Profile (Institutional Methodology) the Coverdell ESA will be considered a parent asset and assessed at rates up to 5.65%.

5. U.S. Treasury Savings Bonds

If you purchased Series EE or Series I U.S. Treasury Savings Bonds after 1989 and have been deferring the reporting of interest income, then you may be able to exclude reporting the accumulated interest, if in the year the bonds are redeemed you use the proceeds for tuition and fees, a contribution to a Coverdell ESA, or a Section 529 Plan. In 2012 this benefit is phased out for married taxpayers with AGI between \$109,250 and \$139,250 and all others with AGI between \$72,850 and \$87,850. Use Form 8815 to figure your exclusion.

6. Penalty-Free Withdrawals from IRAs

A 10% penalty exception is allowed for IRA distributions before age 59 ½ if used for qualified higher education expenses, including graduate school. Qualified expenses are tuition and fees, room and board, books and supplies. The student must be at least half time and must be the taxpayer, spouse, children, or grandchildren.

7. Borrowing from your 401(k)

You may generally borrow funds in your 401(k), up to 50% of your account balance or \$50,000, whichever is less. Loans must be repaid within 5 years and if you don't meet these guidelines the loan will be treated as a premature distribution subject to income tax and a 10% penalty.

8. Uniform Gift/Transfer to Minors Account – Custodial Accounts

Generally children cannot transact financial business on their own, other than a simple bank account, without the appointment of a guardian. So, in the 1950s, the Uniform Gift to Minors Act (UGMA) was created. The goal was to draft a model law for states to adopt to provide a convenient way for people to make gifts of money and securities to minors. In 1986, the Uniform Transfer to Minors Act (UTMA) was created to expand the types of property that could be transferred to a minor, e.g. real estate and limited partnerships. Under the UGMA/UTMA, parents make gifts to children through the use of custodial accounts. Custodial accounts are basically simplified trusts that are created by statute instead of through trust agreements. In lieu of a trustee, a custodian is named to manage the property until the age at which control passes to the child. Parents making gifts to their children can name themselves as custodians or name another adult to act in that capacity. The custodian manages the property, making decisions concerning buying and selling, spending money for the child's benefit, and reinvesting earnings. Once the gift is made, it belongs to the child. The custodian has a fiduciary responsibility to handle the assets in a prudent manner for the child's benefit. When a child reaches a specified age, the child can claim all of the account assets even if that is against the wishes of the parent donor or the custodian. In Texas the age of majority is 21. Gifts to a child under TUGMA/TUTMA constitute completed gifts for gift tax purposes and qualify for the annual gift tax exclusion, which in 2013 is \$14,000 per parent or \$28,000 if from both parents. Income earned on the assets in the custodial account is taxable to the child and subject to the "kiddie tax" if the child is under 24. For income and estate tax planning these are good ideas, but for financial aid planning these are children's income and assets for assessment purposes for the EFC and not a good idea.

9. Employer Education Assistance

Employer paid undergraduate and graduate courses may be a tax-free working condition fringe benefit if the courses maintain or improve job skills but do not prepare you for a new profession. Courses paid by the employer are tax-free up to \$5,250 per year provided they are from a qualifying Section 127 Plan.

10. Student Loan Interest Deduction

If you paid interest on a qualified student loan, you may be able to deduct up to \$2,500. The interest deduction is phased out for married couples with AGI between \$125,000 and \$155,000 and for all others with AGI between \$60,000 and \$75,000. A qualified student loan is one taken out to pay qualified higher education expenses for you, your spouse, or a dependent. Qualified expenses include tuition and fees, room and board, books and supplies, and transportation. If your student is claimed as a dependent by another taxpayer (i.e. parent) or they file married filing separately, then they may not claim the deduction. This provision was made permanent by The American Taxpayer Relief Act of 2013.

11. Savings in Parent's Name

Equity Mutual Funds that invest for growth and income, High-Yield Bonds, Corporate Bonds, Tax-Free Municipal Bonds, and Government Bonds are all great investments for a long-term college savings plan. Also saving in the parent's name means the asset is assessed at 5.65% for EFC purposes. Get started early.



12. Section 2503(c) Minor's Trust

This is a separate legal entity established to hold gifts in trust for a child until the child reaches age 21. Gifts of a future interest generally do not qualify for the \$14,000 annual gift tax exclusion, but the tax code provides an exception in Section 2503(c). The trust qualifies for the \$14,000 annual gift tax exclusion even though the child beneficiary has no present right to possess the gift. IRC Section 2503(c) provides that a gift to an irrevocable trust set up for a child will not be considered a gift of a future interest for purposes of the annual exclusion if the gift satisfies the following three conditions. (1) Trust assets may be spent by or for the benefit of the child before they reach age 21. (2) The remaining assets of the trust will be distributed to the child when they reach age 21. (3) If the child dies before age 21 the trust assets will pass to the child's estate or to someone they name. Therefore, gifts can build up and the corpus and income can be used for the education of the child. On the downside, the setup costs to establish and maintain the trust can be high, and trust income is taxed at compressed rates up to 39.6%. The trust is also treated as an asset of the child for financial aid purposes.

13. Crummey Trust

This trust is named after D. Clifford Crummey, the first taxpayer to use this trust successfully. The Crummey Trust is most commonly used in conjunction with the 2503(c) Minor's Trust because it will allow gifts at any time, even after the beneficiary reaches age 21. The unique feature of the Crummey Trust is that when parents make a gift to the trust, the beneficiary has the right to withdraw the gift during a 30 to 60 day window period. If the beneficiary does not exercise this right and withdraw the funds, then the gift becomes final and is locked in the trust until the trust terminates. Because the beneficiary has the right to withdraw the gift, even though they don't exercise it, this is enough to qualify the gift as a present interest. That makes the gift eligible for the \$14,000 annual gift tax exclusion. This is from a 1973 case in the Ninth Circuit and revenue ruling 73-405. Both of these trusts have legal, administrative, tax, and financial aid issues that are similar and are not appropriate if you could qualify for financial aid. They are used primarily for estate planning while allowing minimum access by the beneficiary. Also remember that if the trust distributes any income, it is taxable to the child, and if the child is under 24 they will be subject to the "kiddie tax" rules.

14. Variable Life, Universal Life, and Whole Life Insurance Policies

These insurance products have a death benefit with a savings account attached. This savings account can be invested in various instruments, including the stock market, and the earnings can grow tax-free. Also at your death when your policy is paid to your beneficiaries, the proceeds are not subject to income tax. The policy will allow you to withdraw the cash reserve for college expenses on a tax-free basis.

15. Home Equity Loan and Line of Credit

In the early 1990s, Texans amended the constitution to allow home equity lines of credit. A home equity loan/LOC includes any indebtedness that is secured by a home if the proceeds were not used to purchase, construct, or substantially improve the home. Under the tax law rules, a taxpayer can deduct the interest on up to \$100,000 of home equity indebtedness that is secured by the taxpayer's main home or one other home. The proceeds of the loan may be used for any purpose, including the payment of a child's college expenses. This may be attractive to couples whose AGI is above \$155,000 and are unable to deduct their student loan interest. The interest rate on home equity indebtedness is usually higher than the rates on federal education loans but lower than the rates on most private education loans. The net market value, after deducting first and second mortgages, of your primary residence is considered in the institutional need analysis formula (CSS/Financial Aid Profile) used by many private colleges, but your primary residence is not considered in the federal methodology (FAFSA), used by state schools.

16. Gift Tax and Estate Tax Issues

Gifts by parents and grandparents can be used for college education, but they must be aware of the gift tax exposure. The annual gift tax exclusion in 2013 is \$14,000 per parent, per child, per year. You or a grandparent may elect to contribute up to \$70,000 (\$140,000 for a married couple) to a Section 529 Plan with

your child as beneficiary. If you make this gift, you will not be able to make any gifts to that beneficiary for 5 years and you will need to file a gift tax return on Form 709, but you won't owe any tax. There is an unlimited gift tax exclusion for payments of another person's tuition or medical expenses, if you make the payment directly to the educational institution or care provider. The medical and educational exclusions are allowed without regard to the relationship between you and the donee for whom you are making the payments. The exclusion for directly paid educational expenses applies only to tuition, not to room and board, books, or supplies.

## **APPLYING FOR AID – HOW THE PROCESS WORKS**

1. Financial aid is designed to bridge the gap between what you can afford to pay for school and what the school actually costs. The difference between the Cost of Attendance (COA) and the Expected Family Contribution (EFC) equals your Financial Need.
2. During the application process you will fill out a federal form called the Free Application for Federal Student Aid (FAFSA). Your private universities, and a few state ones as well, will also require the CSS Financial Aid Profile (CSS: College Scholarship Service). The selective private colleges will have their own financial aid forms.
3. These applications are very invasive. They primarily want to know four amounts, the parent's income and assets and the student's income and assets. Once they know these amounts they can apply their complex formula and determine how much you can apply toward your college expenses in the coming year. This amount is called the Expected Family Contribution.
4. The EFC generated solely from the FAFSA formula is called the federal methodology. This methodology is used for all federal financial aid and most state universities use the federal methodology. This financial picture is not accurate enough for most private universities and a few state ones as well, so in addition to the FAFSA they will also require the supplemental information on the PROFILE, or their own individual forms, and prepare a separate need analysis. This formula is called the institutional methodology. Private schools use the more invasive institutional methodology primarily because they try very hard to meet all of a qualified student's need and this methodology allows these schools to control their aid directly.
5. Parents should not initially rule out any school as being too expensive. The "sticker price" doesn't necessarily matter, it's the portion of the sticker price that you have to pay that counts (your EFC).
6. Take control of the process. Position your assets, liabilities, income, and expenses to take advantage of the rules. Never put money in a child's name. Under the federal methodology formula, the parent's income will be assessed at rates up to 47% and assets will be assessed at rates up to 5.65%. However your child's income will be assessed at rates up to 50% and your child's assets will be assessed at rates up to 20%. For example, a college fund of \$40,000 under your name would be assessed (as an asset) at 5.65% and will add \$2,260 to your EFC for the first year of college. The same fund under your child's name would be assessed at 20% and will add \$8,000 to your EFC. By putting money in your child's name, you just gave them more money than you had to. The institutional methodology has maximum assessment rates for parent's income of 46% and parent's assets of 5%. The child's income will be assessed at up to 50% and the child's assets will be assessed up to 25%. There is not a great deal of difference in the assessment rates between these methodologies, the primary difference lies in which assets, liabilities, income, and expenses are included in the assessment.

7. The Parent's Contribution from Income – Parent's income starts with adjusted gross income. There are certain deductions from parent's AGI such as federal income taxes, the income protection allowance, a two-earner allowance capped at \$3,900, and a few others that are small. The income protection allowance is based on the number of persons in the family and the number in college. For example, for 2013-2014 the income protection allowance for a family of five with one child in college is \$31,020. The amount remaining after all allowances have been subtracted is assumed to be available for discretionary purposes, including paying for college. Financial Aid departments use the previous year's income and will verify your FAFSA with the prior year tax return. In other words, if your freshman year is the 2013-2014 school year, then 2012 would be your base year for financial aid purposes.
8. The Parent's Contribution from Assets – The first step in determining the parent's contribution from assets is to value the assets as of the date the form is being completed and then subtract related liabilities (mortgages, business debts). The assets that you will include in your FAFSA are real estate (other than your home), cash in banks, trust funds, money market funds, 529 Savings Plans, Coverdell ESAs, refund value of 529 Prepaid Tuition Plans, mutual funds, CDs, stock and stock options, bonds, other securities, installment receivables, a family owned business with more than 100 employees, and your investment farm. There are certain assets that you do not include and they are your personal residence, the family farm (if you live there), a family owned business with fewer than 100 employees, personal household items, cash value of life insurance, annuities, and retirement plans. Once total net worth has been determined, the parent's discretionary net worth is determined by subtracting the education savings and asset protection allowance. As in the case of income, this is done to protect a portion of the assets from having to be used for college. The allowance depends on the number of parents and their age. In the case of a two-parent household, it is based on the age of the older parent. For example, in the case of a two-parent household in which the older parent was 55, the allowance would be \$46,800 for 2013-2014. Now, the parent's discretionary net worth is multiplied by 12% to obtain the parent's contribution from assets.
9. The Parent's Expected Contribution – The parent's available income and contribution from assets are added together to determine the parent's adjusted available income (AAI). The parent's expected contribution is then calculated from a table, like the tax rate schedules, they start low (at 22%) and cap at 47%. When AAI exceeds \$30,900, parents find themselves in the 47% assessment bracket. In other words, they are expected to use 47% of their AAI to finance their child's college costs.
10. The Child's Contribution from Income – The child starts with total income, and this includes earned and unearned income, and then subtracts federal income and social security taxes. The dependent student has a limited income protection allowance of \$6,130 in 2013-2014, the amount above \$6,130 is assessed at 50%.
11. The Child's Contribution from Assets – The child's contribution from assets is computed the same as the parent's with two differences. There is no deduction for the education savings and asset protection allowance, and there is no adjustment to the net worth of a business or investment farm for liabilities that are secured by such assets. The student's contribution from assets is computed by taking 20% of assessable assets. This is added to the contribution from income to get the students expected contribution.
12. The Expected Family Contribution – The expected parent contribution is added to the expected student contribution to get the expected family contribution.
13. The Student Aid Report and The Offer – Within four to six weeks after filing the FAFSA form, or one to two weeks of filing electronically, the student should receive the Student Aid Report (SAR). The SAR will indicate the student's EFC in the upper right hand corner of the first page. The SAR allows a student to verify the data to make sure that the data was processed properly. Errors must be corrected immediately by correcting the form, and then the form should be refiled. The aid package gives the amount and type of aid, scholarships, grants, loans, or work-study. The student at that time may accept, reject, or appeal the aid package.



## **FINANCIAL AID – LOANS, GRANTS, WORK-STUDY, AND SCHOLARSHIPS**

Before we talk about federal loans we need to discuss the two federal loan programs.

FFELP Federal Family Education Loan Program – These federal loans were provided by private lenders such as banks, S&Ls, credit unions, and SallieMae and they were guaranteed against default by the federal government. Under this program students had to qualify for their loan. The Obama Administration eliminated this program in March, 2010 by attaching a rider to the Health Care and Education Affordability Act of 2010.

William D. Ford Federal Direct Loan Program – This program was started in 1993 by President Clinton to provide federal student loans to those students that could not qualify for a loan under the FFELP program. As of July 1, 2010 all schools are now under the Direct Loan Program and all federal student loans are originated by the federal government. As a result of this law 30,000 jobs previously in the private banking sector have been transferred to the federal government, and because any student can qualify for a loan under the Direct Loan Program, we now have over \$1 trillion in federal direct loans outstanding with 40% in default and that rate is expected to go much higher when current students graduate.

### **Federal Student Loans**

#### Federal Stafford Loans

There are two types of Stafford Loans. The “subsidized” Stafford Loan is for those students that demonstrate a financial need. The government will pay the interest while you are in school. The “unsubsidized” Stafford Loan requires the borrower to pay the interest currently, although you can defer the payments until after graduation by capitalizing the interest. This adds the interest payments to the loan balance, increasing the size and cost of the loan. All students, regardless of need, are eligible for the unsubsidized Stafford Loan. Subsidized Stafford Loans allow dependent undergraduates to borrow up to \$3,500 their freshman year, \$4,500 their sophomore year, and \$5,500 their junior and senior years. Stafford Loans now have interest rates tied to the 10 year Treasury Note, and are set at 3.86% as of July 1, 2013. These loans come with a 10 - 25 year repayment term and a loan origination fee set at 1.0%. Federal student loan debt now exceeds \$1 trillion and 40% of the out-of-school borrowers have defaulted on their loans or they have deferred payment due to economic hardship.

#### Federal Perkins Loans

The Perkins Loan is awarded to undergraduate and graduate students with exceptional financial need. This is a campus based loan program, with the school acting as the lender, using a limited pool of funds provided by the federal government. The Perkins Loan is the best student loan available. It is a subsidized loan with the interest being paid by the federal government during the in-school and nine month grace periods. There are no origination fees and the interest rates are fixed at 5% for funds disbursed between July 1, 2012 and June 30, 2013. There is a ten year repayment period and the amount of Perkins Loan you receive is determined by your school’s financial aid office.

### **Federal Parent Loans**

#### PLUS Loan

Parents of dependent students can take out loans to supplement their children’s aid packages. The federal ‘Parent Loan for Undergraduate Students’ (PLUS) allows parents to borrow money to cover any costs not already covered by the student’s financial aid package, up to the full cost of attendance. Like the Stafford Loan and the Perkins Loan, the PLUS Loan is originated and processed by the federal government within the federal Direct Loan Program. PLUS Loans are now tied to the 10 year Treasury Note and are set at 6.41% as of July 01, 2013. Repayment begins 60 days after the funds are fully disbursed and the repayment term is up to ten years. PLUS Loans are the responsibility of the parents, not the student, and eligibility is not based on need. Parents who consider a PLUS Loan also often consider a home equity loan or a private education loan. PLUS Loan terms are not as attractive as federal student loans, but they are better than private education loans and unsecured bank loans.



## **Texas Student Loans**

### Hinson-Hazelwood College Student Loan Program

On November 6, 2007, Texans voted 'FOR' Proposition 2 to Amend the Texas Constitution, which would add an additional \$100 million to an already authorized \$400 million in bonds for the Texas Higher Education Coordinating Board. They provide policy, and issue and administer bonds for the state's Hinson-Hazelwood College Student Loan Program (HH). These funds provide loans to all kids who want an education and the program is self funded. This program is designed to supplement the federal loan program and to make sure that any qualified Texas resident is able to access the funds needed to pay for a college education. HH has three loans, the College Access Loan (CAL), the B-On-Time Loan (BOT), and the Texas Armed Services Scholarship Program (ASP). Remember, CAL is available to all Texas families regardless of income, and for any amount up to the COA, less federal aid. The BOT is a supplement to the Texas Grant Program and will morph into a grant if you meet certain requirements (i.e. maintain B average and graduate on time), and the ASP Loan is for ROTC students. I have attached a loan comparison chart on page 18 and it compares the three HH loans. File the FAFSA if you want a BOT (need based loan) and go to [www.hhloans.com](http://www.hhloans.com) if you want a CAL or ASP loan and fill out the application. Also remember that points are negotiable and you don't have to take a loan that is offered by your financial aid office.

## **Other Student Loans and Debt Related Issues**

### Private Education Loans

If borrowing needs are not met by the federal and state loan programs, lenders offer a variety of supplemental borrowing programs known as private education loans. Private loans help bridge the gap between the actual cost of your education and the limited amount the government allows you to borrow. Private loans are offered by private lenders, there are no federal forms to complete, and they can offer more flexible repayment options.

### Consolidation Loans

Government regulations allow you to consolidate all of your education loans from different sources into one big loan, often with lower monthly payments. The repayment term will be longer which means you will pay more interest over the life of the loan, but you can prepay. The loans eligible for consolidation are the Stafford, Perkins, and PLUS, but you can't consolidate student loans with parent loans. You also can't consolidate private loans from colleges and other sources. It usually makes sense to wait until everyone is through with college. Also, you don't have to consolidate all your loans.

### Interest Rates

The Bipartisan Student Loan Certainty Act of 2013 was signed by the President on August 9, 2013. This legislation tied federal student loans and parent loans to the 10 year Treasury Note. As of July 1, 2013 rates are set as follows; undergraduates will pay 3.86%, graduate students will pay 5.41%, and parents (PLUS) will pay 6.41%. The rates will change annually tied to the 10 year Treasury Note, but once a loan is made it will remain at that rate for the life of the loan. Subsidized and Unsubsidized Stafford loans will have the same rate. These rates are capped at 8.25%, 9.50%, and 10.50% for undergraduate, graduate, and parent loans respectively.

### Loan Service and Secondary Markets

The loan service market provides customer service and account management services. The secondary market buys loans from lenders, providing them with the capital they need to originate new loans. SLM Corporation (Sallie Mae) is the largest company in student loan servicing, collections, and purchasing in the secondary market.

### Loan Forgiveness

The federal government will cancel all or part of an educational loan, under certain circumstances. This practice is called loan forgiveness and to qualify you must either perform volunteer work, perform military service, teach or practice medicine in certain types of communities, or meet other types of criteria specified in the loan forgiveness program. The Public Service Loan Forgiveness Act of 2007 authorizes the Secretary of Education to forgive the student obligation for any borrower who is employed full time, for at least five consecutive years in an area of national need without defaulting on their loan. Borrowers would be considered employed in an area of national need if they are employed as: an early childhood educator, a nurse, a foreign language specialist, a librarian, a highly qualified teacher of bilingual education or at a school in a low-income district, a child welfare worker, a speech-language pathologist, a person working in national service (participants in projects under the National and Community Service Act of 1990), and a public sector employee. Other examples of loan forgiveness programs are Americorps, Peace Corps, and Volunteers In Service To America (VISTA). Also the American Federation of Teachers maintains a list of other loan forgiveness programs for teachers.

### **Grants, Work-Study, and Scholarships**

#### Federal Pell Grants

Pell Grants are based on need, and the maximum available for the 2013-2014 award year will be \$5,645 per student. Federal Pell Grants, named after former Rhode Island Senator Claiborne Pell, have been around since the 1970s and future levels of funding have been greatly expanded by the College Cost Reduction Act of 2007 and the American Recovery and Reinvestment Act of 2009. Pell Grants do not have to be repaid and you must be an undergraduate student to qualify. The amount you receive depends on your need, which is based on a standard formula established by Congress, the cost of attendance, and your enrollment status (full or part time). The schools usually issue a check or they may credit the student's account. The Pell Grant is the main source of federal college aid for more than six million poor recipients.

#### Federal Supplemental Educational Opportunity Grants (FSEOG)

An FSEOG is for undergraduate students with exceptional financial need and priority is given to students who receive Federal Pell Grants. An FSEOG does not have to be paid back and grants range from \$100 to \$4,000 and priority is given to students who receive Federal Pell Grants.

#### Texas Grant Program

The Texas Legislature set up the Texas Grant Program in 1999 to encourage needy Texas high school students to go to college. The Texas Grant Program does not have to be paid back and has various eligibility requirements, including an EFC of no more than \$4,000. The 78<sup>th</sup> 79<sup>th</sup> and 80<sup>th</sup> Texas Legislatures increased funding for the Texas Grant Program, but this did not solve the problem with under funding. At present students can remain in the program indefinitely, no minimum GPA is required, and no minimum enrollment status is required. As a result, we have many students who stay in the grant program with no intention of graduating. The Governor is working to solve this problem and in the 80<sup>th</sup> Texas Legislature worked to establish more accountability in the Texas Grant Program by transferring increased funding for the program to the "B-On-Time" Loan Program. As an addition to the Texas Grant Program, Texas provides students with "B-On-Time" loans, if the student maintains a B average and graduates on time then the "B-On-Time" loan becomes a grant and they do not have to be repaid.

#### Federal Work-Study

The Federal Work-Study Program provides jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses. The program encourages community service work and work related to the student's course of study.

### Scholarships

Ninety-nine percent of scholarship funds come from the university where you apply. About one percent will come from outside sources. Most scholarships are based on academic, athletic, or artistic merit and are awarded by the university. If your goal is to get a scholarship, then make sure you apply to a college that has a strong endowment, is in strong financial condition, and your SAT score will put you in the top ten percent of the freshman class. If these conditions are met, then you will receive some level of scholarship aid. Scholarships are non-taxable if used for tuition, fees, books, supplies, and equipment. If a scholarship is in exchange for work, then it is taxable wages. There is an exception to this rule. The Economic Growth and Tax Relief Reconciliation Act of 2001 restored the exclusion for amounts received as payment for teaching, research, and medical services provided the awards were received under the National Health Service Corps Scholarship Program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program. The exclusion was repealed by the 1986 Tax Reform Act and has now been restored.

## **HOW MUCH DOES COLLEGE COST?**

The University of Texas at Austin [www.utexas.edu](http://www.utexas.edu)

When you go to the UT website you will see the 2013-2014 Undergraduate Cost of Attendance. The attached webpage (see page 12) provides the cost estimates for a Long Semester (the Fall or Spring Semester) and Summer for Undergraduate Education. The estimated cost for a long semester during 2013–2014 for a Texas resident living on-campus is between \$12,852 and 13,548.

Texas A&M University at College Station [www.tamu.edu](http://www.tamu.edu)

The Cost of Attendance for 2013-2014 for undergraduate students is \$21,581 for the fall and spring semesters (see page 13) The COA will include tuition and fees, loan fees, books and supplies, travel, room and board, and personal expenses.

Texas Christian University [www.tcu.edu](http://www.tcu.edu)

The TCU web page will provide undergraduate and graduate student Estimated Direct Cost. They don't call it Cost of Attendance because they do not include travel expenses and miscellaneous personal expenses in their totals, but they do provide these estimates in the small print below the totals. They also provide a link to the types of aid they provide and the FAFSA. They can also put you into contact with a financial aid advisor by email from their website. The 2013-2014 undergraduate Estimated Direct Cost for Fall and Spring is \$48,530. (see page 14)

The University of Alabama at Tuscaloosa [www.ua.edu](http://www.ua.edu)

The undergraduate estimated semester budget for Fall 2013 or Spring 2014 for non-resident students is \$19,553. This includes tuition and fees, room and board, parking decal, and books and supplies. (see page 15)

## Websites of Interest to Parents

[www.ed.gov](http://www.ed.gov)

[www.solutionsforcollege.com](http://www.solutionsforcollege.com)

[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

[www.collegeboard.com](http://www.collegeboard.com)

[www.finaid.org](http://www.finaid.org)

[www.parentplusloan.com](http://www.parentplusloan.com)

[www.salliemaec.com](http://www.salliemaec.com)

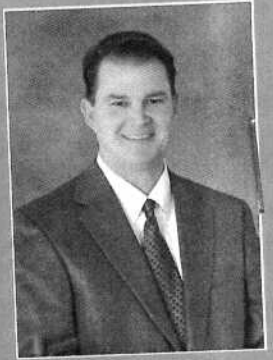
[www.hhloans.com](http://www.hhloans.com)

[www.texastomorrowfunds.org](http://www.texastomorrowfunds.org)

[www.texascollegesavings.com](http://www.texascollegesavings.com)

[www.independent529plan.org](http://www.independent529plan.org)

**Robert T. Stevenson, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**



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www.springbranchisd.com

### About the Presenter

I attended the University of the South in Sewanee, Tennessee for three years and then transferred to the University of Tennessee in Knoxville where I received a BS in accounting in 1975. I became a Texas CPA in 1981, and I received an MS in accounting from the University of Houston Clear Lake in 1997. I have been a practicing CPA since 1982 specializing in federal income tax. Jeanmarie and I have three children, Mary Cate is a senior at the University of Texas, Bobby is a freshman at UT San Antonio, and Elizabeth is a junior at Memorial High School. I am a parent and volunteer in SBISD. I have served on the Budget Advisory Committee, the Bond Advisory Committee, the BHE PTA for four years, and was elected to the school board in 2010. I have had the opportunity to present this seminar at several Spring Branch schools. I believe that parents should know how to pay for college and it begins by knowing the process and the products. This seminar is designed to educate parents about the process, the products, the politics, and the language of federal financial aid so they will be armed when they apply for aid. If you have questions or need more information please feel free to call me at: 713-785-8939 or email: robert@robertstevensoncpa.com. You can get a copy of the handout on the SBISD website or by calling me.



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OSFS Home -> [College Costs](#) -> [UT Austin Cost of Attendance \(COA\)](#) -> 2013-2014 Undergraduate COA

## 2013-2014 Undergraduate Cost of Attendance (COA)

The figures below are estimates for students attending The University of Texas at Austin. Individual tuition bills and living expenses will vary from student to student. Please visit the Office of Accounting's [Tuition and Fee Rates](#) page to learn more.

The tuition and fees estimates provided below represent the range of college/departamental flat rates.

### Related Links:

[2013-2014 Graduate Cost of Attendance](#)  
[UT Austin's Tuition and Fee Rates](#)

#### Long Semester (Costs are per semester and assume that you enroll in full-time hours.)

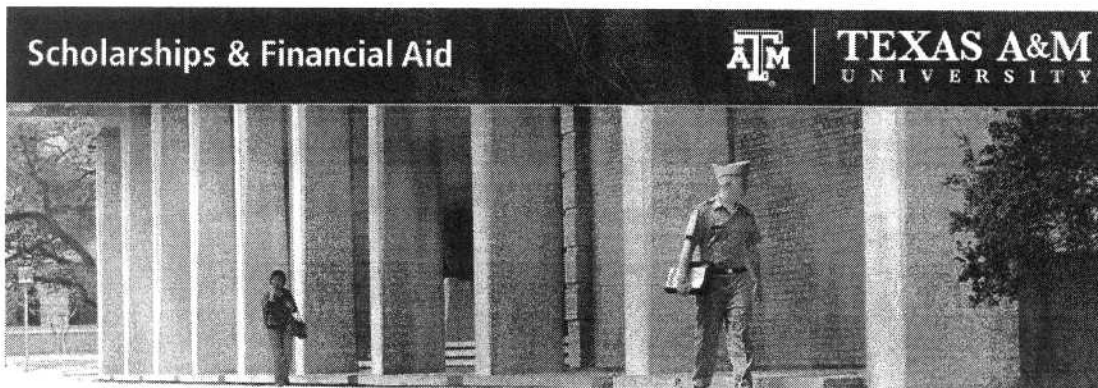
	Tuition	Books/ Supplies	Room/Board	Transportation	Miscellaneous/ Personal	Total
<b>Resident On &amp; Off Campus</b>	4,673-5,369	375	5,681	735	1,388	<b>12,852- 13,548</b>
<b>Non-Resident On &amp; Off Campus</b>	11,234-18,198	375	5,681	735	1,388	<b>19,413- 26,377</b>

#### Summer (Costs assume that you enroll in six hours total over the entire summer.)

	Tuition	Books/ Supplies	Room/Board	Transportation	Miscellaneous/ Personal	Total
<b>Resident On &amp; Off Campus</b>	2,583-2,967	188	3,339	490	925	<b>7,525-7,909</b>
<b>Non-Resident On &amp; Off Campus</b>	6,080-9,849	188	3,339	490	925	<b>11,022- 14,791</b>

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Undergraduate Students

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MBA Students

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How to Apply

Processing Your Aid

Accepting Your Aid

Types of Aid

Maintaining Eligibility

Financial Aid Disbursement  
Dates

Scholarships

Student Employment

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FAQ

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Code of Conduct

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Financial Aid Quick Tips

Net Price Calculator

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## COST OF ATTENDANCE

The figures below outline the estimated cost of attendance for Undergraduate students at Texas A&M University. Detailed information regarding tuition & fees at Texas A&M University is available from [Student Business Services](#).

### Estimated 13-14 Cost of Attendance for Undergraduate Students (Fall and Spring)

	Resident	Resident At Home with Parents	Non-Resident
Tuition & Fees*	\$9,006*	\$9,006*	\$25,626*
Loan Fees	30	30	30
Room & Board	8,450	3,400	8,450
Books & Supplies	1,246	1,246	1,246
Travel	500	500	1,000
Personal Expenses	2,349	2,349	2,349
<b>Total</b>	<b>\$21,581</b>	<b>\$16,531</b>	<b>\$38,701</b>

\*Based on 15 credit hours per semester at Texas A&M University, College Station. Course fees vary per academic college. An average of \$500 in course fees is used in this estimate. Detailed information regarding tuition and fees at Texas A&M is available from [Student Business Services](#).

**Tuition and Fees:** The average cost of tuition and fees for a typical student based on enrolling for 30 hours per year. The actual costs that a student incurs will vary depending on the student's degree or certificate program.

**Room and Board:** A reasonable estimate of what it would cost to live in College Station while attending school. Actual costs may vary by individual choices related to location and circumstances. Typically includes rent, food, snacks, household supplies and utilities.

**Books and Supplies:** The average cost of books and supplies for a typical student for an entire academic year. Typically includes books, educational supplies, course materials, and computer-related expenses excluding the purchase of a personal computer.

**Transportation:** Represents travel to and from parent's residence and transportation costs to and from class and work (e.g., bus fare, gasoline, tolls, parking).

**Personal Expenses and Miscellaneous:** Estimate of costs for clothing, haircuts, entertainment and other miscellaneous expenses. What you actually spend on these types of items may be higher or lower depending on your own lifestyle.

NOTE: Adjustments to Cost of Attendance will be considered for one time purchase of a computer, child care, and study abroad.

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### Should I file the FAFSA?

To fill out the Free Application for Federal Student Aid click on the link below.



Incoming Freshmen **MUST** complete a CSS profile



## Direct Undergraduate Costs, Fall 2013 - Spring 2014

<b>Tuition</b>	
Tuition based on 12-18 hours of enrollment for fall and spring semesters.	\$36,500
<b>Room</b>	
This represents average hall cost. For more information about on-campus housing costs, click here	\$6,700
<b>Board</b>	
This represents the cost for a basic meal plan. For information about meal plan costs, click here.	\$4,280
<b>Books &amp; Supplies</b>	
Book and supply costs vary by student - this is an estimate based on data from the TCU Bookstore.	\$1,050
<b>Total Fall and Spring Estimated Direct Cost</b>	<b>\$48,530</b>

[Click here to see our Cost/Resources Worksheet for 2013-2014](#)

The direct costs listed above do not include travel expenses (estimated \$600) or miscellaneous personal expenses (estimated \$1,500).

Student Financial Services (Billing) - TCU Payment Plan  
TCU Residential Services (Housing)

## Direct Graduate/Professional Student Costs, 2013 - 2014

<b>Tuition &amp; Fees*</b>	
Tuition based on 9 hours of enrollment for fall and spring semesters at \$1,270 per semester hour. Graduate Student Senate Fee of \$48.	\$22,908
<b>Room &amp; Board</b>	
This represents average TCU graduate housing costs.	coming
<b>Books &amp; Supplies</b>	
Book and supply costs vary by student - this is an estimate based on data from the TCU Bookstore.	\$1,050
<b>Total Fall and Spring Estimated Direct Cost</b>	<b>\$23,958</b>

[Click here to see our Cost/Resources Worksheet for 2013-2014](#)

The direct costs listed above do not include travel expenses (estimated \$1,120) or miscellaneous personal expenses (estimated \$1,500).

\*More information on graduate student tuition and fees:  
<http://www.graduate.tcu.edu/?d=page&pid=sp146&parent=92>

# Finance

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- Student Receivables
  - Student Information
    - Prospective Students
    - New Students
    - Current Students
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## Undergraduate Estimated Semester Budget

### ESTIMATED BUDGET FOR Fall 2013 or Spring 2014

	Alabama Resident	Non-Resident
Tuition <sup>1</sup>	\$4,725.00	\$11,975.00
College/Course Fees <sup>2</sup>	400.00	400.00
Dining Dollars Account <sup>3</sup>	300.00	300.00
Meal Plan <sup>4</sup>	1,578.00	1,578.00
Residential Hall Room <sup>5</sup>	4,400.00	4,400.00
Parking Decal <sup>6</sup>	300.00	300.00
Books and Supplies	600.00	600.00
Totals <sup>7</sup>	\$12,303.00	\$19,553.00

Note: While actual expenses can vary widely from student to student the above semester budget is a reasonable estimate for the Fall 2013/Spring 2014 semesters.

Note: In recognition of the value of the living-learning experience associated with on-campus living and dining, the University of Alabama will require first-year freshman students to participate in the Freshman Residency Program, including the Freshman Dining Program.

<sup>1</sup>Rates are for full-time undergraduate campus students. Full-time enrollment for undergraduate students is 12-16 hours per regular semester. Hours above 16 incur additional charges. Includes all undergraduate students except those admitted to the Gadsden Campus or to a Distance Degree Program. More information can be obtained at <http://cost.ua.edu>.



# 2013-2014 EFC FORMULA A : DEPENDENT STUDENT

REGULAR  
WORKSHEET  
Page 1

**A**

PARENTS' INCOME IN 2012	
1. Parents' Adjusted Gross Income (FAFSA/SAR #83) If negative, enter zero.	
2. a. Father's/stepfather's income earned from work (FAFSA/SAR #86)	
2. b. Mother's/stepmother's income earned from work (FAFSA/SAR #87) +	
Total parents' income earned from work =	
3. Parents' Taxable Income (If tax filers, enter the amount from line 1 above. If non-tax filers, enter the amount from line 2.)*	
4. Total untaxed income and benefits: (Total of FAFSA/SAR #92.a. through 92.i.) +	
5. Taxable and untaxed income (sum of line 3 and line 4) =	
6. Total additional financial information (Total of FAFSA/SAR #91.a. through 91.f.) -	
7. <b>TOTAL INCOME</b> (line 5 minus line 6) May be a negative number. =	

ALLOWANCES AGAINST PARENTS' INCOME	
8. 2012 U.S. income tax paid (FAFSA/SAR #84) (tax filers only) If negative, enter zero.	
9. State and other tax allowance (Table A1) If negative, enter zero. +	
10. Father's/stepfather's Social Security tax allowance (Table A2) +	
11. Mother's/stepmother's Social Security tax allowance (Table A2) +	
12. Income protection allowance (Table A3) +	
13. Employment expense allowance: <ul style="list-style-type: none"> <li>Two working parents: 35% of the lesser of the earned incomes, or \$3,900, whichever is less</li> <li>One-parent families: 35% of earned income, or \$3,900, whichever is less</li> <li>Two-parent families, one working parent: enter zero</li> </ul> +	
14. <b>TOTAL ALLOWANCES</b> =	

\*STOP HERE if the following are true:

Line 3 is \$24,000 or less and

- The parents are eligible to file a 2012 IRS Form 1040A or 1040EZ (they are not required to file a 2012 Form 1040) or they are not required to file any income tax return or
- Anyone included in the parents' household size (as defined on the FAFSA) received benefits during 2011 or 2012 from any of the designated means-tested Federal benefit programs or
- Either one of the parents is a dislocated worker

If these circumstances are true, the Expected Family Contribution is automatically zero.

AVAILABLE INCOME	
Total income (from line 7)	
Total allowances (from line 14) -	
15. <b>AVAILABLE INCOME (AI)</b> May be a negative number. =	

PARENTS' CONTRIBUTION FROM ASSETS	
16. Cash, savings & checking (FAFSA/SAR #88)	
17. Net worth of investments** (FAFSA/SAR #89) If negative, enter zero.	
18. Net worth of business and/or investment farm (FAFSA/SAR #90) If negative, enter zero.	
19. Adjusted net worth of business/farm (Calculate using Table A4.) +	
20. <b>Net worth</b> (sum of lines 16, 17, and 19) =	
21. Education savings and asset protection allowance (Table A5) -	
22. Discretionary net worth (line 20 minus line 21) =	
23. Asset conversion rate x	.12
24. <b>CONTRIBUTION FROM ASSETS</b> If negative, enter zero. =	

PARENTS' CONTRIBUTION	
AVAILABLE INCOME (AI) (from line 15)	
CONTRIBUTION FROM ASSETS (from line 24) +	
25. <b>Adjusted Available Income (AAI)</b> May be a negative number. =	
26. <b>Total parents' contribution from AAI</b> (Calculate using Table A6.) If negative, enter zero.	
27. <b>Number in college in 2013-2014</b> (Exclude parents) (FAFSA/SAR #73) ÷	
28. <b>PARENTS' CONTRIBUTION</b> (standard contribution for nine-month enrollment)*** =	

\*\*Do not include the family's home.

\*\*\*To calculate the parents' contribution for other than nine-month enrollment, see page 11.

continued on the next page

**STUDENT'S INCOME IN 2012**

29. Adjusted Gross Income (FAFSA/SAR #35) If negative, enter zero.	
30. Income earned from work (FAFSA/SAR #38)	
31. Taxable Income (If tax filer, enter the amount from line 29 above. If non-tax filer, enter the amount from line 30.)	
32. Total untaxed income and benefits (Total of FAFSA/SAR #44.a. through 44.j.)	+
33. Taxable and untaxed income (sum of line 31 and line 32)	=
34. Total additional financial information (Total of FAFSA/SAR #43.a. through 43.f.)	-
35. <b>TOTAL INCOME</b> (line 33 minus line 34) May be a negative number.	=

**ALLOWANCES AGAINST STUDENT INCOME**

36. 2012 U.S. income tax paid (FAFSA/SAR #36) (tax filers only) If negative, enter zero.	
37. State and other tax allowance (Table A7) If negative, enter zero.	+
38. Social Security tax allowance (Table A2)	+
39. Income protection allowance	+
40. Allowance for parents' negative Adjusted Available Income (If line 25 is negative, enter line 25 as a positive number in line 40. If line 25 is zero or positive, enter zero in line 40.)	+
41. <b>TOTAL ALLOWANCES</b>	=

**STUDENT'S CONTRIBUTION FROM INCOME**

Total income (from line 35)	
Total allowances (from line 41)	-
42. Available income (AI)	=
43. Assessment of AI	×
44. <b>STUDENT'S CONTRIBUTION FROM AI</b> If negative, enter zero.	=

**STUDENT'S CONTRIBUTION FROM ASSETS**

45. Cash, savings & checking (FAFSA/SAR #40)	
46. Net worth of investments* (FAFSA/SAR #41) If negative, enter zero.	
47. Net worth of business and/or investment farm (FAFSA/SAR #42) If negative, enter zero.	+
48. <b>Net worth</b> (sum of lines 45 through 47)	=
49. Assessment rate	×
50. <b>STUDENT'S CONTRIBUTION FROM ASSETS</b>	=

**EXPECTED FAMILY CONTRIBUTION**

PARENTS' CONTRIBUTION (from line 28)	
STUDENT'S CONTRIBUTION FROM AI (from line 44)	+
STUDENT'S CONTRIBUTION FROM ASSETS (from line 50)	+
51. <b>EXPECTED FAMILY CONTRIBUTION</b> (standard contribution for nine-month enrollment)** If negative, enter zero.	=

\*Do not include the student's home.

\*\*To calculate the EFC for other than nine-month enrollment,  
see the next page.

**Table A5: Education Savings and Asset Protection Allowance**

for EFC Formula Worksheet A (parents only)

<i>Age of older parent as of 12/31/2013*</i>	Allowance if there are two parents	Allowance if there is only one parent	<i>Age of older parent as of 12/31/2013*</i>	Allowance if there are two parents	Allowance if there is only one parent
25 or less	\$0	\$0	45.....	\$36,200	\$10,600
26.....	2,100	600	46.....	37,100	10,800
27.....	4,300	1,300	47.....	38,000	11,100
28.....	6,400	1,900	48.....	39,000	11,300
29.....	8,600	2,500	49.....	39,900	11,600
30.....	10,700	3,200	50.....	40,900	11,900
31.....	12,800	3,800	51.....	42,100	12,200
32.....	15,000	4,400	52.....	43,100	12,500
33.....	17,100	5,100	53.....	44,200	12,800
34.....	19,300	5,700	54.....	45,500	13,100
35.....	21,400	6,300	55.....	46,800	13,400
36.....	23,500	7,000	56.....	47,900	13,700
37.....	25,700	7,600	57.....	49,300	14,100
38.....	27,800	8,200	58.....	50,800	14,400
39.....	30,000	8,900	59.....	52,200	14,800
40.....	32,100	9,500	60.....	53,500	15,100
41.....	32,900	9,700	61.....	55,000	15,600
42.....	33,700	9,900	62.....	56,900	16,000
43.....	34,500	10,100	63.....	58,500	16,400
44.....	35,400	10,300	64.....	60,100	16,900
			65 or over ..	61,800	17,400

\*Determine the age of the older parent listed in FAFSA/SAR #63 and #67 as of 12/31/2013. If no parent date of birth is provided, use age 45.

**Table A6: Parents' Contribution from AAI**

<b>If parents' AAI is—</b>	<b>The parents' contribution from AAI is—</b>
Less than -\$3,409	-\$750
-\$3,409 to \$15,300	22% of AAI
\$15,301 to \$19,200	\$3,366 + 25% of AAI over \$15,300
\$19,201 to \$23,100	\$4,341 + 29% of AAI over \$19,200
\$23,101 to \$27,000	\$5,472 + 34% of AAI over \$23,100
\$27,001 to \$30,900	\$6,798 + 40% of AAI over \$27,000
\$30,901 or more	\$8,358 + 47% of AAI over \$30,900

**Texas Higher Education Coordinating Board Loan Comparison Chart  
Academic Year 2012-2013**

	<b>College Access Loan (CAL)</b>	<b>Texas B-On-Time Loan (BOT)</b>	<b>Texas Armed Services Scholarship Program (ASP)</b>
<b>MAXIMUM ANNUAL LOAN LIMITS</b>	Cost of attendance less other financial aid	4 year Public/Private Institutions: \$3,700/semester (\$7,400/yr)  2 year Public/Private Community Colleges: \$1,200/semester (\$2,400/yr)  Public Technical Colleges: \$2,220/semester (\$4,400/yr)	\$10,000/yr
<b>INTEREST RATES</b>	5.25% Fixed	No Interest	5.25% Fixed if scholarship requirements are not met
<b>ELIGIBLE FIELDS OF STUDY</b>	All	All	All
<b>ORIGINATION FEES</b>	3% or 5%	3%	N/A
<b>AGGREGATE LOAN LIMITS</b>	N/A	N/A	N/A
<b>GRACE PERIOD</b>	6 Months	6 Months	6 Months
<b>ENROLLMENT REQUIREMENTS</b>	At least half time	Full time	Appointment by a state legislator and must be enrolled in Reserve Officers' Training Corps (ROTC)
<b>COSIGNER REQUIRED</b>	*Optional, with approved student credit evaluation  *Required, if the student credit evaluation is not approved	N/A	N/A
<b>FAVORABLE CREDIT EVALUATION</b>	Student and/or Cosigner	N/A	N/A
<b>REPAYMENT TERMS</b>	Repayment period:  *Up to 10 years if principal balance less than \$30,000 or *Up to 20 years if principal balance \$30,000 or more  \$50 minimum monthly payment; however, is based on the total balance, interest rate, and remaining repayment period	Repayment period:  *Up to 15 years  \$75 minimum monthly payment; however, is based on total balance	Repayment period if scholarship ineligible for forgiveness:  *Up to 15 years  \$100 minimum monthly payment; however, is based on total balance

For more information contact the financial aid office at your institution or call (800) 242-3062 or (512) 427-6340 (Austin metro).

Texas Higher Education Coordinating Board, P.O. Box 12788, Austin, TX 78711-2788 or 1200 E. Anderson Lane, Austin, TX 78752

Rev 4/18/2012



# FAFSA<sup>SM</sup>

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July 1, 2013 – June 30, 2014

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Or apply free online at [www.fafsa.gov](http://www.fafsa.gov).

## Applying by the Deadlines

For federal aid, submit your application as early as possible, but no earlier than January 1, 2013. We must receive your application no later than June 30, 2014. Your college must have your correct, complete information by your last day of enrollment in the 2013-2014 school year.

For state or college aid, the deadline may be as early as January 2013. See the table to the right for state deadlines. You may also need to complete additional forms.

Check with your high school guidance counselor or a financial aid administrator at your college about state and college sources of student aid and deadlines.

If you are filing close to one of these deadlines, we recommend you file online at [www.fafsa.gov](http://www.fafsa.gov). This is the fastest and easiest way to apply for aid.

## Using Your Tax Return

If you (or your parents) need to file a 2012 income tax return with the Internal Revenue Service (IRS), we recommend that you complete it before filling out the FAFSA. If you have not completed your return yet, you can submit your FAFSA now using estimated tax information, and then correct that information after you file your return.

The easiest way to complete or correct your FAFSA with accurate tax information is by using the IRS Data Retrieval Tool through [www.fafsa.gov](http://www.fafsa.gov). In a few simple steps, you may be able to view your tax return information and transfer it directly into your FAFSA.

## Filling Out the FAFSA

If you or your family has unusual circumstances that might affect your financial situation (such as loss of employment), complete this form to the extent you can, then submit it as instructed and consult with the financial aid office at the college you plan to attend.

For help in filling out the FAFSA, go to [www.studentaid.gov/completestafsa](http://www.studentaid.gov/completestafsa) or call 1-800-4-FED-AID (1-800-433-3243). TTY users (for the hearing impaired) may call 1-800-730-8913.

Fill the answer fields directly on your screen or print the form and complete it by hand. Your answers will be read electronically; therefore if you complete the form by hand:

- use black ink and fill in circles completely:
- print clearly in CAPITAL letters and skip a box between words:
- report dollar amounts (such as \$12,356.41) like this:

Correct ☒ Incorrect ☐ ☒ ☐

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 no cents

Green is for student information and purple is for parent information.

## Mailing Your FAFSA

After you complete this application, make a copy of pages 3 through 8 for your records. Then mail the original of pages 3 through 8 to:

**Federal Student Aid Programs, P.O. Box 7002, Mt. Vernon, IL 62864-0072.**

After your application is processed, you will receive a summary of your information in your *Student Aid Report (SAR)*. If you provide an e-mail address, your SAR will be sent by e-mail within 3-5 days. If you do not provide an e-mail address, your SAR will be mailed to you within three weeks. If you would like to check the status of your FAFSA, go to [www.fafsa.gov](http://www.fafsa.gov) or call 1-800-4-FED-AID.

## Let's Get Started!

Now go to page 3 of the application form and begin filling it out. Refer to the notes as instructed.

## APPLICATION DEADLINES

Federal Aid Deadline - June 30, 2014

State Aid Deadlines - See below.

Check with your financial aid administrator for these states and territories:

AL, AS\*, AZ, CO, FM\*, GA, GU\*, HI\*, MH\*, MP\*, NE, NM, NV\*, PR, PW\*, SD\*, TX, UT, VA\*, VI\*, WI and WY\*.

Pay attention to the symbols that may be listed after your state deadline.

AK	AK Education Grant and AK Performance Scholarship - June 30, 2013 (date received)
AR	Academic Challenge - June 1, 2013 (date received) Workforce Grant - Contact the financial aid office. Higher Education Opportunity Grant - June 1, 2013 (date received)
CA	Initial awards - March 2, 2013 + * Additional community college awards - September 2, 2013 (date postmarked) + *
CT	February 15, 2013 (date received) # *
DC	May 31, 2013 (date received) * For priority consideration, submit application by April 30, 2013.
DE	April 15, 2013 (date received)
FL	May 15, 2013 (date processed)
IA	July 1, 2013 (date received); earlier priority deadlines may exist for certain programs. *
ID	Opportunity Grant - March 1, 2013 (date received) # *
IL	As soon as possible after January 1, 2013. Awards made until funds are depleted.
IN	March 10, 2013 (date received)
KS	April 1, 2013 (date received) # *
KY	As soon as possible after January 1, 2013. Awards made until funds are depleted.
LA	June 30, 2014 (July 1, 2013 highly recommended)
MA	May 1, 2013 (date received) #
MD	March 1, 2013 (date received)
ME	May 1, 2013 (date received)
MI	March 1, 2013 (date received)
MN	30 days after term starts (date received)
MO	April 1, 2013 (date received)
MS	MTAG and MESA Grants - September 15, 2013 (date received) HELP Scholarship - March 31, 2013 (date received)
MT	March 1, 2013 (date received) #
NC	As soon as possible after January 1, 2013. Awards made until funds are depleted.
ND	April 15, 2013 (date received) # Early priority deadlines may exist for institutional programs.
NH	NH is not offering a state grant this year.
NJ	2012-2013 Tuition Aid Grant recipients - June 1, 2013 (date received) All other applicants - October 1, 2013, fall & spring terms (date received) - March 1, 2014, spring term only (date received)
NY	June 30, 2014 (date received) *
OH	October 1, 2013 (date received)
OK	March 1, 2013 (date received) #
OR	OSAC Private Scholarships - March 1, 2013 (date received) Oregon Opportunity Grant - February 1, 2013 (date received)
PA	All first-time applicants at a community college; a business/trade/technical school; a hospital school of nursing; or enrolled in a non-transferable two-year program - August 1, 2013 (date received) All other applicants - May 1, 2013 (date received)
RI	March 1, 2013 (date received) #
SC	Tuition Grants - June 30, 2013 (date received) SC Commission on Higher Education - As soon as possible after January 1, 2013. Awards made until funds are depleted.
TN	State Grant - As soon as possible after January 1, 2013. Awards made until funds are depleted.
VT	State Lottery - September 1, 2013 (date received) # As soon as possible after January 1, 2013. Awards made until funds are depleted. *
WA	As soon as possible after January 1, 2013. Awards made until funds are depleted.
WV	Promise Scholarship - March 1, 2013 (date received) # * WV Higher Education Grant Program - April 15, 2013 (date received) #

# For priority consideration, submit application by date specified.

+ Applicants encouraged to obtain proof of mailing.

\* Additional form may be required.

STATE AID DEADLINES

### Notes for questions 14 and 15 (page 3)

If you are an eligible noncitizen, write in your eight- or nine-digit Alien Registration Number. Generally, you are an eligible noncitizen if you are (1) a permanent U.S. resident with a Permanent Resident Card (I-551); (2) a conditional permanent resident with a Conditional Green Card (I-551C); (3) the holder of an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any one of the following designations: "Refugee," "Asylum Granted," "Parolee" (I-94 confirms that you were paroled for a minimum of one year and status has not expired), T-Visa holder (T-1, T-2, T-3, etc.) or "Cuban-Haitian Entrant;" or (4) the holder of a valid certification or eligibility letter from the Department of Health and Human Services showing a designation of "Victim of human trafficking."

If you are in the U.S. on an F1 or F2 student visa, a J1 or J2 exchange visitor visa, or a G series visa (pertaining to international organizations), select "No, I am not a citizen or eligible noncitizen." You will not be eligible for federal student aid; however, you should still complete the application because you may be eligible for state or college aid.

### Notes for questions 16 and 17 (page 3)

Report your marital status as of the date you sign your FAFSA. If your marital status changes after you sign your FAFSA, check with the **financial aid office at the college**. According to the Defense of Marriage Act (1996), "...the word 'marriage' means a legal union between one man and one woman as husband and wife, and the word 'spouse' refers to a person of the opposite sex who is a husband or a wife." Therefore, same-sex unions are not considered marriages for federal purposes, including the FAFSA.

### Notes for question 22 (page 3)

The Selective Service System, and the registration requirement for young men, preserves America's ability to provide manpower in an emergency to the U.S. Armed Forces (Army, Navy, Air Force, Marines or Coast Guard). Almost all men—ages 18 through 25—must register. For more information about Selective Service, visit [www.sss.gov](http://www.sss.gov).

### Notes for questions 33 (page 4) and 80 (page 6)

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](http://www.federalreserve.gov/releases/h10/current).

### Notes for questions 34 (page 4) and 81 (page 6)

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.

### Notes for questions 37 (page 4) and 85 (page 7) — Notes for those who filed a 1040EZ

On the 1040EZ, if a person didn't check either box on line 5, enter 01 if he or she is single, or 02 if he or she is married. If a person checked either the "you" or "spouse" box on line 5, use 1040EZ worksheet line F to determine the number of exemptions (\$3,800 equals one exemption).

### Notes for questions 41 and 42 (page 4) and 89 and 90 (page 7)

Net worth means current value minus debt. If net worth is negative, enter 0.

**Investments include** real estate (do not include the home you live in), trust funds, UGMA and UTMA accounts, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, etc.

**Investments also include** qualified educational benefits or education savings accounts (e.g., Coverdell savings accounts, 529 college savings plans and the refund value of 529 prepaid tuition plans). For a student who does not report parental information, the accounts owned by the student (and/or the student's spouse) are reported as student investments in question 41. For a student who must report parental information, the accounts are reported as parental investments in question 89, including all accounts owned by the student and all accounts owned by the parents for any member of the household.

**Investments do not include** the home you live in, the value of life insurance, retirement plans (401[k] plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.) or cash, savings and checking accounts already reported in questions 40 and 88.

**Investments also do not include** UGMA and UTMA accounts for which you are the custodian, but not the owner.

Investment value means the current balance or market value of these investments as of today. Investment debt means only those debts that are related to the investments.

**Business and/or investment farm value includes** the market value of land, buildings, machinery, equipment, inventory, etc. Business and/or investment farm debt means only those debts for which the business or investment farm was used as collateral.

**Business value does not include** the value of a small business if your family owns and controls more than 50 percent of the business and the business has 100 or fewer full-time or full-time equivalent employees. For small business value, your family includes (1) persons directly related to you, such as a parent, sister or cousin, or (2) persons who are or were related to you by marriage, such as a spouse, stepparent or sister-in-law.

**Investment farm value does not include** the value of a family farm that you (your spouse and/or your parents) live on and operate.

### Notes for question 48 (page 5)

Answer "Yes" if you are currently serving in the U.S. Armed Forces or are a National Guard or Reserves enlistee who is on active duty for other than state or training purposes.

Answer "No" if you are a National Guard or Reserves enlistee who is on active duty for state or training purposes.

### Notes for question 49 (page 5)

Answer "Yes" (you are a veteran) if you (1) have engaged in active duty in the U.S. Armed Forces or are a National Guard or Reserves enlistee who was called to active duty for other than state or training purposes, or were a cadet or midshipman at one of the service academies, **and** (2) were released under a condition other than dishonorable. Also answer "Yes" if you are not a veteran now but will be one by June 30, 2014.

Answer "No" (you are not a veteran) if you (1) have never engaged in active duty in the U.S. Armed Forces, (2) are currently an ROTC student or a cadet or midshipman at a service academy, (3) are a National Guard or Reserves enlistee activated only for state or training purposes, or (4) were engaged in active duty in the U.S. Armed Forces but released under dishonorable conditions.

Also answer "No" if you are currently serving in the U.S. Armed Forces and will continue to serve through June 30, 2014.





27. What is the name of the high school where you received or will receive your high school diploma? Enter the complete high school name, and the city and state where the high school is located.

High School Name

High School City

STATE

28. Will you have your first bachelor's degree before July 1, 2013?

Yes ☐ 1 No ☐ 2

29. When you begin the 2013-2014 school year, what will be your grade level?

- Never attended college and 1st year undergraduate ..... ☐ 0  
 Attended college before and 1st year undergraduate ..... ☐ 1  
 2nd year undergraduate/sophomore ..... ☐ 2  
 3rd year undergraduate/junior ..... ☐ 3  
 4th year undergraduate/senior ..... ☐ 4  
 5th year/other undergraduate ..... ☐ 5  
 1st year graduate/professional ..... ☐ 6  
 Continuing graduate/professional or beyond ..... ☐ 7

30. When you begin the 2013-2014 school year, what degree or certificate will you be working on?

- 1st bachelor's degree ..... ☐ 1  
 2nd bachelor's degree ..... ☐ 2  
 Associate degree (occupational or technical program) ..... ☐ 3  
 Associate degree (general education or transfer program) ..... ☐ 4  
 Certificate or diploma (occupational, technical or education program of less than two years) ..... ☐ 5  
 Certificate or diploma (occupational, technical or education program of two or more years) ..... ☐ 6  
 Teaching credential (nondegree program) ..... ☐ 7  
 Graduate or professional degree ..... ☐ 8  
 Other/undecided ..... ☐ 9

31. Are you interested in being considered for work-study?

Yes ☐ 1 No ☐ 2 Don't know ☐ 3

## Step Two (Student):

Answer questions 32–57 about yourself (the student). If you are single, separated, divorced or widowed, answer only about yourself. If you are married or remarried as of today, include information about your spouse (husband or wife).

32. For 2012, have you (the student) completed your IRS income tax return or another tax return listed in question 33?

- I have already completed my return ..... ☐ 1  
 I will file but have not yet completed my return ..... ☐ 2  
 I'm not going to file. **Skip to question 38.** ..... ☐ 3

33. What income tax return did you file or will you file for 2012?

- IRS 1040 ..... ☐ 1  
 IRS 1040A or 1040EZ ..... ☐ 2  
 A foreign tax return. **See Notes page 2.** ..... ☐ 3  
 A tax return with Puerto Rico, another U.S. territory, or Freely Associated State. **See Notes page 2.** ..... ☐ 4

34. If you have filed or will file a 1040, were you eligible to file a 1040A or 1040EZ?  
**See Notes page 2.**

Yes ☐ 1 No ☐ 2 Don't know ☐ 3

For questions 35–44, if the answer is zero or the question does not apply to you, enter 0. Report whole dollar amounts with no cents.

35. What was your (and spouse's) adjusted gross income for 2012? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4.

\$

36. Enter your (and spouse's) income tax for 2012. Income tax amount is on IRS Form 1040—line 55; 1040A—line 35; or 1040EZ—line 10.

\$

37. Enter your (and spouse's) exemptions for 2012. Exemptions are on IRS Form 1040—line 6d or Form 1040A—line 6d. For Form 1040EZ, **see Notes page 2.**

Questions 38 and 39 ask about earnings (wages, salaries, tips, etc.) in 2012. 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.

38. How much did you earn from working in 2012?

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39. How much did your spouse earn from working in 2012?

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40. As of today, what is your (and spouse's) total current balance of cash, savings and checking accounts? **Don't include** student financial aid.

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41. As of today, what is the net worth of your (and spouse's) investments, including real estate? **Don't include** the home you live in. Net worth means current value minus debt. **See Notes page 2.**

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42. As of today, what is the net worth of your (and spouse's) current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. **See Notes page 2.**

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**43. Student's 2012 Additional Financial Information** (Enter the combined amounts for you and your spouse.)

- a. Education credits (American Opportunity, Hope or Lifetime Learning tax credits) from IRS Form 1040—line 49 or 1040A—line 31.
- 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 household, as reported in question 93.
- c. Taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships.
- d. Taxable student grant and scholarship aid **reported to the IRS in your 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 adjusted gross income. **Don't include** untaxed combat pay.
- f. Earnings from work under a cooperative education program offered by a college.

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**44. Student's 2012 Untaxed Income** (Enter the combined amounts for you and your spouse.)

- a. Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H and S.
- b. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17.
- c. Child support received for any of your children. **Don't include** foster care or adoption payments.
- d. Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b.
- e. Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). Exclude rollovers. If negative, enter a zero here.
- f. Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). Exclude rollovers. If negative, enter a zero here.
- g. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits). **Don't include** the value of on-base military housing or the value of a basic military allowance for housing.
- h. Veterans noneducation benefits, such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances.
- i. Other untaxed income not reported in items 44a through 44h, 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. Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form.

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**Step Three (Student):** Answer the questions in this step to determine if you will need to provide parental information. Once you answer "Yes" to any of the questions in this step, skip Step Four and go to Step Five on page 8.

45. Were you born before January 1, 1990? ..... Yes ☐ 1 No ☐ 2
46. As of today, are you married? (Also answer "Yes" if you are separated but not divorced.) ..... Yes ☐ 1 No ☐ 2
47. At the beginning of the 2013-2014 school year, will you be working on a master's or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, graduate certificate, etc.)? ..... Yes ☐ 1 No ☐ 2
48. Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training? **See Notes page 2.** ..... Yes ☐ 1 No ☐ 2
49. Are you a veteran of the U.S. Armed Forces? **See Notes page 2.** ..... Yes ☐ 1 No ☐ 2
50. Do you have children who will receive more than half of their support from you between July 1, 2013 and June 30, 2014? ..... Yes ☐ 1 No ☐ 2
51. 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, 2014? ..... Yes ☐ 1 No ☐ 2
52. 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? **See Notes page 9.** ..... Yes ☐ 1 No ☐ 2
53. As determined by a court in your state of legal residence, are you or were you an emancipated minor? **See Notes page 9.** ..... Yes ☐ 1 No ☐ 2
54. As determined by a court in your state of legal residence, are you or were you in legal guardianship? **See Notes page 9.** ..... Yes ☐ 1 No ☐ 2
55. At any time on or after July 1, 2012, did your high school or school district homeless liaison determine that you were an unaccompanied youth who was homeless? **See Notes page 9.** ..... Yes ☐ 1 No ☐ 2
56. At any time on or after July 1, 2012, 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? **See Notes page 9.** ..... Yes ☐ 1 No ☐ 2
57. At any time on or after July 1, 2012, 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? **See Notes page 9.** ..... Yes ☐ 1 No ☐ 2

Yes ☐ 1 No ☐ 2



**If you believe that you are unable to provide parental information, see Notes page 9.**

## Step Four CONTINUED on page 7

For questions 83–92, if the answer is zero or the question does not apply, enter 0. Report whole dollar amounts with no cents.

83. What was your parents' adjusted gross income for 2012? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4.

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84. Enter your parents' income tax for 2012. Income tax amount is on IRS Form 1040—line 55; 1040A—line 35; or 1040EZ—line 10.

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85. Enter your parents' exemptions for 2012. Exemptions are on IRS Form 1040—line 6d or on Form 1040A—line 6d. For Form 1040EZ, see Notes page 2.

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Questions 86 and 87 ask about earnings (wages, salaries, tips, etc.) in 2012. 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.

86. How much did your father/stepfather earn from working in 2012?

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87. How much did your mother/stepmother earn from working in 2012?

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88. As of today, what is your parents' total current balance of cash, savings and checking accounts?

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89. As of today, what is the net worth of your parents' investments, including real estate? **Don't include** the home in which your parents live. Net worth means current value minus debt. See Notes page 2.

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90. As of today, what is the net worth of your parents' current businesses and/or investment farms? **Don't include** a family farm or family business with 100 or fewer full-time or full-time equivalent employees. See Notes page 2.

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91. Parents' 2012 Additional Financial Information (Enter the amounts for your parent[s].)

a. Education credits (American Opportunity, Hope or Lifetime Learning tax credits) from IRS Form 1040—line 49 or 1040A—line 31.

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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.

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c. Your parents' taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships.

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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.

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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.

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f. Earnings from work under a cooperative education program offered by a college.

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92. Parents' 2012 Untaxed Income (Enter the amounts for your parent[s].)

a. Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H and S.

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b. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17.

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c. Child support received for any of your parents' children. **Don't include** foster care or adoption payments.

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d. Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b.

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e. Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). Exclude rollovers. If negative, enter a zero here.

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f. Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). Exclude rollovers. If negative, enter a zero here.

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g. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits). **Don't include** the value of on-base military housing or the value of a basic military allowance for housing.

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h. Veterans noneducation benefits, such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances.

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i. Other untaxed income not reported in items 92a through 92h, 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.

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## Step Five (Student):

 Complete this step only if you (the student) answered "Yes" to any questions in Step Three.

93. How many people are in your household?

Include:

- yourself (and your spouse),
- your children, if you will provide more than half of their support between July 1, 2013 and June 30, 2014, and
- other people if they now live with you, you provide more than half of their support and you will continue to provide more than half of their support between July 1, 2013 and June 30, 2014.

94. How many people in your (and your spouse's) household (from question 93) will be college students between July 1, 2013 and June 30, 2014? Always count yourself as a college student. Include others only if they will attend, at least half-time in 2013-2014, a program that leads to a college degree or certificate.

In 2011 or 2012, did you (or your spouse) or anyone in your household (from question 93) receive benefits from any of the federal programs listed? Mark all that apply. Answering these questions will not reduce eligibility for student aid or these programs. TANF may have a different name in your state. Call 1-800-4-FED-AID to find out the name of the state's program.

95. Supplemental Security Income (SSI) ☐ 96. Supplemental Nutrition Assistance Program (SNAP) ☐ 97. Free or Reduced Price Lunch ☐ 98. Temporary Assistance for Needy Families (TANF) ☐ 99. Special Supplemental Nutrition Program for Women, Infants and Children (WIC) ☐

100. As of today, are you (or your spouse) a dislocated worker? See Notes page 9.

Yes ☐ 1 No ☐ 2 Don't know ☐ 3

## Step Six (Student):

 Indicate which colleges you want to receive your FAFSA information.

Enter the six-digit federal school code and your housing plans. You can find the school codes at [www.fafsa.gov](http://www.fafsa.gov) or by calling 1-800-4-FED-AID. If you cannot get the code, write in the complete name, address, city and state of the college. For state aid, you may wish to list your preferred college first. To find out how to have more colleges receive your FAFSA information, read *What is the FAFSA?* on page 10.

1ST FEDERAL SCHOOL CODE		OR	NAME OF COLLEGE ADDRESS AND CITY	STATE	HOUSING PLANS	
101.a	101.b					
<input type="text"/>	on campus <input type="radio"/> 1					
	with parent <input type="radio"/> 2					
	off campus <input type="radio"/> 3					
2ND FEDERAL SCHOOL CODE		OR	NAME OF COLLEGE ADDRESS AND CITY	STATE	101.d	
101.c	on campus <input type="radio"/> 1					
	with parent <input type="radio"/> 2					
	off campus <input type="radio"/> 3					
3RD FEDERAL SCHOOL CODE		OR	NAME OF COLLEGE ADDRESS AND CITY	STATE	101.f	
101.e	on campus <input type="radio"/> 1					
	with parent <input type="radio"/> 2					
	off campus <input type="radio"/> 3					
4TH FEDERAL SCHOOL CODE		OR	NAME OF COLLEGE ADDRESS AND CITY	STATE	101.h	
101.g	on campus <input type="radio"/> 1					
	with parent <input type="radio"/> 2					
	off campus <input type="radio"/> 3					

## Step Seven (Student and Parent):

 Read, sign and date.

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 certify that all of the information you provided is true and complete to the best of your knowledge and 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.

102. Date this form was completed

MONTH  DAY  2013 ☐ or 2014 ☐

103. Student (Sign below)

1

Parent (A parent from Step Four sign below.)

2

If you or your family paid a fee for someone to fill out this form or to advise you on how to fill it out, that person must complete this part.

Preparer's name, firm and address

104. Preparer's Social Security Number (or 105)

-  -

105. Employer ID number (or 104)

-

106. Preparer's signature and date

1

COLLEGE USE ONLY

D/O ☐ 1

Homeless Youth Determination ☐ 4

FAA Signature

1

DATA ENTRY  
USE ONLY:

☐ P ☐ \* ☐ L ☐ E

FEDERAL SCHOOL CODE



### Notes for question 52 (page 5)

Answer **"Yes"** if at any time since you turned age 13:

- You had no living parent (biological or adoptive), even if you are now adopted; or
- You were in foster care, even if you are no longer in foster care today; or
- You were a dependent or ward of the court, even if you are no longer a dependent or ward of the court today. For federal student aid purposes, someone who is incarcerated is not considered a ward of the court.

The financial aid administrator at your school may require you to provide proof that you were in foster care or a dependent or ward of the court.

### Notes for questions 53 and 54 (page 5)

The definition of legal guardianship does not include your parents, even if they were appointed by a court to be your guardians. You are also not considered a legal guardian of yourself.

Answer **"Yes"** if you can provide a copy of a court's decision that as of today you are an emancipated minor or are in legal guardianship. Also answer **"Yes"** if you can provide a copy of a court's decision that you were an emancipated minor or were in legal guardianship immediately before you reached the age of being an adult in your state. The court must be located in your state of legal residence at the time the court's decision was issued.

Answer **"No"** if you are still a minor and the court decision is no longer in effect or the court decision was not in effect at the time you became an adult.

The financial aid administrator at your college may require you to provide proof that you were an emancipated minor or in legal guardianship.

### Notes for questions 55–57 (page 5)

Answer **"Yes"** if you received a determination at any time on or after July 1, 2012, that you were an unaccompanied youth who was homeless or, for question 57, at risk of being homeless.

- **"Homeless"** means lacking fixed, regular and adequate housing. You may be homeless if you are living in shelters, parks, motels or cars, or are temporarily living with other people because you have nowhere else to go. Also, if you are living in any of these situations and fleeing an abusive parent you may be considered homeless even if your parent would provide support and a place to live.
- **"Unaccompanied"** means you are not living in the physical custody of your parent or guardian.
- **"Youth"** means you are 21 years of age or younger or you are still enrolled in high school as of the day you sign this application.

Answer **"No"** if you are not homeless or at risk of being homeless, or do not have a determination. You should contact your financial aid office for assistance if you do not have a determination but believe you are an unaccompanied youth who is homeless or are an unaccompanied youth providing for your own living expenses who is at risk of being homeless.

The financial aid administrator at your college may require you to provide a copy of the determination if you answered **"Yes"** to any of these questions.

### Notes for students unable to provide parental information on pages 6 and 7

Under very limited circumstances (for example, your parents are incarcerated; you have left home due to an abusive family environment; or you do not know where your parents are and are unable to contact them), you may be able to submit your FAFSA without parental information. **If you are unable to provide parental information**, skip Steps Four and Five, and go to Step Six. Once you submit your FAFSA without parental data, **you must follow up with the financial aid office at the college you plan to attend**, in order to complete your FAFSA.

### Notes for Step Four, questions 58–92 (pages 6 and 7)

Additional instructions about who is considered a parent on this form:

- If your parent is widowed or single, answer the questions about that parent.
- If your widowed parent is remarried as of today, answer the questions about that parent and your stepparent.
- If your parents are divorced or separated, answer the questions about the parent you lived with more during the past 12 months. (If you did not live with one parent more than the other, give answers about the parent who provided more financial support during the past 12 months, or during the most recent year that you actually received support from a parent.) If this parent is remarried as of today, answer the questions about that parent and your stepparent.

### Notes for questions 82 (page 6) and 100 (page 8)

In general, a person may be considered a dislocated worker if he or she:

- is receiving unemployment benefits due to being laid off or losing a job and is unlikely to return to a previous occupation;
- has been laid off or received a lay-off notice from a job;
- was self-employed but is now unemployed due to economic conditions or natural disaster; or
- is a displaced homemaker. A displaced homemaker is generally a person who previously provided unpaid services to the family (e.g., a stay-at-home mom or dad), is no longer supported by the husband or wife, is unemployed or underemployed, and is having trouble finding or upgrading employment.

If a person quits work, generally he or she is not considered a dislocated worker even if, for example, the person is receiving unemployment benefits.

Answer **"Yes"** to question 82 if your parent is a dislocated worker. Answer **"Yes"** to question 100 if you or your spouse is a dislocated worker.

Answer **"No"** to question 82 if your parent is not a dislocated worker. Answer **"No"** to question 100 if neither you nor your spouse is a dislocated worker.

Answer **"Don't know"** to question 82 if you are not sure whether your parent is a dislocated worker. Answer **"Don't know"** to question 100 if you are not sure whether you or your spouse is a dislocated worker. You can contact your financial aid office for assistance in answering these questions.

The financial aid administrator at your college may require you to provide proof that your parent is a dislocated worker, if you answered **"Yes"** to question 82, or that you or your spouse is a dislocated worker, if you answered **"Yes"** to question 100.

# What is the FAFSA<sup>SM</sup>?

## Why fill out a FAFSA?

The **Free Application for Federal Student Aid** (FAFSA) is the first step in the financial aid process. You use the FAFSA to apply for federal student aid, such as grants, loans and work-study. In addition, most states and colleges use information from the FAFSA to award nonfederal aid.

## Why all the questions?

The questions on the FAFSA are required to calculate your Expected Family Contribution (EFC). The EFC measures your family's financial strength and is used to determine your eligibility for federal student aid. Your state and the colleges you list may also use some of your responses. They will determine if you may be eligible for school or state aid, in addition to federal aid.

## How do I find out what my Expected Family Contribution (EFC) is?

Your EFC will be listed on your *Student Aid Report* (SAR). Your SAR summarizes the information you submitted on your FAFSA. It is important to review your SAR to make sure all of your information is correct and complete. Make corrections or provide additional information, as necessary.

## How much aid will I receive?

Using the information on your FAFSA and your EFC, the financial aid office at your college will determine the amount of aid you will receive. The college will use your EFC to prepare a financial aid package to help you meet your financial need. Financial need is the difference between your EFC and your college's cost of attendance (which can include living expenses), as determined by the college. If you or your family have unusual circumstances that should be taken into account, contact your college's financial aid office. Some examples of unusual circumstances are: unusual medical or dental expenses or a large change in income from last year to this year.

## When will I receive the aid?

Any financial aid you are eligible to receive will be paid to you through your college. Typically, your college will first use the aid to pay tuition, fees and room and board (if provided by the college). Any remaining aid is paid to you for your other educational expenses. If you are eligible for a Federal Pell Grant, you may receive it from only one college for the same period of enrollment.

## How can I have more colleges receive my FAFSA information?

If you are completing a paper FAFSA, you can only list four colleges in the school code step. You may add more colleges by doing one of the following:

1. Use the Federal Student Aid PIN you will receive after your FAFSA has been processed and go to *FAFSA on the Web* at [www.fafsa.gov](http://www.fafsa.gov). Click the "Login" button on the home page to log in to *FAFSA on the Web*, then click "Make FAFSA Corrections."
2. Use the *Student Aid Report* (SAR), which you will receive after your FAFSA is processed. Your Data Release Number (DRN) verifies your identity and will be listed on the first page of your SAR. You can call 1-800-4-FED-AID and provide your DRN to a customer service representative, who will add more school codes for you.
3. Provide your DRN to the financial aid administrator at the college you want added, and he or she can add their school code to your FAFSA.

**Note:** Your FAFSA record can only list up to ten school codes. If there are ten school codes on your record, any new school codes that you add will replace one or more of the school codes listed.

## Where can I receive more information on student aid?

The best place for information about student financial aid is the financial aid office at the college you plan to attend. The financial aid administrator can tell you about student aid available from your state, the college itself and other sources.

- You can also visit our web site [StudentAid.gov](http://StudentAid.gov).
- For information by phone you can call our Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). TTY users (for the hearing impaired) may call 1-800-730-8913.
- You can also check with your high school counselor, your state aid agency or your local library's reference section.

Information about other nonfederal assistance may be available from foundations, religious organizations, community organizations and civic groups, as well as organizations related to your field of interest, such as the American Medical Association or American Bar Association. Check with your parents' employers or unions to see if they award scholarships or have tuition payment plans.

## Information on the Privacy Act and use of your Social Security Number

We use the information that you provide on this form to determine if you are eligible to receive federal student financial aid and the amount that you are eligible to receive. Sections 483 and 484 of the Higher Education Act of 1965, as amended, give us the authority to ask you and your parents these questions, and to collect the Social Security Numbers of you and your parents. We use your Social Security Number to verify your identity and retrieve your records, and we may request your Social Security Number again for those purposes.

State and institutional student financial aid programs may also use the information that you provide on this form to determine if you are eligible to receive state and institutional aid and the need that you have for such aid. Therefore, we will disclose the information that you provide on this form to each institution you list in questions 101a - 101h, state agencies in your state of legal residence and the state agencies of the states in which the colleges that you list in questions 101a - 101h are located.

If you are applying solely for federal aid, you must answer all of the following questions that apply to you: 1-9, 14-16, 18, 21-23, 26, 28-29, 32-36, 38-58, 60-67, 69, 72-84, 86-100, 102-103. If you do not answer these questions, you will not receive federal aid.

Without your consent, we may disclose information that you provide to entities under a published "routine use." Under such a routine use, we may disclose information to third parties that we have authorized to assist us in administering the above programs; to other federal agencies under computer matching programs, such as those with the Internal Revenue Service, Social Security Administration, Selective Service System, Department of Homeland Security, Department of Justice and Veterans Affairs; to your parents or spouse; and to members of Congress if you ask them to help you with student aid questions.

If the federal government, the U.S. Department of Education, or an employee of the U.S. Department of Education is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain conditions are met. In addition, we may send your information to a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim that is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record; the amount, status and history of the claim; and the program under which the claim arose.

## State Certification

By submitting this application, you are giving your state financial aid agency permission to verify any statement on this form and to obtain income tax information for all persons required to report income on this form.

## The Paperwork Reduction Act of 1995

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number, which for this form is 1845-0001. Public reporting burden for this collection of information is estimated to average three hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is voluntary. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Federal Student Aid Information Center, P.O. Box 84, Washington, D.C. 20044. Please do not return the completed FAFSA to this address.

We may request additional information from you to process your application more efficiently. We will collect this additional information only as needed and on a voluntary basis.