

5 crunch-time tips for filing student aid FAFSA forms



By **Susan Tompor**, Detroit Free Press Personal Finance Columnist 9:09 p.m. EST January 13, 2016

Parents and college students should try to file the federal form for financial aid as early as they can in 2016 if they're applying for aid in the 2016-17 year.



(Photo: Susan Tompor)

We're looking at a quirky new year for financial aid applications for college. Parents and students face the prospect of filing two FAFSAs in 2016. Yes, two times the bury-your-head-in-paperwork fun in one year.

It's a one-time blip because of an upcoming change in the rules for the Free Application for Federal Student Aid. The new rules kick off for the 2017-18 school year when filling out FAFSA forms will start on Oct. 1, 2016.

For students heading to college in the 2016-17 school year, though, the timetable remains the same as in past years when the FAFSA filing season starts Jan. 1. So it's time to get moving on the first FAFSA round for the year.

Filing the FAFSA is one of those headaches that's a necessary part of college life. And let's face it, when you mix the federal government with academics, well, let the jargon fly.

But filing the FAFSA is essential to receiving financial aid from the federal government, state government and most colleges and universities. It's a free form that covers one school year at a time.

How much aid you can receive, though, can vary considerably even within the same family each year.

"Small changes in income, student assets and the number of children in college can have a big impact," said Mark Kantrowitz, a financial aid expert who is now publisher and vice president of strategy for [Cappex.com](https://www.cappex.com/). (<https://www.cappex.com/>)

Here are five things to know about FAFSA:



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No. 1: File as early as possible once the forms are available.

You can [file the forms online \(https://fafsa.ed.gov/\)](https://fafsa.ed.gov/) now for 2016-17. Do not drag your feet and say, maybe, wait to file until you've actually completed your tax returns. Do not wait for an acceptance email or letter from a given college, either. See [Fafsa.ed.gov](https://fafsa.ed.gov/).

The actual [deadlines vary by state. \(https://fafsa.ed.gov/deadlines.htm\)](https://fafsa.ed.gov/deadlines.htm) If your legal residence is Michigan, for example, the deadline for the 2016-17 school year is March 1. A chart at the FAFSA site lists deadlines by state. Iowa, for example, lists July 1 by midnight central time. Earlier priority deadlines might exist in Iowa for certain programs.

Karen McCarthy, senior policy analyst for the [National Association of Student Financial Aid Administrators \(http://www.nasfaa.org/\)](http://www.nasfaa.org/), said the biggest mistake that parents and students make is that they wait until the last minute possible fill out the FAFSA form, instead of filing as soon as possible.

"They do not file early enough because they think they have lots of time to do it," McCarthy said.

But some financial aid is awarded, for example, on a first-come, first-served basis. Some schools have earlier deadlines.

One tip: Many states offer "[College Goal Sunday](http://www.collegegoalsundayusa.org/)" (<http://www.collegegoalsundayusa.org/>) programs in January, February and March. Such sessions provide free help to complete the FAFSA form.

See collegegoalsundayusa.org. Or see MICollegeGoal.org for a list of [events across Michigan](http://www.micollegegoal.org/), most of which run in February. Or you can call 800-832-2464 on weekdays for information on the Michigan programs.

Another good resource: U.S. Department of Education's toll free hotline is 800-433-3243.

Some local high schools also hold financial aid nights or other events to help parents and students learn about FAFSA.



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No. 2: Don't over-inflate your investments.

When it comes to FAFSA forms, money in a retirement plan, including a 401(k) and IRA, is not counted as part of your assets or investments, Kantrowitz said. You also do not need to include the net equity in your primary home. You would count equity in a vacation home or rental property on the FAFSA form.

If you take a distribution from your 401(k) plan that year, of course, that money would be counted as income for the FAFSA form.

Kantrowitz said one of the big mistakes people make involves listing money in retirement plans among assets, thereby inflating your wealth and possibly reducing the student's chances for financial aid.

In general, it can help to gather your paperwork before trying to sit down and complete the form. You can file estimated figures in advance of actually filing your 2015 income tax return. So you'd need your final pay stub for 2015, W-2 forms and 1099s.

If you use estimated tax information to fill out a FAFSA, you must correct that information after you file your tax return. You can use the Internal Revenue Service Data Retrieval Tool, which is available within the online FAFSA, to access IRS tax return information needed to complete the FAFSA and transfer the data directly to FAFSA from the IRS.

You'd need records of other taxable income, including unemployment benefits, too.

If you've filed the 2015 tax return early or you wait to file the FAFSA form until you do, you'd gather that 1040 tax form too.

The FAFSA will require Social Security numbers. And for dependent students, the FAFSA will also require the parent's Social Security Number. A student's driver's license is optional -- and recommended -- to provide a way to verify the student's identity.

No. 3: Take time to read the instructions carefully.

Unfortunately, it can be easy to plug in an answer online when you really don't know the answer. But this isn't like some standardized testing. You don't get extra points for guessing.

Catherine Berrahou, director of financial aid and scholarships at Walsh College in Troy, said the online form for FAFSA does give helpful hints and tips, if you don't understand a question.

What's a common error? One question involves what you paid in federal taxes, she said, but sometimes a parent or student will fill in the adjusted gross income. That's not correct, as "income tax is not the same as income," according to [a warning \(http://blog.ed.gov/2015/01/7-common-fafsa-mistakes-2/?utm_source=Outbrain&utm_medium=d_native&utm_campaign=2015FAFSA&utm_content=B_7_common\)](http://blog.ed.gov/2015/01/7-common-fafsa-mistakes-2/?utm_source=Outbrain&utm_medium=d_native&utm_campaign=2015FAFSA&utm_content=B_7_common) on a U.S. Department of Education blog.

Or some could mistakenly leave blank the area to report a parent's income from work.

Berrahou recommends that students go back within a day or two after filing the form to make sure the application was not rejected. If it is rejected, she said, take extra care and provide the necessary information soon.

Another common mistake? Take care to fill out the exact name that's listed on the student's Social Security card. If you're daughter's birth name is Jane and that's what's on Social Security records, don't fill out Jenny if that's what she calls herself now. Do not use nicknames.

Other tips: Do not forget to sign the FAFSA forms. If you're a dependent student, (<https://studentaid.ed.gov/sa/fafsa/filling-out/dependency#am-i-dependent-or-independent>) you also need to report information relating to your parents.

No. 4: Divorced? Some families first must determine what parent to list on FAFSA.

Family life can add a different twist to the FAFSA mix.

Anita Myles, senior vice president for Edvisors.com (<https://www.edvisors.com/?utm>), said it's essential to review the rules in cases when parents are divorced or when there are other special family situations.

"For example, if the student's grandparent legally adopts the student, the grandparent will be required to complete the FAFSA," according to the "Filing the FAFSA" (<https://www.edvisors.com/fafsa/book/download-2016-2017-now/>) book that's free online at www.edvisors.com.

If the student only lives with the grandparent -- and was not adopted by the grandparent -- the grandparent is not considered to be the parent when filing the FAFSA form. But at the same time, any financial aid provided by the grandparent to the student should be reported as untaxed income to the student on the FAFSA, Kantrowitz said.

In the case of a divorce, the dependent student would need to review which parent he or she has spent the most time with in the past year. If time was split evenly, Myles said, the parent for FAFSA would be the one who provided the most financial support.

No. 5: Be prepared come October to have all this fun again.

A new start time for the FAFSA season hits for the 2017-18 school year when filling out FAFSA forms will start in October.

The strategy is twofold: High school seniors and others could apply for financial aid in the fall around the same time as they fill out applications for colleges. Plus you'd have the 2015 tax return to use when filing the FAFSA for the 2017-18 academic year.

Rick Castellano, a spokesperson for Sallie Mae, said the October kick off could take some of the mystery out of getting appropriate tax information so early in the year. The earlier kick off could encourage some families to take time to file the FAFSA. (<https://www.salliemae.com/plan-for-college/financial-aid/fafsa/?dtd=SMPLCADCOTDOPNOTOTHOTHR010003>)

"The last thing you want to do is miss out on free money for college," Castellano said. "You don't want to leave that free money on the table."

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