

FREE SHARABLE BONUS ONLINE CONTENT FROM THE AUTHOR OF

LAUNCH

How to Get Your Kids Through COLLEGE DEBT-FREE
and Into Jobs They Love Afterward

The
Ultimate Guide to
Planning College
and Career at the
Same Time

30+ Common FAFSA Mistakes

And How to Avoid Them

BY JEANNIE BURLOWSKI

**Filling out the FAFSA form is likely to get your family *more free money than you think* to help you pay for college. This article will help you avoid costly mistakes when you're filling in the blanks on the form.

Additional, more in-depth FAFSA strategies are found in chapter 10 and chapter 20 of my book *LAUNCH: How to Get Your Kids Through College Debt-Free and Into Jobs They Love Afterward* (available at JeannieBurlowski.com/LAUNCH or on Amazon at bit.ly/burlowski).

Think ahead to next fall. Will one (or more) of your children be in college or grad school then? If so, this article is very important for you. The information below can save you and your child *thousands* of dollars on college costs.

Read this article through once now, and then come back to portions of it as questions come up while you're filling out this year's FAFSA form.

1. No matter your income level, be sure to fill out the FAFSA form every

October 1st that you could have a child in college the following fall.

If it's October 1st and there's even a 5% chance you might have a child in college or technical school the following fall (11 months down the line), fill out the FAFSA form. No exceptions.

Even if you have a very high family income, fill out the form anyway. Why?

Because the FAFSA form isn't just for applying for the PELL grants the government provides for low-income families. The FAFSA form also allows you and your child to apply for nine separate federal student aid programs, over 600 state aid programs, and most of the college-based (institutional) aid available in the United States.

In addition, the FAFSA form *also* allows your child access to the best student loans with the best terms, if he or she decides (against all my pleading) to apply for those.

Plus, it's *free*.

2. Be absolutely clear on who qualifies as the “parent(s)” on the FAFSA form.

When a student's parents are married to each other, the two parents combined are the “FAFSA parent.”

When a student's parents are divorced, FAFSA financial aid calculations are made using only the household income and assets of the parent the student *lived with the most* during the 12 months before the FAFSA form is filed. This is true regardless of which parent paid the most toward that child's support during the previous year.

The person who counts as the “parent” for FAFSA financial aid calculations does not necessarily have to be the “custodial” parent as named in the divorce decree.

The rules are stated this way at

<http://www.finaid.org/questions/divorce.phtml>:

“The custodial parent for federal student aid purposes is the parent with whom you (the student) lived the most during the past 12 months. (The

twelve-month period is the twelve month period ending on the FAFSA application date, not the previous calendar year.)

Note that this is not necessarily the same as the parent who has legal custody. If you did not live with one parent more than the other, the parent who provided you with the most financial support during the past twelve months should fill out the FAFSA. This is probably the parent who claimed you as a dependent on their tax return. If you have not received any support from either parent during the past 12 months, use the most recent calendar year for which you received some support from a parent. These rules are based on section 475(f)(1) of the Higher Education Act of 1965 (20 USC 1087oo(f)(1)).”

If the divorced parent that the student lives with *has remarried*, however, the situation gets just a little more complicated. To explain it in a way that’s easiest for everyone to understand, let me speak directly to the student for a moment.

Student, if your parents are divorced and the parent you live with has remarried as of the date your FAFSA is submitted, the financial information of the stepparent sleeping down the hall from you must also be reported on your FAFSA form.

(This applies to legally recognized same sex marriage too.)

Even if there is a prenuptial agreement in place seeming to prohibit this, this particular stepparent’s information must still be included on your FAFSA form. (Prenuptial agreements are always ignored by every financial aid calculation process. After all, two individuals -- parent and stepparent -- cannot create an agreement between the two of them that is binding on a third party such as the federal government.)

In the words of <http://www.finaid.org/questions/divorce.phtml>: “If a stepparent marries the parent, he or she is considered responsible for supporting the parent and children even if he or she is unwilling to do so.”

But what about the parent and stepparent you DO NOT live with more than half the time during the 12 months before filling out the FAFSA? These parents are a completely different story. Neither of them need be mentioned on the FAFSA form. (Their information *is* required for the CSS/Profile

form, but you may not even be filling that one out. I'll provide information about the CSS/Profile form below.)

3. Parent, to make it easier for you to fill out financial aid forms, get all the numbers you need all in one place before you start. Here's a resource that will help.

The "FAFSA on the Web Worksheet" is an invaluable resource for parents filling out FAFSA forms. This worksheet will help you to collect and organize all the information you need, all in one place, before you go online and start entering numbers.

Print out a physical copy of this worksheet and then, using a pencil with a good eraser, fill out the worksheet as best you can using the instructions in this article. When you do finally go online to fill out the FAFSA form, have your completed worksheet with you and refer to it frequently.

The link for this worksheet changes every year. You can find the current version by googling "FAFSA worksheet," and then going straight to the link in the Google results that says "FAFSA on the Web Worksheet."

Note that the "FAFSA on the Web Worksheet" is not generally available online between June 30th and September 30th each year. The worksheet is made available online each October 1st, the same day the FAFSA form goes live.

4. As soon as you're ready to start filling out official financial aid forms, go to: <https://fafsa.ed.gov/> to fill out the FAFSA form.

It is still acceptable to submit paper versions of official financial aid applications, but I suggest you not do that. I recommend that you always fill out financial aid forms online, clicking "save" every second page or so. Online versions of financial aid forms will catch obvious mistakes you've made and notify you immediately of what you need to change. Mistakes made on pencil and paper financial aid forms can take weeks to correct and cause costly financial aid delays.

Be sure you don't accidentally try to fill out financial aid applications at phishing sites such as "FAFSA.com" or "<http://freefafsagov.com>." These

are scam sites that purport to collect your information from you and then use it to “fill out the FAFSA form for you” (for a fee of course). Don’t use them.

If you want real help filling out financial aid forms, here are good places to get help:

- The FAQ section at <http://www.fafsa.com/understanding-fafsa/fafsa-questions>
- The Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243)
- Studentaid.gov/completeFAFSA
- Or, call the financial aid office at one of the colleges your child applied to. The people who staff financial aid offices at colleges consider it their mission to help students.

You can also contact one of the thousands of CPAs and financial planners who are members of the National College Advocacy Group, located at <http://www.ncagonline.org/>.

Remember, the true FAFSA application is found only at <https://fafsa.ed.gov/>. When you get there, check for the notice on the banner that says: “An Office of the U.S. Department of Education.”

5. Carefully read the FAFSA directions and follow them exactly.

Even Ph.Ds. and lawyers mess up the FAFSA form, usually due to not following the plainly stated directions. This can result in a family paying thousands more than is necessary for college, or it can even result in students not going to college at all.

Don’t let this scare you; just let it inspire you to read the directions and follow them carefully.

6. Be sure you’re filling out the appropriate FAFSA form for the appropriate year.

In October, you're filling out the FAFSA form for the coming school year – the one beginning next fall, 11 months from now. Don't fill out the form for your child's CURRENT school year. You won't receive any financial aid if you do that.

7. Know these important FAFSA definitions.

The words “you” and “your” always refer to the student.

The words “college” and “school” can refer to a “college, university, graduate or professional school, community college, vocational or technical school, or any other school beyond high school.”

The words “school year” mean the school year that begins this coming July 1st, and ends the following June 30th.

The word “address” means a permanent address, not a student's temporary campus address.

8. Enter data in a way that the form can understand and interpret correctly.

For dates, always type numbers, without slashes, that correspond to the month, date, and four-digit year. For example: 09272002 is September 27th, 2002.

Do not use any decimals. Instead, always round to the nearest dollar. If you write, “\$800.00,” for example, it will be read as “\$80,000.” (A mistake you don't want to make when you are trying to keep certain numbers low.) In addition, do not use commas in any of the number fields. For example, don't write “5,000.” Leave the comma out and write “5000.”

Enter all names as full legal names – the same way they appear on driver's licenses and social security cards. Do not use nicknames.

Double and triple check that you have entered all social security numbers and driver's license numbers correctly. Parent, be sure you didn't accidentally swap your social security number with your child's social security number.

If you as a parent do not have a social security number because you are an undocumented immigrant (or for some other reason), that's OK. Your child can still get financial aid for college. Just be sure not to leave the social security number spot blank. Instead, just type in "000-00-0000."

Typing in social security numbers incorrectly can result in costly financial aid delays.

9. Properly report all of your income tax information. (Here's a tool that will help.)

When you're asked to report the amount of income tax you paid for last year, remember that the correct answer isn't the amount of the tax withholdings listed on any pay stub or on W-2 forms. The correct number is the actual amount of federal income tax you paid when you filed your taxes last spring.

To keep you from worrying about correct tax numbers, I suggest that you use the "IRS Data Retrieval Tool." (You can learn about it at <https://fafsa.ed.gov/help/irshlp9.htm>.) This tool allows you to click once and automatically transfer perfectly accurate information from your tax return to your FAFSA form, greatly minimizing potential errors.

(Note that the IRS Data Retrieval Tool was offline temporarily in 2017, but it's back and available for use as of October 1st, 2017.)

10. Properly report "legal guardianship."

When the FAFSA asks, "As determined by a court in your state of legal residence, are you or were you in legal guardianship?" know that the definition of legal guardianship *does not include the student's parents*, even if those parents were appointed by a court to be the student's guardians.

11. Answer the FAFSA "enrollment" questions in the easiest way possible.

If this is your first year filling out the FAFSA you're (of course) applying for financial aid at more than one school. When answering the FAFSA "enrollment" questions, though, just answer according to your plans for your first-choice college or university.

12. Do not leave any FAFSA field blank.

If your answer to the question is zero (or if the question does not apply to you), write in a zero.

If you leave questions unanswered, the processor will assume that you simply forgot to answer. This will result in costly financial aid delays.

13. Properly report parental levels of education.

When you're asked for a parent's highest level of educational attainment, don't list "college" unless he or she has actually graduated from college. If the parent attended some college but didn't graduate, report the highest level of educational attainment for the parent as being "high school." The student may be treated more favorably in the financial aid evaluation process if he or she is considered a "first-generation" college student.

14. When you're asked if your child is interested in a "work-study" grant, always answer yes.

A "work-study" grant can give a student a nice chunk of money in exchange for a little "college student friendly" work each semester. Perhaps best of all, work-study income won't count as "income" on future FAFSA forms, so it won't diminish your child's chances of receiving financial aid in future years.

15. When you are asked if your child is interested in "loans," answer "yes," even if loans are the last thing in the world you actually want.

In dire circumstances where loans end up to be your child's only hope, the William D. Ford Federal Direct Loan (Direct Loan) Program (available *only* through filling out the FAFSA form) are among the best loans your child can possibly get.

Remember, just because you answer, "Yes, I am interested in loans," that doesn't obligate you to actually take out any loans. In the official words of the financial aid website <http://www.finaid.org/fafsa/errors.phtml>: "Answering 'yes' does not obligate you to accept a loan. Answering 'no' will not get you more grant aid."

16. To make sure that your FAFSA form is used to help you apply for state aid as well as federal aid, be sure of two things.

First, don't check the "early analysis" flag on your online FAFSA form. If you do, your FAFSA information will not be sent to your state and you will not get any state aid.

Second, be sure say "yes" when the FAFSA form asks permission to release information to your state aid agency. If you answer "no" to this question, you will not get any state aid.

17. When financial aid forms ask for "the student's" email address, enter the parent's email address.

This way, all information regarding financial aid will be filtered through a parent before going to the student.

18. Be crystal clear on what the phrase "current balance or market value of investments" actually means, and use it to your advantage.

For the questions that ask, "What is the net worth of your parents' investments, including real estate," you are required to list the "current balance or market value" as of the day you fill out the FAFSA form. But what does "current balance or market value" actually mean?

When determining "current balance or market value," start by looking at the money you could realistically get for the asset if you sold it *today*. Then subtract any debt you currently owe on that asset. For example, if your family owns a rental property, lake cabin, or second home that is not part of a "formally recognized business," the money you could realistically get for it today is called its "quick-sale value." According to the IRS, "quick-sale value" equals 80% of the property's fair market value, or what it could sell for quickly. Once you have determined the "quick-sale value," then subtract any debt owed on it. The number you arrive at after doing this is the true value of this property for financial aid calculation purposes.

19. Report only the investments and assets you *absolutely have to*.

Do not list the value of the home that you, the parents, live in, and do not list the value of the student's home if she owns her own house. Many families leave *thousands* of dollars in financial aid on the table year after year because they include the value of these items when they answer this question.

Do not list the value of any (parent or child) 401(k) retirement plans, pension funds, other retirement plans, annuities, non-education IRAs, Keogh plans, or insurance policies (including whole-life insurance policies that may have cash value).

If an employer contributed to a retirement plan on behalf of a parent or student, do not include the value of that contribution.

Do not include the value of your cash, savings, or checking accounts in the "investments" section of the FAFSA form. You enter those amounts *elsewhere* on the FAFSA form. Entering them again, in the investment section, will result in them counting against you twice.

If your family owns a business of any kind, beware the question that asks, "What's the net worth of your parents' current businesses?" Before you answer this question, you'll need to know exactly what the FAFSA form defines as "your parents' current businesses." In 2005 Congress decided that families who control more than 50% of a business with 100 or fewer full-time employees are allowed to answer "zero" in response to this question.

Here's the exact wording of the rules as stated at fafsa.ed.gov: "Business value does not include the value of a small business if your family owns and controls more than 50% 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. For more information about reporting investments, call the Federal Student Aid Information Center 1-800-4-FED-AID (1-800-433-3243)."

If the student owns his or her own business, the same rules apply. Don't report the value of the student's business unless it has over 100 employees on the day you fill out the FAFSA form.

And in what might be the greatest news of all, remember — the family business owned by the parent the student *doesn't live with* won't be considered on the FAFSA form at all, no matter how many employees it has.

If the FAFSA parent owns a large business with over 100 full-time employees, you will need to report the value of that business including the value of land, buildings, machinery, equipment, and inventory.

20. Report only the true and actual value your *stock options*. (If you don't have stock options, please skip this section.)

If your employee compensation includes stock options, report only the net value (after taxes, commissions, and fees) of your *vested* stock options. Report the value of these vested stock options as if they were exercised and sold at market value on the exact day you complete the FAFSA form.

Remember, for stock options, the value is *just the spread*, not the face value of the grant before exercise costs. If your vested stock options have an exercise price higher than the current market price, they are worth zero at this time and you need not report them. (These same rules apply to employee stock purchase plans, restricted stock, and stock appreciation rights.)

When reporting any of these assets on the FAFSA form, be sure to use an absolutely current statement of your equity grant holdings. Doing so will help you to exclude options you exercised (and restricted stock that vested) last year. This will prevent these assets from being counted twice (as both last year's income and this year's assets).

If you continue to hold that stock, then note its value on the FAFSA form as you would any other stock you own.

Additional rules apply for incentive stock options (ISOs) and nonqualified stock options (NQSOs). If stock options are a part of your investment portfolio, I highly recommend that you read the three-part article series on stock options and college financial aid written by Troy Onink, Forbes contributor and CEO of Stratagee.com, a college-planning firm that provides highly respected college-funding advice to upper income families and to financial advisors. (Troy's one-hour, one-on-one college funding consultations for upper income families are extremely valuable, if you can

get one.) You can get directly to the first article in Troy's series by typing this shortcut into your web browser: Bit.ly/2h3mw9B.

21. Be sure to properly report all required sources of *untaxed income* on your FAFSA form.

If you don't, your application for financial aid may be flagged and delayed. Sources of untaxed income include child support, social security, workers compensation/disability income, and all untaxed housing, food, and living allowances received during the previous year.

22. When the FAFSA form asks about work-study programs, assistantships, fellowships, and co-op education programs, answer fully and truthfully.

Don't worry—participation in and earning money from these programs does not negatively affect financial aid eligibility in any way. That's one reason they're so tremendously valuable.

23. When you are asked about “taxable portions of grants and scholarships,” don't let that throw you.

Here's what that means.

When your son receives free grant money or scholarship money to help him pay for college, the portion of that money that covers his “tuition, fees, and books” is given to him tax free. If your son happens to have any extra money left over after paying for his “tuition, fees, and books,” he has to pay taxes on that amount — even if he uses it for legitimate college expenses (such as college room and board). The great news? Your son's “taxable portion of grants and scholarships,” even if it's a great deal of money, doesn't diminish his chances of receiving financial aid for college in subsequent years. So put the number down on the form, but don't worry about it.

24. Properly report your child's status as a veteran.

Your child qualifies as a veteran for financial aid purposes only if he or she has “engaged in active duty in the U.S. Armed Forces (Army, Navy, Air Force, Marines, or Coast Guard) or as a member of the National Guard or Reserves who was called to active duty for purposes other than training, or

was a cadet or midshipman at one of the service academies AND were released under a condition other than dishonorable.”

Unless your child meets this definition, he or she does not qualify as a veteran for financial aid purposes. If you answer the question wrong, you could experience costly financial aid delays.

25. Properly list all “federal school codes.”

If this is your first year filling out the FAFSA form, be sure to list the “federal school code” for every college your child has applied to, even though you don’t yet know where he or she will actually be admitted. If your child is currently out of high school and in college, fill in the “federal school code” of the college your child will be attending this coming fall.

26. Take special care with the FAFSA question that asks: "How much did your (father/mother/stepparent) earn from working in (previous year)?"

You might think that you’d want to lowball an estimate on this one, so as to look as poor and needy as possible. Actually, the opposite is true. For this question, you’ll want to enter the largest number you can come up with based on your family’s actual financial situation. Why? Because on the FAFSA form, this question is used to calculate an “allowance against your income.” This is an amount that you get to shelter from the process that calculates how much tuition your family will have to pay and how much aid your child deserves.

If you’re a parent who’s self-employed, enter the profits from your business as your answer to this question — not the gross income from your business. But if you received a W-2 last January, take the advice of Paula Bishop, a CPA in Bellevue, Washington. Bishop says, “Look at your W-2. Enter the amount from Box 5. That's the income you received before 401(k) contributions are removed. Every blessed FAFSA form I review has that wrong.”

27. If you’re a married student filling out the FAFSA form for yourself, be sure to report your marital status on the *actual date you submit your FAFSA form.*

If you're not actually headed to the altar until December, you can't file the FAFSA form on October 1st as "married."

28. Answer every single question on every financial aid application form, even if the answer might be unflattering.

Don't leave anything blank. Even blanks that ask about "drug-related offenses." If your child has drug-related offenses, answer honestly, "Yes." Having drug-related offenses on your child's record will not necessarily preclude him or her from receiving financial aid for college. If you fail to tell the truth about this, however, that could wreck everything.

29. Count every person you're allowed to when calculating your household size.

In general, the greater the number of people in your "FAFSA parent" household, the more likely you are to receive free money financial aid for college. With this thought in mind, always include the following people in your household size.

Always include the student in the FAFSA parent's household size, even if the student was gone traveling and didn't sleep in that parent's house a single night during the previous year.

Include all of the student's siblings, half-siblings, stepbrothers, and stepsisters (both biological and legally adopted) who are under age 23 and who meet the 11 criteria for "dependent students" listed on the FAFSA form. Do this even if these siblings and step-siblings did not live with you—and even if you have not contributed one penny to their financial support.

Include in the household size any new baby that has been born recently or will be born during the next nine months if you as the FAFSA parent will be providing more than half of that baby's support. Include any other people (such as elderly relatives) living in the household if you, the FAFSA parent, provide more than half their support.

If you are a divorced parent, your new spouse's college-aged children might count as "extra children in college" for you even if they don't live with you. This can be very helpful. Carefully review the information located at <http://www.finaid.org/questions/divorce.phtml> for details.

30. If your child is a male aged 18 -26, be sure he's registered with Selective Service.

If he isn't, he won't be eligible for federal financial aid.

31. Be sure to sign and date the application before you submit it.

If the student is filing as a dependent, both she and her parents must sign. When filing online, both parents and students can sign the form electronically using their "FSA IDs." I explain the FSA ID process in chapter 20 of my book *LAUNCH: How to Get Your Kids Through College Debt-Free and Into Jobs They Love Afterward*, available at JeannieBurlowski.com/LAUNCH or on Amazon at bit.ly/burlowski.

32. Print a copy of your completed FAFSA form for your records.

File it away where you can find it later.

33. Do not mail in any tax forms, notes, letters, or financial statements.

They'll be destroyed.

34. Do not add additional information to the FAFSA form, no matter how helpful that information is. Instead...

Your husband's been away fighting in Afghanistan for a year? You have catastrophic medical bills? Your house recently burned down and you didn't have insurance? If your financial situation includes special circumstances that aren't being considered by the questions on the FAFSA form, do *not* try to add a written addendum to the form. Do *not* try to write comments or notes in the margins of the form. Instead, contact a financial aid officer at a college and request a "professional judgment review." That's the best, most effective way to get your story heard and made a part of your financial aid process.

35. Fill out the CSS/Profile financial aid form only if necessary.

If your child has applied to any colleges that require the CSS/Profile form in addition to the FAFSA form, I suggest you fill out the FAFSA form first,

and then when you've finished it, fill out the CSS/Profile form here:

<http://student.collegeboard.org/css-financial-aid-profile>

Fewer than 5% of colleges in the US require the CSS/Profile form. You can see a complete list of colleges that require it here:

<https://profileonline.collegeboard.org/prf/PXRemotePartInstitutionServlet/PXRemotePartInstitutionServlet.srv>

36. Get additional, more in-depth strategies that lead to more free money financial aid for college.

To get more in-depth FAFSA strategies, read chapters 10, 20, 21, 22, and 23 of my book, *LAUNCH: How to Get Your Kids Through College Debt-Free and Into Jobs They Love Afterward* (available on Amazon at bit.ly/burlowski).

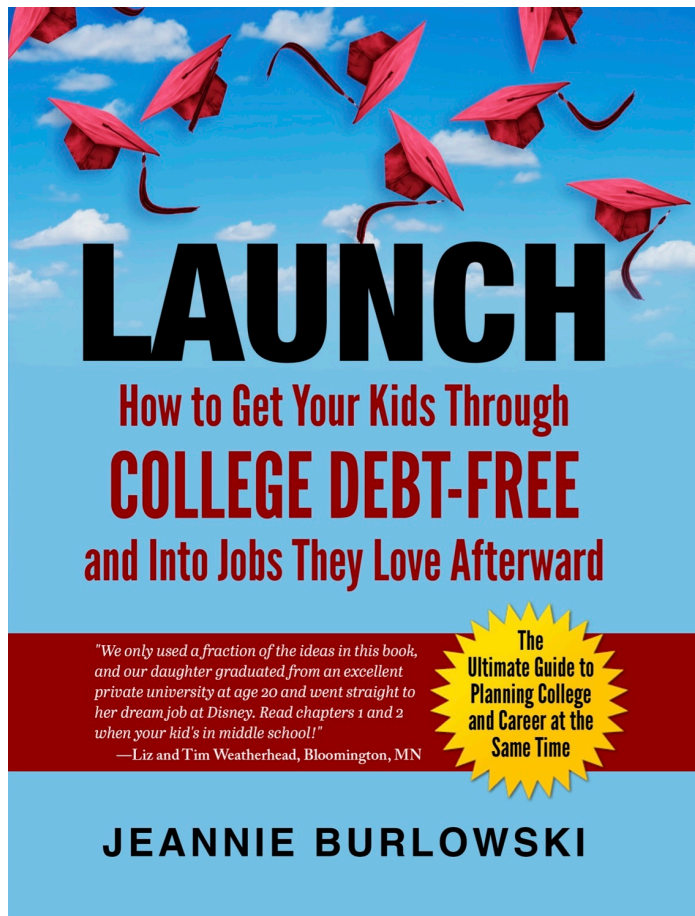
If you're a financial planner, use the strategies in this book to help your clients spend less on college and save *far* more money for retirement.

37. The best way to learn about debt-free college and career is bit by bit. Subscribe to my free weekly email newsletter, and I'll help you do exactly that.

Subscribe to my free weekly email newsletter by going to JeannieBurlowski.com and clicking on "Get Email Updates." Then, let your email provider know that you definitely want to see my newsletter every week by googling "Burlowski whitelist," or by following the directions I provide [here](#).

Remember, there's no part of parenting more important than setting your kid up for successful college and career life.

For clear, step-by-step help getting your kids through college debt-free, don't rely on a loose collection of posts and articles. You'll miss hundreds of details that way. Instead, read the sections you most need in my book:



You can “Look Inside” the book on Amazon for free by going to:

bit.ly/burlowski

(Tell your friends.)

You can see the "Top 9 Questions Parents Are Asking Me About *LAUNCH*," [here](#).

Read just one chapter of [LAUNCH](#) every 1-3 months while your child's in middle school and high school, and you'll know every viable strategy for debt-free college *at exactly the right time to implement it*.

And if your child's already well past middle school? That's OK; you can run to catch up. But the process of getting your kids through college debt-free goes more smoothly the earlier you start it – *especially* if you're not planning to save up any money to pay for college.

Do you have friends who are parenting kids ages 12 – 26? SHARE this content now. All I ask is that you not alter or modify it; just share it as is.

Who is Jeannie Burlowski?

Jeannie is a full time author, academic strategist, and speaker. Her writing and [speaking](#) help parents set their kids up to graduate college debt-free and move *directly* into careers they excel at and love. She also helps students apply to law, medical, business, and grad school at her website GetIntoMedSchool.com. You can follow her on Twitter [@JBurlowski](#).