

Completing the 1997-98 Free Application for Federal Student Aid (FAFSA)

Main Objectives:

- o Participants will be able to identify all sections of the 1997-98 Free Application for Federal Student Aid (FAFSA).
- o Participants will be able to correctly complete a 1997-98 FAFSA using a case study.

Preparations:

- o A copy of the 1997-98 FAFSA (with instructions) should be given to each participant before the session begins.
- o Participants will be using the case study in their Trainee Guides, blank FAFSAs and instructions, and the completed FAFSA sections in their Trainee Guides. You might want to tell them at the beginning of the session that you'll be sending them back and forth to different references.

ED uses the information students and families report on the FAFSA to calculate the Expected Family Contribution (EFC). As you know from Session 2, the EFC is a basic, required component used to determine students' financial need for federal aid. (OH 1)

Turn to Session 3, page 1 of your Trainee Guide. If you look at the overview of the session's contents, you'll see that we will review the following:

- o First, we will introduce you to the 1997-98 Free Application for Federal Student Aid (FAFSA)—the form, the instructions, and the worksheets.
- o Second, we will go through the FAFSA and, using a case study, discuss how students and their parents should fill it out, section by section.

Time Estimate:

Lecture 90 minutes
Total Time: 90 minutes

**TG 2****TG 1**

Some students may be able to file the FAFSA electronically using personal computers at their homes, high schools, or postsecondary institutions. The electronic FAFSA, known as FAFSA Express, is a software program that collects the same student data as the hardcopy form. For those of you who are interested in learning how to use this software, we are providing you with an opportunity to get on the system during the lunch period. We will discuss the FAFSA Express software more in Session 4.

In this session, everyone needs a copy of the paper FAFSA and its instructions. Before we begin, does anyone **not** have a copy of the FAFSA?

» Please distribute FAFSAs to any participants who raise their hands.

INTRODUCTION TO THE 1997-98 FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

Instructions and Worksheets

Please look at your FAFSA.

» Hold up the FAFSA.

When counseling students, you can never overemphasize the importance of reading the instructions.

The instructions contain the answers to **many** commonly asked questions; therefore, if students read the instructions first, chances are that they will make few if any mistakes when they complete the form.

The front page of the instructions contains some very important information. For example:

- o The box on the left, at about the middle of the column, cautions students and parents that they may be asked to provide proof of the information they report on the

Instructor's Notes

FAFSA Express

1997-98 FAFSA

Instructor's Notes

FAFSA. Providing false or misleading information on the FAFSA is a felony that can lead to a fine, imprisonment, or both.

- o The bottom half of the left-hand column explains that the FAFSA is used as the application for all federal student financial aid and for most state and some institutional aid.
- o The right-hand column lists the federal student financial aid programs by name, mentions general eligibility requirements, and gives the deadlines for filing the 1997-98 FAFSA.

Please note that students **cannot** file the 1997-98 FAFSA before January 1, 1997 and that they can file it up until June 30, 1998. This means there is an 18-month “window” for filing the FAFSA each award year. (An award year starts July 1 and ends July 30 the following year.) Many students will want to file their 1997-98 FAFSAs in the early months of 1997 to meet a state or school filing deadline.

Please turn to page 2 of the FAFSA **instructions**. Halfway down the page are some tips for filling out the form.

- o Use a pen with dark ink or a #2 pencil.
 - Do not use a pen with red or green ink.
 - Do not use a highlighter on the actual form.
- o For errors, use white-out or erase completely.
- o Fill in ovals completely.
- o Do not write comments or notes in the margins.
- o Round off cents to the nearest dollar.

Note to Instructor:

The student must file a FAFSA each year he or she is applying for aid.

Many states and schools have priority deadlines for financial aid applicants in February or March after which they award grants and scholarships on a first-come-first-serve-basis. A senior going to college in the fall after graduation must usually send in a FAFSA in January of that year.

- o Write dates in numbers. For instance, this Valentine's Day would be written 02-14-97.
- o Do not include notes, tax forms, or letters.

At the bottom of the page, you'll find a heading, "Records You Will Need." This is a list of records and papers that students and their families need to gather before they attempt to fill out the FAFSA. The records needed are:

- o the student's driver's license and Social Security number;
- o W-2 forms and other records of money earned in 1996;
- o a 1996 U.S. income tax return (IRS Forms 1040, 1040A, or 1040EZ);
 - If a tax return hasn't been completed yet, page 5 of the FAFSA instructions tells what to do.
- o records of untaxed income, such as welfare, Social Security, AFDC or ADC, or veterans' benefits;
- o current bank statements;
- o current mortgage information;
- o business and farm records; **and**
- o records of stocks, bonds, and other investments.

Getting organized is another key to successfully completing the form. If students have the necessary information in front of them when they fill out their FAFSAs, they are much less likely to make costly errors.

Instructor's Notes

Important records

Instructor's Notes
Proof of information

Notice the statement in bold print that says “**Keep these records!**” Many students, at a later date, will be required to provide proof of the information they reported on the FAFSA to their postsecondary institution. So, they need to follow these directions. And it's just good practice for students to get in the habit of saving and filing important documents.

It is also important to inform students that when the FAFSA says “you” or “yours,” it means the student, not the parents.

At the top of the right-hand column, the instructions for completing the form begin.

CASE STUDY: COMPLETING THE 1997-98 FAFSA**The Application Form**

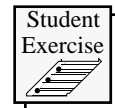
The actual FAFSA form is usually found between pages 6 and 7 of the instructions.

The main part of this session involves going through the FAFSA section by section in your Trainee Guide. We'll be using a case study so you can learn how to complete the form accurately.

The case study begins on page 3 of your Trainee Guide. Please turn to page 3 now and take it out so you can refer to it when you complete the FAFSA.

You are to play the role of a student applying for financial aid. Your name is Chris B. Jackson, and you will complete the FAFSA using the case study information. We will review the FAFSA before completing the form for ChrisJackson. But first, take a few minutes to read Chris's story.

» Allow the participants 5 minutes to read the case study. Your copy of the case study is on page 33 of this guide and the completed FAFSA for Chris starts on page 34 of this guide.

TG 3

Now that you have read through the Chris Jackson case study, let's talk about how we will proceed through the sections of the FAFSA.

Since some sections of the FAFSA are more complex than others, we'll concentrate on the sections that give students and parents the most difficulty.

For the next few minutes, we will go over the form itself by having you fill out a blank FAFSA, section by section.

- o First, the main points of each FAFSA section will be explained;
- o next, you will fill out each section for Chris Jackson on the blank FAFSA in your Trainee Guide;
- o finally, we will look at each completed section of the FAFSA for the answers.

We'll start with Section A. Please turn to page 4 of your Trainee Guide. (OH 2)

Section A: You (the student)

Questions 1 through 19 collect personal identifying information on a student such as name, address, Social Security number, driver's license number and issuing state, citizenship status, state of legal residence, marital status, and bachelor's degree held. Many of these questions are straightforward, but a few bear discussing.

Students **must** have a Social Security number to apply for federal financial assistance. If students fail to fill in their Social Security numbers, their FAFSAs will be returned to them unprocessed.

Instructor's Notes

Note to Instructor:

The High School Counselor's Handbook supplies additional information on completing the FAFSA.



TG 4

Instructor's Notes

- o It will also be returned if the student's signature is missing or if the FAFSA is signed before January 1, 1997. In these cases, the student can experience a significant delay in processing. No processing will occur when the FAFSA is received after June 30, 1998.

The only exception to the Social Security number requirement is for students from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

A student must also give his or her permanent home mailing address rather than a school or office address. The student's state of legal residence is used to determine if the student is eligible for financial aid from a state agency.

The home mailing address is also used to determine the appropriate state and other tax allowances used in the EFC calculation.

Other questions may require applicants to refer to the instructions and read them carefully.

- o For example, Questions 15 and 16 are about citizenship. Students who are not U.S. citizens will need to go to pages 2 and 3 of the instructions and read the explanation of how to answer Questions 15 and 16.
- o Another example is Question 19, "Will you have your first bachelor's degree before July 1, 1997?" If Chris checks the "Yes" box by mistake, she will not be considered for a Federal Pell Grant or FSEOG, as recipients of Pell Grants and FSEOG must be undergraduate students. **It is very important that a high school senior answer this question "No."**

Note to Instructor:
The FAFSA Instructions refer students in this category to a postsecondary school's financial aid administrator who sends the FAFSA to a special P.O. Box address for processing. This address is listed in Session 4.

Turn to the blank Section A on page 5 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 1 through 19.

» Allow participants 2-3 minutes to work on Section A before reviewing the questions. Allow participants a few seconds to respond to each question.

Let's turn to page 6 of your Trainee Guide to see how Chris filled out Section A.

Q: What is Chris's state of legal residence?

A: *That's right, Maryland.*

Q: What does Chris enter for Questions 13 and 14, since she doesn't have a driver's license?

A: *Did someone say "None?" That's correct.*

Q: Did Chris enter her Social Security number?

A: *Yes. It's 999-99-9999.*

Q: What is Chris's citizenship status?

A: *She is a U.S. citizen.*

Q: How does Chris answer Question 19?

A: *"No!" It's the only response a high school senior should give.*

Next, we'll look at Section B. Please turn to page 7 of your Trainee Guide. (OH 3)

Instructor's Notes

TG 5

TG 3

TG 6



TG 7

Section B: Education Background

Questions 20 and 21 in this section ask for the date the student received a high school diploma (or GED).

Questions 22 and 23 are about the student's parents. This means the student's birth parents, adoptive parents, or legal guardian(s), but **not** stepparents or foster parents.

- o Questions 22 and 23 are optional and have no effect on **federal** financial aid. However, state agencies use this information to award state grants and scholarships.

Turn to the blank Section B on page 8 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 20 through 23.

- » Give the participants 2-3 minutes to work on Section B before reviewing the questions. Allow participants a few seconds to respond to each answer.

Let's turn to page 9 of your Trainee Guide to see how Chris filled out Section B.

- o Chris answered Question 20 by filling in the month and year of her graduation, 06-97.
- o Chris did not answer Question 21 since she is receiving a high school diploma, not a GED. It is left blank.
- o Chris filled in the number "2" oval for Question 22 and Question 23 since both her mother and father are high school graduates.

Remember, Chris doesn't have to answer Questions 22 and 23. Chris does so because she wants to be considered for her state's financial aid programs.

Let's go to Section C. Please turn to page 10 of your Trainee Guide. (OH 4)

Instructor's Notes

Note to Instructor:
These two questions are the only time on the FAFSA that "parent" is defined this way.

TG 8

TG 3

TG 9



TG 10

Section C: Your Plans

Section C collects information used by schools to award aid.

The questions in this section help financial aid administrators make better financial aid “packaging” decisions by providing information about a student’s yearrank in college, enrollment status, program type and length, and preference for types of aid.

- o Questions 24 through 32 collect information on a student’s enrollment status, the terms in which he or she plans to enroll, course of study, the type of degree or certificate and when he or she expects to receive it, and grade level during the 1997-98 school year.
 - A student undecided about his or her course of study should not be concerned; simply use code 27, “other/undecided.”
 - If a student marks “full time” and later decides to enroll part time, his or her financial aid award may be adjusted downward.
- o In Question 32, a student has to indicate his or her grade level for the 1997-98 school year. This question is used to establish federal student aid loan limits. High school seniors or persons who will be entering college for the first time should check “1st yr./never attended college.”
- o In Questions 33 through 35, a student (and his or her parents) should indicate the types of financial aid he or she prefers to receive.
 - If a student is unclear as to what types of aid he or she would like to be considered for, he or she should check “Yes” to all three questions. By doing

Instructor’s Notes

Note to Instructor:
How postsecondary schools package financial aid awards is the subject of Session 5.

Note to Instructor:
This answer also applies to high school students who have taken college-level courses prior to graduating from high school. They, too, are considered, “1st yr./never attended college.”

Instructor's Notes

so, the student will receive consideration for all types of aid.

- When an award letter is received, a student may decline any source of financial aid he or she does not want.
- o Question 36 should be left blank if a student is still in high school. An applicant who has never attended college would also leave it blank.
- o Question 37 should be answered with a zero if a student has no dependent(s).
 - This question should also be answered with a zero if an applicant has a child or children for whom he or she does not provide more than half the financial support.
 - Parents should not answer this question with information about their child-care or elder-care expenses. This is the student section; parent expense allowances are taken into consideration in the need analysis formula.
- o Questions 38 and 39 collect information on any veterans' education benefit payments a student expects to receive during the 1997-98 academic year.
 - If students are unsure about their eligibility for Dependent Education Assistance, they should check with the Veterans Administration and their postsecondary school's Veterans Affairs Office.

Turn to the blank Section C on page 11 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 24 through 39.

TG 11
TG 3

Instructor's Notes

- » Allow participants 2-3 minutes to work on Section C before reviewing the questions. Allow participants a few seconds to respond to each answer.

Let's turn to page 12 of your Trainee Guide to see how Chris filled out Section C.

TG 12

- o Since Chris will be a full-time student for the fall 1997 and spring 1998 semesters, she filled in the number "1" oval for Question 25 and Question 27.

Q: What is the code for Chris's course of study?

A: *That's right—06. She will be a computer science major.*

- o Chris answered "4" for Question 30 and "05-15-2001" for Question 31.
- o Chris answered "1st year/never attended college" for Question 32.
- o Chris is interested in financial aid, so she marked "Yes" for Questions 33 and 34, but she answered "No" for Question 35 (parent loans).
- o Chris left Question 36 blank.
- o Chris answered zero for Questions 37, 38, and 39.

Are there any questions?

Section D is next. Please turn to page 13 of your Trainee Guide. (OH5)

**TG 13****Section D: Student Status**

Section D determines whether a student should be classified as a dependent student or as an independent student.

Instructor's Notes

This classification is very important, and it is not something the student chooses. It determines whether the financial data of a student's parents will be included in calculating the Expected Family Contribution (EFC). A student's own resources are always included in calculating the EFC.

To be classified as an independent student, a student must:

- o be at least 24 years of age by December 31, 1997. This means that for 1997-98, the student must have been born before January 1, 1974; **or**
- o be a veteran of the U. S. Armed Forces (Army, Air Force, Navy, Marine Corps, or Coast Guard); **or**
- o be enrolled in a graduate or professional program in 1997-98; **or**
- o be married **at the time the student signs the application**; **or**
- o be an orphan or ward of the court or have been a ward of the court until reaching age 18; **or**
- o have legal dependents, other than a spouse, that fit the following definition.
 - A student has legal dependents for the purpose of the FAFSA:
 - ◇ if the student has any children to whom he or she provides more than half of their support; **or**
 - ◇ if the student has other people, not including a spouse, to whom he or she provides more than half of their support and will continue to provide that support during the 1997-98 school year, **and** the people live with the student.

Note to Instructor:
The children do not have to live with the student.

The two questions in Section D that might confuse high school students are Question 42 and Question 44.

- o In Question 42, some students have thought that being a high school graduate meant that they were a “graduate student.” The 1997-98 FAFSA clarifies the question by stating, “...enrolled in a graduate program **beyond** a bachelor’s degree.”
- o For Question 44, a student is considered an orphan if both parents are dead and if he or she does not have an adoptive parent or legal guardian.
 - A student who is a ward of the court or was a ward of the court until age 18 must have legal documentation from the court that states this.

A student will be classified as an independent student if he or she can answer “Yes” to **any one of the questions in Section D**. All other students are classified as dependent students.

A student may also be deemed independent when the student has unusual circumstances. Such a decision is called a “dependency override.” Dependency override decisions are made on a case-by-case basis, solely at the discretion of the postsecondary school’s financial aid administrator.

Even if a student believes he or she has grounds to be determined an independent student, at this point in the process the student still fills out the FAFSA as a dependent student, or contacts the financial aid office of the school he or she plans to attend for additional instructions.

Once dependency status is determined, a student must complete the appropriate areas of the FAFSA, which are color-coded.

Instructor’s Notes

Note to Instructor:

Like the B. A. degree question, if students answer “Yes” to the graduate student question, they are not eligible for Pell and FSEOG funds.

Note to Instructor:

There is one exception— a person under 21 years of age may go to court to declare independence from his or her parents. If the court approves the minor’s case, he or she would be considered an emancipated minor. For purposes of federal student aid, he or she would be considered independent.

Dependency override

Instructor's Notes

- o A dependent student gives information about himself or herself in the **white areas** and about his or her parents in the **green areas**. The student and at least one parent must sign the FAFSA in this case.
- o An independent student gives information only about himself or herself (and about his or her spouse, if applicable) by filling out the **white areas** and **gray areas**. The student must sign the FAFSA in this case. The spouse should also sign the form.

Turn to the blank Section D on page 14 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 40 through 45.

TG 14**TG 3**

» Allow participants 2-3 minutes to work on Section D before reviewing the questions. Allow participants a few seconds to respond to each question.

Let's turn to page 15 of your Trainee Guide to see how Chris filled out Section D.

TG 15

Q: Is Chris classified as dependent or independent?

A: *Chris is a dependent student, since she answered "No" to Questions 40 through 45.*

Our next section is E—Household Information. But, before we go to this section, let's review the definition of a parent.

A parent, for purposes of completing the FAFSA, includes:

- o an adoptive parent;
- o a legal guardian; **and**
- o a stepparent (except for optional Questions 22 and 23).

An adoptive parent is treated in the same manner as a natural parent.

Instructor's Notes

A legal guardian is also treated in the same manner as a natural parent if he or she has been appointed by the court and has been specifically required by the court to use his or her financial resources to support the student. This legal relationship must continue after June 30, 1998.

- o For example, if Chris lived with her grandparents, the grandparents' income could not be reported on the FAFSA **unless** the grandparents were court-appointed legal guardians and were required by the court to use their resources to support Chris or unless they had adopted her.

A stepparent's information is reported if the stepparent is married (as of the date the FAFSA is signed) to the student's natural parent whose information will be reported on the FAFSA or if the student has been legally adopted by the stepparent.

In cases of death, separation, or divorce, a student must answer the parental questions on the FAFSA as they apply to the surviving or responsible parent.

- o If one, but not both, of the student's parents has died, the student would answer the parental questions on the basis of the surviving parent and would not report any financial information for the deceased parent on the FAFSA.
- o If the last surviving parent dies after the FAFSA has been filed, the student updates his or her dependency status on the SAR and removes all parent financial information.
- o If the student's parents are separated or divorced, the student should report the information of the parent that he or she lived with the most during the past 12 months. It does not make a difference who claims the student as an exemption for tax purposes.

Note to Instructor:
There are no exceptions.
ED does not recognize
prenuptial agreements.

Instructor's Notes

- If the student did not live with either parent or lived equally with each parent, then the parental and household information must be provided for the parent from whom the student received the most financial support during the last 12 months or during the most recent calendar year that the student was actually supported by a parent.

Now let's look at Section E. Please turn to page 16 of your Trainee Guide. (OH 6)

**TG 16****Section E: Household Information**

Questions 46 and 47 collect household information for an independent student and his or her spouse.

- o This **gray area** is to be filled out only by an independent student.
- A student classified as dependent should leave the **gray area** blank.

Questions 48 through 52 collect household information about a dependent student's family.

- o This **green area** is to be filled out by a dependent student and his or her parents.

Before answering any questions in this section, it is important for students and their parents to read the instructions carefully.

- o Take a moment to read all the instructions for the student's household information, Questions 46 and 47—**gray areas**, which begin on page 4 of the FAFSA instructions.

Note to Instructor:

Independent students may be required to provide parental information for some types of financial aid (for example, programs offered by the U.S. Department of Health and Human Services).

	Instructor's Notes
<ul style="list-style-type: none">o And read all the instructions for parents' household information, Questions 48 through 52—green areas, which begin on page 5 of the FAFSA instructions. <p>» Give them 1-2 minutes to read the instructions for Questions 46-52.</p>	
<p>Turn to the blank Section E on page 17 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 46 through 52.</p> <p>» Allow participants 2-3 minutes to work on Section E before reviewing the questions. Allow participants a few seconds to respond to each question.</p>	<p>TG 17 TG 3</p>
<p>Let's turn to page 18 of your Trainee Guide to see how Chris filled out Section E.</p> <p>Q: Does Chris answer Questions 46 and 47? Why or why not?</p> <p>A: <i>No, because she is a dependent student.</i></p>	<p>TG 18</p>
<p>Now let's answer Questions 48 through 52 using the Jackson's household information.</p> <ul style="list-style-type: none">o Question 48 - Since Chris's parents are married, fill in number "2."o Question 49 - The Jacksons' legal place of residence is Maryland, so we'll enter the abbreviation "MD." You will find a State/Country abbreviation list on page 2 of the instructions.o Question 50 - Chris's parents became legal residents of Maryland on 10-01-93.o Question 51 - There are six members of the Jackson household—Chris, three siblings, and Mom and Dad.	

Instructor's Notes

- o **Question 52** - There are two members of the Jackson family in college during the 1997-98 academic year. Chris will be a freshman at Chesapeake State University and her brother will be a sophomore attending Campus Community College.

Now, let's see if you can answer a few questions based on information Chris provided in Section E.

Q: Suppose one of Chris's sisters lives in another town, and she receives more than half of her support from Chris's parents. Should she be included in the number of family members?

A: *Yes. Where she lives makes no difference.*

Here's a similar question.

Q: Suppose Chris's grandmother lives in another town, and she receives more than half of her support from Chris's parents. Should she be included in the number of family members?

A: *No. Except for the parents and their children, people are counted in the number of family members only if they **live in the household** as well as receive more than half their support from the parents.*

The worksheets found on pages 11 and 12 of the FAFSA instructions should be read and filled out by the student and parents before Section F of the FAFSA is filled out. Take a moment to read pages 11 and 12 of the FAFSA instructions.

» Allow the participants 1 minute to look at pages 11 and 12.

If, at the time a student is completing the FAFSA, a student and/or parent has not filed a 1996 IRS form but will be filing one, Worksheet #1 on page 11 of the instructions can help the

student or parent accurately estimate what should be reported on the FAFSA in Section F.

On Worksheet #1, a student and parent will report the same types of income that have to be reported on the IRS form. As you can see on the worksheet, wages, salaries, tips, interest income, dividends, and other taxable income are totaled. All IRS-allowable adjustments are subtracted from the total income.

Continuing on page 11, let's look at Worksheet #2.

» Allow participants 1 minute to review Worksheet #2.

This worksheet is used to calculate untaxed income and benefits. For example, any payments to tax-deferred pension and savings plans that are paid directly or withheld from earnings are considered to be untaxed income. This would also include untaxed portions of 401(k) and 403(b) plans.

If parents are not sure of the total amount of payments made to any tax-deferred pension or savings plan, they should check their W-2 forms, which list these totals.

The types of untaxed benefits or resources that should not be reported in Section F are found at the bottom of page 11.

Let's turn to page 12 of the instructions and look at Worksheet #3.

» Allow participants 1 minute to review Worksheet #3.

Worksheet #3 helps determine if a student or parent has any 1996 exclusions that must be reported in Section F of the FAFSA. Exclusions are the total of income and benefits that are to be excluded from taxable income.

Instructor's Notes

Exclusions

Instructor's Notes

Exclusions for 1996 are:

1. Grant and scholarship aid in excess of tuition, fees, books, and required supplies that are reported or will be reported on the 1996 income tax return (FAFSA Questions 55 and/or 67) and/or as earned income (FAFSA Questions 57-58 and/or 69-70).
2. Taxable earnings from Federal Work-Study or other need-based work programs.
3. Allowances and benefits received under the National and Community Service Trust Act of 1993.
4. Child support **paid** because of divorce or separation, by student and spouse, or by the parent(s) whose income is reported on this form. (Do not include support for children living in your home.)

Note to Instructor:
Child support **received** is not excluded.

Let's look at Section F. Please turn to page 19 of your Trainee Guide. (OH 7)



TG 19

Section F: 1996 Income, Earnings, and Benefits

Questions 53 through 64 collect financial information for all students (and, if applicable, their spouses).

- o All students fill out the **white area** on the left, Questions 53 through 64, regardless of whether they are dependent or independent.

Questions 65 through 76 collect financial information for parents of dependent students.

- o Only dependent students fill out the **green area** on the right.

Instructor's Notes

Again, it's important to read the instructions carefully to answer these questions correctly.

- o For example, the instructions for Question 56 (student) and Question 68 (parent) tell you that FICA, self-employment, or other taxes from an IRS Form 1040 should **not** be included when reporting federal income tax.
- o Only the **income taxes paid**—as listed on a tax return—are to be reported here. One of the most common mistakes is that parents and students report the amount of taxes **withheld** rather than the amount **actually paid**. Use the IRS line numbers given for each type of tax form to help the student fill out this section correctly.

The amount reported in Question 63 (student) and/or Question 75 (parent) should not include Social Security benefits or any income reported elsewhere on the form.

Add the exclusion amounts and report the total in Question 64 (student) or Question 76 (parent).

Turn to the blank Section F on page 20 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 53 through 76.

TG 20
TG 3

» Give the participants 2-3 minutes to work on Section F before reviewing the questions.

Let's turn to page 21 of your Trainee Guide to see how Chris filled out Section F.

TG 21

- o Questions 53 through 64 are completed by the student, Chris. Chris will not file a 1996 U.S. tax return, so she fills in oval "E." Because she will not file a 1996 U.S. income tax return, she may skip to Question 57 as

Instructor's Notes

instructed. She answers with zeros for Questions 57 through 64 because she did not work in 1996.

- o Questions 65 through 76 are completed by Mr. and Mrs. Jackson.
 - **Question 65** - The Jacksons completed a 1040A, so they filled in oval "A."
 - **Question 66** - The Jacksons claimed six exemptions, so they entered "06."
 - **Question 67** - The adjusted gross income reported by the Jacksons on their 1996 1040A was \$22,261.
 - **Question 68** - The Jacksons reported that they paid \$369 in federal income tax for 1996.
 - **Question 69** - Sheldon Jackson, Chris's dad, earned \$8,566 from work.
 - **Question 70** - Anne Jackson, Chris's mom, earned \$13,695.
 - **Questions 71 through 76** - Since Chris's parents reported no untaxed income for 1996, they entered zeros for these questions.

Are there any questions about the worksheets and/or Section F?

We'll need to look at Worksheets A and B to determine Chris's eligibility for the Simplified Needs Test before we look at Section G. These worksheets are found on page 7 of the FAFSA instructions. You will need these worksheets and the case study on page 3 of your Trainee Guide to fill out the blank FAFSA after we discuss these worksheets.

Simplified Needs Test

Instructor's Notes

Please go to page 7 of the instructions and take a moment to look at the two worksheets.

» Allow participants 1 minute to review the Simplified Needs Test.

Before Section G can be filled out, Worksheet A or WorksheetB in the instructions should be completed. An independent student completes Worksheet A (**gray**) on page7 of the instructions and a dependent student completes WorksheetB (**green**) on that same page.

A dependent student qualifies for the Simplified Needs Test when:

- o the student and his or her parents have not filed and will not file an IRS Form 1040; **or**
- o the student and his or her parents are not required to file an IRS Form 1040; **and**
- o the parents' income is less than \$50,000.

An independent student qualifies for the Simplified Needs Test when:

- o the student (and spouse, if applicable) has not filed and will not file an IRS Form 1040; **or**
- o the student (and spouse, if applicable) is not required to file an IRS Form 1040; **and**
- o the student's (or the couple's) income is less than \$50,000.

If a student, spouse, or student's parent completed the 1040 but could have filed the 1040A or 1040EZ (for example, if they file through a tax preparer that only uses the 1040), the student must complete the entire worksheet to determine if she or he qualifies for the Simplified Needs Test.

Instructor's Notes

If a student, spouse, or student's parent was required to complete the 1040, the student would answer "Yes" to Question 1 on the worksheet and skip the remaining questions on the worksheet. The student would then have to complete Section G.

After completing the appropriate worksheet, a student might find that he or she can skip Section G. This is because some students will qualify for the Simplified Needs Test and won't need to include asset information.

- o However, a student who qualifies for the Simplified Needs Test still might need to complete Section G if he or she wants to be considered for certain types of student financial aid from the postsecondary school he or she will be attending, the state in which he or she is a legal resident, or the state in which the postsecondary school is located. The school or the appropriate state agency will inform students of its eligibility criteria.

A student who **does not** qualify for the Simplified Needs Test **must** complete Section G.

As usual, a student should read the instructions very carefully. Pages 7 and 8 of the instructions point out some items that should **not** be included when listing parent and student assets.

Note, too, that assets should be reported as of the date the FAFSA is signed.

Let's see if the Jackson family meets the qualifications for the Simplified Needs Test. Turn to page 22 of your Trainee Guide and let's fill out Worksheet B using the case study on page 3 of your Trainee Guide.

TG 22**TG 3**

Instructor's Notes

On Worksheet B:

- o **Question 1** - The answer is “No.” The remainder of Worksheet B should be completed.
- o **Question 2** - \$22,261 should be entered from Question 67 of Section F.
- o **Question 3** - This is left blank because Question 2 was answered.

Q: Does the Jackson family qualify for Simplified Needs Test?

» Allow participants a few seconds to respond.

A: *Yes, they do. The family income is less than \$50,000, and they completed a 1040A.*

Chris and her parents are not required to fill out Section G because they qualify for the Simplified Needs Test; however, Chesapeake State University requires the information from this section for Chris to be considered for their institutional scholarship program. Since Chris is applying for an institutional scholarship, she and her parents will fill out Section G of the FAFSA.

Now we're ready for Section G. Please turn to page 23 of your Trainee Guide. (OH 8)



TG 23

Section G: Asset Information

In the **white area of Section G**, Questions 77 through 83, a student lists any personal assets or any real estate or investments of the student (and/or spouse) as of the date the FAFSA is signed.

Instructor's Notes

- o The only two situations in which this amount would not be reported are:
 - if the student did not have access to the money because the state declared a bank emergency due to the insolvency of a private-deposit insurance fund
or
 - if the student qualified for the Simplified Needs Test.

Question 84 asks for the age of the older parent so that ED can take preset protection allowances into account when calculating the EFC.

In the **green area**, Questions 85 through 91 ask for the asset information of the student's parents as of the date the FAFSA is signed.

Turn to the blank Section G on page 24 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 77 through 91.

TG 24
TG 3

» Allow participants 2-3 minutes to work on Section G before reviewing the questions. Allow participants a few seconds to respond to each question.

Let's turn to page 25 of your Trainee Guide to see how Chris filled out Section G.

TG 25

Q: Chris received a gift of \$850 from her grandparents. This gift is in a savings account in Chris's name. Did Chris report this amount in Question 77?

A: Yes.

- o Chris put zeros in Questions 78 through 83 because she does not own any of these assets.

Instructor's Notes

- o Sheldon Jackson's age of "48" was entered for Question 84, since he is older than his wife.

Q: Chris's parents have \$1,000 in cash, savings, and checking accounts. Have they indicated this in Question 85?

A: Yes.

Q: The only property or investment the parents have is their home, which has a market value of \$100,000 with a balance on their mortgage of \$80,000. Their responses to Questions 86 through 91 were zeros. Is that correct?

A: Yes. Questions 86 and 87 tell you not to include the primary home—only rental property, land, second or summer homes, and investments (such as stocks and bonds). For Questions 88 through 91, the Jacksons do not own a business or a farm.

We are nearing the end with Section H. Please turn to page 26 of your Trainee Guide. (OH 9)



TG 26

Section H: Releases and Signatures

A purpose of Section H is to allow ED to release the FAFSA information to colleges and the student's state of residence.

Questions 92 through 103 collect information on up to six colleges the student might attend in 1997-98.

- o Each college's name and address or Title IV institution code must be listed. The FAFSA is processed faster if the student writes in **only** the Title IV code and the name of the college.

Note to Instructor:
As noted in Session 2, "Title IV" is often used by financial aid administrators when referring to federal student financial aid programs.

- o These codes are not in the FAFSA instructions; they are provided in the *Title IV School Code List*. ED sends this Title IV code list to high schools, colleges, and public libraries each fall around the same time FAFSAs are distributed.
- o If a postsecondary school's Title IV school code is not available, the student must write in the **complete** name, address, city, and state of the school. The zip code is not required.

A student is also asked about his or her housing plans at each of the listed colleges because this can have a significant impact on the student's cost of attendance and need for federal financial aid.

Question 104 asks for a student's permission to send the data to the financial aid agencies in his or her state. The permission release is very important if a student wants to be considered for state aid. Please note that this question is marked only if the student does **not** want the information revealed.

Question 105 asks for permission to register a student with the Selective Service. As we mentioned in Session 2, all male students who have reached their eighteenth birthdays must register with Selective Service.

On the FAFSA, in Questions 106 and 107, a dependent student and at least one parent certify the accuracy of the information provided on the FAFSA by signing and dating the form. For an independent student, the student (and the spouse, if applicable) signs the FAFSA. In addition to the signatures, it must be dated.

Please complete Section H of the FAFSA on page 27 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 92 through 102.

Instructor's Notes

Note to Instructor:

The *Title IV School Code List* is a listing of institutions that participate in federal student aid programs.

TG 27
TG 3

Instructor's Notes

» Allow the participants 2-3 minutes to complete Section H before reviewing the questions. Allow participants a few seconds to respond to each question.

Let's turn to page 28 of your Trainee Guide to see how Chris filled out Section H.

TG 28

Q: What is the Title IV school code number?

A: *The school code is 099999.*

Q: What is the name of Chris's college?

A: *That's right, it's Chesapeake State University. Remember, if Chris did not have the Title IV school code, she would have had to provide the school's complete address, which is 5400 University Boulevard, University City, MD.*

Q: Where does Chris plan to live during the school year? What housing code will Chris enter for Question 93?

A: *Chris plans to live with her Mom and Dad, so her housing code is "3."*

- o For Question 104, Chris did not fill in the "No" oval. As a result, her financial information will be shared with Maryland's financial aid agencies so she can be considered for state aid.
- o Chris left Question 105 blank since she is female.
- o For Question 106 and 107, Chris and her Mom and Dad signed and dated the FAFSA. If Chris had not signed the form, it would have been returned to her unprocessed.

Instructor's Notes

You might want to remind students using FAFSA Express that they must complete and mail back the signature page to ED or the FAFSA information won't be processed.

Finally, we are at Section I of the FAFSA. Please turn to page 29 of your Trainee Guide. (OH 10)

**TG 29**

Section I: Preparer's Use Only

This section should be completed only if someone other than the student, the student's spouse, or the student's parents prepared the FAFSA.

This section does **not** apply to individuals, such as yourselves, who **explain** the form or instructions but don't provide the answers to the questions. If the student, the student's spouse, and/or parents compiled all the information and they actually filled out the form, this section should be left blank. In other words, providing guidance doesn't equate with being the form's preparer.

Turn to the blank Section I on page 30 of your Trainee Guide. Use the case study information on page 3 of your Trainee Guide to answer Questions 108 through 110.

TG 30**TG 3**

» Allow participants 1 minute to complete Section I before reviewing the questions. Allow participants a few seconds to respond to each question.

Q: Who filled out Section I?

A: *No one! Chris and her parents do not have to complete Section I since they completed the FAFSA themselves.*

The FAFSA is now ready to mail. The address to which it should be mailed, along with other directions, is given at the bottom of the last page of the form. The application packet also includes a properly addressed envelope to which the applicant must add the correct postage.

Note to Instructor:

The 1997-98 FAFSA will also include a postcard that students can use to obtain confirmation that the processor received the FAFSA.

Instructor's Notes

We have now finished our section-by-section trip through the FAFSA. As you can see, the best advice to give a student completing the FAFSA is **to read the instructions carefully and to complete the form as a family.**

Part III of the Counselor's Handbook, beginning on page 39, reviews each section of the FAFSA. You should read this later in more detail since we covered the sections of the FAFSA rather quickly in this session.

ED, postsecondary institutions, and other organizations involved in the student aid process need the information contained in the FAFSA to ensure that a student can receive aid. Therefore, a FAFSA must be completed every year by the student, although the shorter and simpler Renewal FAFSA can be used after the first year a student applies.

Are there any questions about applying for federal student aid?

CASE STUDY: COMPLETING THE 1997-98 FAFSA

Instructions

The participants will be using the following information about Chris B. Jackson and Chesapeake State University to fill out the FAFSA. The complete set of answers to the case study is found on pages 34-37 of this guide.

Chris B. Jackson

Chris is one of four children and was born on July 10, 1979. She and her family have been legal residents of Maryland since October 1, 1993 and are U.S. citizens. Her brother, currently a freshman, is a full-time student at Campus Community College. Chris will receive her high school diploma in June 1997. Her parents are also high school graduates. Chris's father, Sheldon Jackson, is 48 years old and her mother, Anne Jackson, is 45 years old.

Chris's parents are married, and the only income they received in 1996 was what they reported on the 1996 IRS Form 1040A. They own their home, which has a market value of \$100,000 and a mortgage balance of \$80,000.

- o They reported six (6) exemptions on the 1040A tax return.
- o Their Adjusted Gross Income (AGI) was \$22,261, and they paid \$369 in taxes. Mr. Jackson earned \$8,566 and Mrs. Jackson earned \$13,695.
- o They have \$1,000 in a savings account.

Since Chris did not have any income in 1996, she did not file taxes. However, Chris did receive a gift of \$850 from her grandparents. It is in a savings account in Chris's name.

Chris lives with her parents at 2912 Bluefield Court, Rockville, MD 20906, and she plans to continue living there while she attends Chesapeake State University fulltime.

- o Chris's Social Security number is 999-99-9999.
- o Chris's home telephone number is 301-111-0000.
- o Chris does not have a driver's license.

Chesapeake State University

Chris will be a first-year student at Chesapeake State University in a four-year program leading to a bachelor's degree in computer science. She plans to attend fall and spring semesters until the completion of her degree May 15, 2001.

- o The school's address is:
5400 University Boulevard
University City, MD 20901.
- o The school code is 099999.

Chesapeake State indicated in its application package that institutional scholarships are available to qualified students who filled out Section G of the FAFSA. Chris is also hoping to qualify for the Federal Work-Study Program, since she doesn't have a part-time job, as well as for federal loan and grant programs. Chris's parents have indicated that they don't want to take out a parent loan.