

## Chapter 2

# Filling Out the FAFSA

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*The FAFSA form is the first step in the financial aid process. Because it's important to complete the form correctly, this chapter discusses some of the more difficult questions that arise. While the chapter follows the organization of the paper application and the ISIR, the guidance applies equally to the FAFSA online. To see how FAFSA data are used to calculate the expected family contribution (EFC), please refer to Chapter 3.*

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The FAFSA form is organized as steps, each consisting of a group of related questions. There are also instructions on how to fill out the form. The guidance in this chapter supplements those instructions and explains why some of the questions are needed on the FAFSA form.

Students can get advice on filling out the FAFSA online at <https://studentaid.gov/resources>. You may want to link to this reference from pages that students use on your website or use certain graphics, videos or publications referenced on the site when working with your students.

The parents mentioned are those of dependent students. The numbers in parentheses are for the items as they appear on the SAR, ISIR, paper FAFSA, and FAA Access to CPS Online. As of the date the FAFSA form is signed, it is considered a “snapshot” of the family’s information that can be updated only in certain circumstances and only for certain items; see *Chapter 4*.

The following sections discuss many of the important questions found within each Step on the FAFSA form.

## Step One: General Student Information

This step identifies the student and establishes his or her aid eligibility based on factors such as citizenship and educational level (see also Volume 1: Student Eligibility). Questions in Step One are included to help the school package awards and to eliminate the need for students to fill out a separate state or school financial aid form.

- **Student’s name (1-3).** The name, with other identifying information, is used for several data matches. Because the U.S. Department of Education (ED) matches the student’s name and Social Security number (SSN) with the Social Security Administration (SSA), the name here should match the one in the SSA’s records (i.e., as it appears on the student’s Social Security card).
- **Permanent mailing address (4-7).** This is the student’s permanent home address, with two exceptions: incarcerated students should use the address of the facility they are in, and homeless youth should use a mailing address where they can reliably receive mail. That can be the address of a relative or friend who has given them permission to use it, or it can be their school’s address as long as they have contacted the school for permission and instructions on how mail they receive at the school will reach them. As soon as incarcerated and homeless students have more permanent housing, they should update their address on the FAFSA form.
  - Incarcerated students should use the address of the facility they are in, and
  - Homeless youth should use a mailing address where they can reliably receive mail. That can be the address of a relative or friend who has given them permission to use it, or it can be their school’s address if they have contacted the school for permission and instructions on how mail they receive at the school will reach them.
  - As soon as incarcerated and homeless students have more permanent housing, they should update their address on the FAFSA form.
- **Student’s SSN (8).** Students must have an SSN to apply for federal student aid except as noted below. If they submit FAFSA information without an SSN, the FAFSA form will be returned unprocessed. To get an SSN or to find out what the number is if they lost their Social Security card, they must contact the local SSA office. Contact the SSA at 1-800-772-1213 or <https://www.ssa.gov/ssnumber/> for more information.

Students who enter the wrong SSN on their FAFSA form can correct it in a few ways: through the school, by submitting a corrected paper SAR, or by filing a new FAFSA form. If they don’t have a copy of their SAR, they can call the Federal Student Aid Information Center (1-800-433-3243) and have one sent to them, which they can correct and mail to the address on the SAR. However, correcting the SSN through the school or with the SAR will not change the number in the student’s identifier; that will remain the original SSN and may later cause confusion. Completing and

submitting a new FAFSA form solves this problem. Note that there are other rare instances where a student must submit a special “correction application.” See the [June 22, 2017, announcement](#).

**Persons from the Freely Associated States (FAS)**—the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau—typically do not have SSNs. Students who are completing a FAFSA form for the first time and who indicate that their state of legal residence is one of the above Pacific Island groups should enter “666” as the first three digits in the SSN field and leave the remaining six digits blank. CPS will assign them an identification number. Students from the FAS who have submitted a FAFSA form before and were issued such a pseudo-SSN will enter it in the SSN field. **It is important that they use the same number on all subsequent FAFSAs** because it allows for more accurate information on Pell Grant Lifetime Eligibility Used (LEU).

If a student does not use the same pseudo-SSN across award years—if on a subsequent FAFSA form he or she either gets a new pseudo-SSN and uses that or if he or she uses a real SSN that he or she obtained from the SSA—the school must contact the [COD School Relations Center](#) so the multiple student records can be merged into one and the correct LEU can be calculated. Also, if Pacific Island students file with a real SSN, schools will need to have an alternate way, other than the pseudo-SSN, of identifying that population to ensure that the correct award limitations described in *Volume 1, Chapter 2* of the Handbook are in place for those students.

- **Student’s email address (13).** If the student provides this address, he or she should get an email with a link to his or her online SAR data within one to three days after the CPS receives his or her application. The Department will also use this email address to correspond with the student regarding his or her application.
- **Citizenship status (14).** Examples of eligible noncitizen categories are given in the FAFSA instructions, and a detailed discussion of citizenship issues can be found in *Volume 1: Student Eligibility*. Only U.S. citizens or certain classes of noncitizens are eligible for Title IV aid; however, other students can still submit the FAFSA because they might be eligible for aid from institutional, state, or private sources that do not have the same requirements but use FAFSA information.
- **Alien Registration Number (15).** Students who answer “No, but I am an eligible noncitizen” to question (14) should include their A-Number.
- **Student’s marital status (16 and 17).** This is marital status “as of today”—the day the application is signed. Marital status cannot be projected. It can be updated in limited circumstances; see *Chapter 4*.
- **Student’s state and date of legal residence (18-20).** This is used to calculate the allowance for state and other taxes for the EFC calculation.

It also indicates which state agency should receive the student’s FAFSA information. States have varying criteria for determining whether the student is a resident for purposes of their financial aid. However, residing in one state for five years will meet any state’s criteria. Therefore, a person answering “Yes” to Question 19 will likely meet the residency requirements of the state reported in Question 18, while the state eligibility for a person answering “No” will depend on the date reported in Question 20 and the state’s requirements.

- **Highest level of school completed by student’s parents (21 and 22).** Some state agencies use this information to award grants and scholarships.
- **High school completion status (23).** The student indicates one of the following: high school diploma, General Educational Development (GED) certificate or state certificate, homeschooled, or none of the above. “None of the above” includes those who have the recognized equivalent of a high school diploma (as defined in [34 CFR 600.2](#)) other than a GED certificate or a state certificate or who may qualify under the Ability-to-Benefit (ATB) alternatives; see *Volume 1, Chapter 1*, for an explanation of those options. Typically a foreign secondary education credential counts as a high school diploma; see [FHD-Q1 on the program integrity website](#).

A state certificate is what students receive after passing a “state authorized examination,” as referred to in [34 CFR 600.2](#). This includes tests comparable to the GED—i.e., those created and distributed by a test publisher—such as the High School Equivalency Test (HiSET) or the Test Assessing Secondary Completion (TASC), as well as those established by states, for example, the California High School Proficiency Exam (CHSPE). California considers a passing grade on the CHSPE to be equivalent to a diploma.

- **High school (24).** This question asks for the name of the high school where the student received or will receive his or her diploma, as well as the city and state (or FC for foreign country) where it is located. On the FAFSA website, the student can choose the name from the dropdown list, or, if it is not on the list, the student will enter the school name, city, and state directly on the FAFSA form. See *Volume 1, Chapter 1*, regarding a school’s policy about

checking the validity of a high school education.

- **First bachelor's degree (25).** The student indicates whether he or she will have a first bachelor's degree before beginning the 2023-2024 year because eligibility for Pell and Federal Supplemental Educational Opportunity grants (FSEOGs) is almost exclusively restricted to students who have not received a bachelor's degree or completed the requirements for one. See "Pell Grants" in *Chapter 5 of Volume 1* regarding degrees from unaccredited and foreign schools, which can count as bachelor's degrees for Pell and FSEOG eligibility.
- **Student's college grade level at the start of the school year (26).** This is not based on the number of years the student has attended college but on work completed toward the degree/certificate. For instance, a full-time student might attain second-year grade level after one year of study, while a half-time student would take two years to reach that level.
- **Intended degree or certificate (27).** Students should answer this question based on the degree or certificate program they will be working on at the start of the 2023-2024 award year.

## Definitions

**Undergraduate student**—One who is enrolled in a program that usually does not exceed four academic years or a longer program that leads to a first degree at the baccalaureate level. Students in programs longer than five years are considered undergraduates for only the first four years.

For the FSEOG, Pell, and TEACH Grant programs, a student is an undergraduate only if he or she has not earned, or completed the requirements for, a bachelor's or professional degree. Students enrolled in a post baccalaureate program as described in [34 CFR 686.2\(d\)](#) and [690.6](#) are still undergraduates for receiving TEACH and Pell grants but not FSEOG.

Students in dual degree programs that confer a bachelor's degree and either a graduate or first professional degree are undergraduates for at least the first three years of the program. The school determines at what point after three years they cease to be undergraduates. [\[34 CFR 668.2\(b\)\]](#)

**Graduate or professional student**—One who (1) is not receiving aid as an undergraduate for the same period of enrollment; (2) is enrolled in a program above the bachelor's degree level or one leading to a professional degree; and (3) has completed the equivalent of at least three years of full-time study, either before entrance into the program or as part of it.

Measured in credit hours, three years of full-time study must be at least three times the annual minimum for full-time study: 72 (24x3) semester or trimester hours or 108 (36x3) quarter hours. [\[34 CFR 668.2\(b\)\]](#)

- **Interest in work-study (28).** The student indicates whether he or she is interested in receiving Federal Work-Study (FWS). This helps the school in packaging the student's award. If the student is unsure about wanting FWS, he or she should answer "don't know" to still be considered for it; later he or she can decline any aid he or she does not want.

## Steps Two and Four: Income and Assets

Step Two (questions 29-41) ask for the student's and spouse's income and assets [HEA Sec. 480(a), (b), (f), (g)]. Step Four (questions 76-89) collects similar information about parent income and assets, so the following discussion also applies to parents.

If the student or his or her parent was not married in 2021 but is married when the application is signed, the student also needs to provide income and asset information for the new spouse. If the student or their parent was married in 2021 but is separated, divorced, or widowed when the application is signed, the student or parent excludes the income and assets for that spouse even though the information may be on the 2021 tax forms.

The FAFSA form asks for income and taxes paid according to lines on the IRS tax forms for 2021, the "base year" for 2023-2024. Data from the completed tax year is used as a predictor of the family's financial situation for the current year.

In the rare instance that 2021 tax data is not available yet, best estimates can be used on the application. However, the student is asked to correct this information later when the tax return is filed.

Information from the income tax returns required by the tax codes of the Commonwealth of Puerto Rico, Guam, American Samoa, and the U.S. Virgin Islands is reported on the FAFSA form in the same manner as U.S. tax information, and copies of these forms can be used for verification in the same way as U.S. tax forms are. Amounts are already reported in U.S. dollars, and the school should look at tax return line items that are comparable to the IRS line items for verification.

When a student or parent has returns from both a foreign nation and the United States for the same tax year, they should use the data from the U.S. return when filling out the FAFSA form.

The FAFSA application also collects information for certain investments and other assets. Applicants only report the net worth of assets instead of reporting the value and debt. They should report asset amounts **as of the date the application is signed**.

- **Tax return filed and tax filing status (29-32, 76-79 for parents).** These questions ask if a 2021 tax return was completed, which return was or will be filed, what the filing status was or will be, and whether the student or parents filed a Schedule 1 or did so only to claim one or more of the following: unemployment compensation, an Alaska Permanent Fund dividend, educator expenses, an IRA deduction, or the student loan interest deduction. The answers are used in part to identify if the student is eligible for the simplified needs test or the auto zero EFC and to find inconsistencies between the FAFSA form and the tax return.

## Married filing separately

When a student and spouse or a dependent student's parents file separate and different types of returns, what type should be indicated in Question 30 or 77

In such cases, IRS Form 1040 and foreign tax returns are considered comparable and take precedence over tax returns from the five inhabited U.S. territories: Puerto Rico, Guam, the U.S. Virgin Islands, the Northern Mariana Islands, and American Samoa. For example, if a student filed a foreign return and his or her spouse filed a Puerto Rican return, the student would answer foreign tax return for question 30. When comparable but different returns are filed, the IRS return takes precedence and is indicated. If the above student filed a 1040 return and his or her spouse filed a foreign return, the student would answer IRS 1040 to the question.

### **If one spouse files separately and the other does not file a return but has income, how do you calculate the AGI?**

Add the income earned from work (e.g., earnings from the W-2 form or any other earning statements) of the spouse who does not file a return to the AGI (as given on line 11 of Form 1040) of the spouse who does and enter the sum on the appropriate AGI line of the FAFSA.

- **Adjusted gross income (AGI), income tax, and income earned from work (33-36, 81-84 for parents).** These items are reported for dependent students, their parents, and independent students. Each question gives the line reference to the 2021 IRS tax forms.

Though students and parents may manually enter their IRS data in the FAFSA, they are strongly encouraged to transfer it with the DRT because that method is accurate, efficient, and useful for verification.

Those who file a joint return and then are divorced, separated, or widowed before the application is signed won't be able to simply copy the information from the tax forms or transfer data with the DRT. Instead, they must figure out how much of the income and taxes paid is attributable to them and not their spouse. For more on this calculation, see "Using a joint return to figure individual AGI and taxes paid" in *Chapter 4*.

If the student, spouse, or parents were not required to file a tax return, the student should still report any income earned from work in questions 35-36 (student and spouse) and questions 83-84 (parents). The W-2 form and other

records of work earnings should be used to determine these amounts. Do not include combat pay; because it is not counted as untaxed income and is removed from the AGI when it is taxable, it should not be included in the income earned from work.

The FAFSA form instructs the applicant to add line 1 of the 1040 form to lines 3 and 6 of Schedule 1 and box 14 (code A) of Schedule K-1 (Form 1065) as an option for determining the income earned from work. But when the values of lines 3 or 6 or box 14 are negative, this will reduce the total and can wrongly affect the Social Security allowance. If values from lines 3 or 6 or box 14 are negative, treat them as zero when determining the income earned from work.

Income earned from work is used to calculate allowances for the Social Security and Medicare tax (aka the Federal Insurance Contributions Act or FICA tax) and for the added costs incurred by two working spouses. For non-tax filers it will also be used in place of AGI and will cause the application to be rejected if it is above the tax filing threshold.

For a fiscal year (rather than calendar year) tax return, information should be used from the return that includes the greater number of months in 2021.

**Example:** Owen's parents file a fiscal year tax return. Their fiscal year begins in September. The return they filed for the fiscal year starting in September 2020 includes eight months in 2021. The return they filed for the fiscal year starting in September 2021 only includes four months of 2021. Therefore, they should use the information from the return for the fiscal year that began in September 2020.

If the student or parents filed a tax return using something other than an IRS form, such as a foreign or Puerto Rican tax form, the student should report on the FAFSA form the amounts (converted to U.S. dollars) from the lines of the form that correspond most closely to those on the common IRS forms.

## IRS Data Retrieval Tool

The IRS Data Retrieval Tool (DRT) allows students and parents who use the online FAFSA and who have already submitted their federal tax return to electronically retrieve their tax data from the IRS database. The ISIR will show that data was imported and if it was altered. All students and parents of dependent students who indicate on the application that they have already filed a federal tax return and who are otherwise eligible to use the DRT will be directed to do so.

The DRT will automatically answer the question about whether a tax filer filed a Schedule 1. The answer will be based on all current exceptions for filing a Schedule 1 and the transferred data for the Schedule 1 fields will be handled the same as other data transferred using the IRS DRT.

The actual values of the imported data are not viewable by students and parents (though they still appear on the ISIR). This is to enhance security and privacy and to prevent the misuse of sensitive data. Because aid officers and other officials will be able to see the transferred data, and in keeping with the expectation that they protect the confidentiality of data associated with the Title IV programs, they must not disclose income and tax information from the FAFSA form with the applicant, the applicant's spouse, or the applicant's parents unless they can authenticate their identity. For example, a student appearing in person and presenting an unexpired, valid, government-issued photo ID such as a driver's license would be an effective way to authenticate his or her identity. See the [September 5, 2017, announcement](#) for more information.

As a result of IRS data being masked, students and parents will not be able to change it on the FAFSA; the financial aid office will need to make corrections. Also, rollovers will be handled differently. If the DRT transfers a non-zero amount into the untaxed pension or individual retirement account (IRA) distribution field, the applicant will be asked if any of it is due to a rollover. If he or she answers yes, he or she will then enter the rollover amount, which the CPS will subtract when calculating the EFC. And because of the data masking, students and parents who file a joint tax return will not be able to transfer their income earned from work but will have to manually enter those amounts. The income earned from work of single persons will, however, continue to

transfer. See the [August 7, 2017, announcement](#).

When the ISIR shows an IRS Request Flag value of 06 or 07, schools will need to contact the student or parent. A value of 06 indicates that after the DRT was used and the FAFSA was submitted, the student or parent changed an item on the FAFSA (e.g., the date of marriage) that would have made the person ineligible to use the DRT. The school must contact the student or parent to determine if all the transferred data was correct or if it needs to be corrected. A value of 07 is an indication from the IRS that the student or parent used the DRT but also has filed an amended tax return for the relevant year (includes amended returns generated by IRS adjustments). *Because the data that was transferred will be from the original return and not the amended one, the school must contact the student or parent and make any applicable corrections to FAFSA items, regardless of whether the application was selected for verification.*

The ISIR will display IRS Data Field flags that indicate if any individual item was transferred from the IRS and if it was subsequently changed. A flag value of 1 will indicate that the item was transferred and was not changed. Such items do not need to be verified if the student is selected for verification. However, when there is a Request Flag value of 06 or 07, the above guidance must first be followed. The August 7 announcement has more information.

Also due to the IRS data masking, there are two comment codes that schools must respond to: code 400 for parents and 401 for students. When an ISIR indicates either of these codes, the school must check the FAFSA to see if any of the following conditions exist and make necessary corrections:

1. The student or parent is a tax filer and the AGI transferred from the IRS is zero, but the total income earned from work is greater than zero.
2. The total of the taxable income offsets (see the “taxable income offsets section later in this chapter) for the student or parents is greater than the AGI transferred from the IRS.
3. Any of the untaxed income items (see the “Untaxed income” section later in this chapter) for the student or parent is greater than or equal to the AGI transferred from the IRS.

The school may need to contact the student or parent for an explanation of one of the above conditions and to determine if any of the associated FAFSA items need to be corrected. Also, comment codes 400 and 401 can be considered resolved if (V1 or V5) verification is completed for the same ISIR. Again, see the August 7 announcement for more information.

## Non-tax filers, foreign countries, and international organizations

In some countries the tax system does not operate as it does in the U.S., and people in those countries can earn a substantial amount of income and pay taxes without having to file a return. In such a case the person would correctly indicate that he or she did not file a tax return, and nothing will be reported for AGI or income tax paid. When that happens, he or she should report any *net income that is earned from work* in Question 35, 36, 83, or 84, as appropriate, of the FAFSA form and not as untaxed income in Question 41h or 89h, which is where untaxed foreign income **not earned** from work should be reported. This ensures that the income is properly included in the EFC calculation; for non-tax filers, income earned from work is used in place of the AGI and to determine eligibility for the simplified needs test (SNT) and automatic zero EFC.

As noted earlier, when income earned from work exceeds the U.S. tax filing threshold and the person indicates he or she is not going to file a return, the FAFSA form will be rejected. The aid office must override the reject in FAA Access to CPS Online so that an EFC will be generated.

What happens when one spouse files a return, but the other spouse does not file a return but has foreign earned income as described above? Because one spouse filed a return, the FAFSA form should indicate in Question 30 or 77 what return was or will be filed, and the CPS will use the AGI for income and to determine eligibility for the SNT and auto-zero EFC. As above, the foreign income is still reported as income earned from work, but it is also added to the AGI of the tax filing spouse, as our guidance instructs under the “married filing separately” section described earlier in this chapter.

In some instances, employees of certain international organizations, such as the United Nations, the International Monetary Fund, the World Bank, and others, **might not** be required to file a return, which results in situations like those described above. Follow the same guidance—a non-tax filer will report income from that employment as income earned from work only, while a person who is married to a tax filer will report it as income earned from work and add it to the AGI of the tax-filing spouse.

Note that the guidance in this section does not pertain to the Foreign Earned Income Exclusion, which is reported on the U.S. tax return and is excluded from the EFC calculation by the HEA.

- **Assets (37-39, 85-87 for parents).** An asset is property that the family owns and has an exchange value. The FAFSA form collects current data (as of the day of signing the FAFSA form) about cash, savings and checking accounts, investments, businesses, and investment farms. Most assets are **investments** such as college savings plans, Coverdell education savings accounts, real estate, installment and land sale contracts (including mortgages held), trust funds, mutual funds, money market funds, Uniform Gifts and Uniform Transfers to Minors (UGMA and UTMA) accounts, certificates of deposit, stocks, stock options, bonds, commodities, and precious metals. If the asset isn't a business or investment farm, it is reported as an investment.

The FAFSA form asks for the net worth of investments, which is their total current market value minus their associated debts. If their net worth is negative, zero should be reported.

Similarly, for a **business or investment farm**, the current net worth (the current market value minus the debt owed on it) is reported for land, buildings, machinery, equipment, livestock, and inventories. Business or farm debt means only those debts for which the business or farm was used as collateral.

**Qualified education benefits** include qualified tuition programs (QTPs, also known as section 529 plans, because they are covered in section 529 of the IRS tax code) and Coverdell education savings accounts. They are grouped together in the law and have the same treatment: they are an asset of the owner (not the beneficiary because the owner can change the beneficiary at any time) except when the owner is a dependent student, in which case they are an asset of the parent. When the owner is some other person (including a noncustodial parent), distributions from these plans to the student count as untaxed income, as "money received." When a parent owns a plan for a child and the parent is filing a FAFSA application as a student for himself or herself, the plan counts as an asset on the parent's FAFSA form.

States, their agencies, and some colleges sponsor qualified tuition programs. The IRS mentions two types of QTPs that are commonly called prepaid tuition plans and college savings plans. States may offer both types, but colleges may only sponsor prepaid tuition plans.

Prepaid tuition plans allow a person to buy tuition credits or certificates, which count as units of attendance. The number of units doesn't change even though tuition will likely increase before the beneficiary uses the tuition credits. They are an asset of the plan owner, and their worth is the refund value of the credits or certificates.

College savings plans allow a benefactor to deposit money into an account that will be used for the beneficiary's college expenses. The buyer does not pre-purchase tuition credits as with a prepaid tuition plan. Rather, this type of plan is essentially a savings account, and its value as an asset is the current balance of the account.

Coverdell education savings accounts, or ESAs, are another tax-advantaged savings vehicle for college education. They are treated the same as college savings plans: the current balance is an asset of the account owner.

If distributions from QTPs and ESAs do not exceed the qualified education expenses for which they are intended, they are tax-free, so they will not appear in the next year's AGI. They should not be treated as untaxed income (except in the cases mentioned above) or as estimated financial assistance. For more information on these benefits, see the IRS's Publication 970, *Tax Benefits for Education*.

**Rental properties** are an asset. A unit within a family home that has its own entrance, kitchen, and bath (therefore a rented bedroom would not count) and that is rented to someone other than a family member counts as an asset. To calculate its net value, multiply the net value of the entire structure by the fraction the rented space represents. Similarly, if a family owned a 10-unit apartment building and lived in one of the apartments, 9/10 or 90% of the net value of the building would be an asset. At times a student or parent will claim rental property as a business. Generally, it must be reported as real estate instead. A rental property would have to be part of a formally recognized business to be reported as such, and it usually would provide additional services like regular cleaning,

linen, or maid service.

**Take-back mortgage** value should be reported as an asset. In a take-back mortgage, the seller of a house finances a portion of its cost for the buyer, who repays this additional mortgage to the seller. The seller reports the interest part of any payments received from the buyer on Schedule B of IRS Form 1040. Therefore, if a student or his or her parents report such interest on the tax return, it likely indicates an asset that should be reported on the FAFSA form: the value of the take-back mortgage. There would be no debt reported against this asset. For example, if a dependent student's parents sold their house for \$200,000 and financed a take back mortgage of \$40,000 to the buyer, the parents should report \$40,000 as the net worth of the investment. The worth will decrease each year depending on how much of the principal the buyer paid back that year. This concept applies to other forms of seller financing of the sale of a home or other property.

**Virtual currency** such as Bitcoin is considered an asset. If a student, student's spouse, or parent (as applicable) holds Bitcoin, they must report its value in U.S. dollars (as of the day the FAFSA form is completed) as an asset on the FAFSA form. If the student or parent sells Bitcoin and has a capital gain from the sale, the taxable portion will end up in the AGI for the year it is reported on the tax return, and the AGI will then be included on the associated FAFSA form. For more information on how the IRS treats virtual currencies, please see the [IRS virtual currency webpage](#).

**Uniform Gifts and Uniform Transfers to Minors Acts (UGMA and UTMA)** allow the establishment of an account for gifts of cash and financial assets for a minor without the expense of creating a trust. Because the minor is the owner of the account, it counts as his or her asset on the FAFSA form, not the asset of the custodian, who is often the parent.

**Trust funds** in the name of a student, spouse, or parent should be reported as that person's asset on the application, generally even if the beneficiary's access to the trust is restricted. If the settlor of a trust has voluntarily placed restrictions on its use, then the student should report its present value as an asset, as discussed below. If a trust has been restricted by court order, however, the student should not report it. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

How the trust must be reported depends on whether the student (or dependent student's parent) receives or will receive the interest income, the trust principal, or both. In the case of a divorce or separation where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes unless the terms of the trust specify some other method of division.

If a student, spouse, or parent receives **interest only** from the trust, any interest received in the base year must be reported as income. If the interest accumulates and is not paid out, the recipient must report an asset value for the interest he or she will receive. The trust officer can usually calculate the value of the interest the person will receive while the trust exists. This value represents the amount a third person would be willing to pay for the interest income.

The person who will receive **principal only** from the trust must report the present value of his or her right to that principal as an asset. For example, if a \$10,000 principal reverts to a dependent student's parents when the trust ends in 10 years and the student is receiving the interest, he or she would report the interest received as income and report the present value of his or her parents' rights to the principal as a parental asset. The present value of the principal can be calculated by the trust officer; it's the amount that a third person would pay for the right to receive the principal 10 years from now—basically, the amount that one would have to deposit now to receive \$10,000 in 10 years.

If a student, spouse, or parent receives both **interest and principal** from the trust, the student should report the present value of both interest and principal, as described in the discussion of principal only. If the trust is set up so that the interest accumulates within the trust until it ends, the beneficiary should report the present value of the interest and principal that he or she is expected to receive when the trust ends as an asset.

## Ownership of an asset

In some cases, the ownership of an asset is divided or contested, which can affect how the student reports the



asset.

## Part ownership of asset

If the parent or student has only part ownership of an asset, the student should report only the owned part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership unless the share of the asset is determined by the amount invested or the terms of the arrangement specify some other means of division.

## Contested ownership

Assets shouldn't be reported if the ownership is being contested. For instance, if the parents are separated and can't sell or borrow against jointly owned property because it's being contested, the parent reporting FAFSA information would not list any net worth for the property. However, if the ownership of the property is not being contested, the parent would report the property as an asset. If ownership of an asset is resolved after the initial application is filed, the student can't update this information.

## Lien against, and imminent foreclosure of, an asset

If there's a lien against the asset, the net value of the asset is determined by subtracting any associated debt and the amount of the lien from its total value. If foreclosure of an asset is imminent, the net value of the asset would still be reported until the party making the foreclosure completes legal action to take possession of the asset. If the status of the property changes after the application is filed, the student can't update the asset information.

### Excluded assets—the following are NOT reported on the FAFSA Form:

- **Possessions** such as a car, a stereo, clothes, or furniture
- **A family's principal place of residence**, even if it is part of a business
- **A family farm** (including equipment, livestock, etc.) if
  - it is the principal place of residence for the applicant and his or her family (spouse or, for dependent students, parents), and
  - the applicant (or parents of a dependent student) materially participated in the farming operation
- **Family-owned and controlled small businesses** (which can include farms) that have 100 or fewer full-time or full-time equivalent employees. "Family-owned and controlled" means that more than 50% of the business is owned by persons who are directly related or are (or were) related by marriage. (Family members do not have to be counted in the household size for this question.)
- **Retirement and life insurance plans and ABLE accounts.** An ABLE account is a tax-advantaged savings account for a disabled person and his or her family; its value does not count as an asset on the FAFSA form. The value of retirement plans—401(k) plans, pension funds, annuities, noneducation IRAs, Keogh plans, etc.—also is not counted as an asset, but distributions do count as income; they appear in the AGI if taxable and in Questions 41 and 89 if untaxed. Similarly, the cash value or equity of a whole life insurance policy isn't reported as an asset, but an insurance settlement does count as income.

The full amount of the distribution is reported whether it was a lump sum or annual distribution, and it will count as taxable or untaxed income, as appropriate. An exception to reporting pension distributions is when they are rolled over into another retirement plan in the same tax year (rollover).

- **Excluded assets for Native American students.** The law (see HEA Sec. 479C) excludes reporting any income and asset of \$2,000 or less per individual payment (any amount over \$2,000 is reported as untaxed income) received under the Per Capita Act or the Indian Tribal Judgment Funds Use or Distribution Act. It also excludes any income received under the Alaska Native Claims Settlement Act or the Maine Indian Claims Settlement Act. Per capita distributions or the proceeds received from the Land Buy-Back Program for Tribal Nations—a tribal purchase of fractionated lands because of the Cobell settlement under the Claims Resolution Act of 2010 (42 U.S.C. 1305)—should also be excluded.

**Simplified needs test**—The law provides a “simplified EFC” calculation for a student who meets certain income and tax filing requirements. If the applicant is eligible based on the information on the FAFSA form, the CPS will automatically exclude assets from the EFC calculation. However, some states and schools require this information for their own aid programs.

- **Taxable income offsets (40 and 88).** These questions total certain types of income and other monies that are excluded from income in the need analysis. The CPS subtracts these excluded amounts from the AGI when calculating the EFC.
  - a. **Education tax credits.** These are the American Opportunity and Lifetime Learning tax credits (AOTC and LLC); the FAFSA form refers to Schedule 3 line 3 on the 1040 form. Part of the AOTC can be refundable, that is, payable to tax filers even if they do not owe any federal income tax. The nonrefundable part appears on the same lines of the tax return and the FAFSA form as the LLC. The refundable portion appears on line 29 of the 1040 form. It does not appear on the lines of the FAFSA form for the education tax credits, nor does it count as untaxed income.
  - b. **Child support paid.** Count payments *made* during 2021 because of divorce, separation, or legal requirement by the student, spouse, or parent whose income is reported on the FAFSA form. Don’t include support for children in the household.
  - c. **Taxable earnings from need-based work programs.** This includes earnings from Federal Work-Study and need-based employment portions of fellowships or assistantships. The student uses W-2s or other records he or she received for this income.
  - d. **Student grant and scholarship aid.** A student reports only the amount of grants and scholarships received that was reported as taxable income on the return. This includes grant and scholarship (not employment) portions of fellowships and assistantships, as well as taxable stipends and employer tuition reimbursements. Include AmeriCorps benefits (awards, living allowances, and interest accrual payments) except those for health care or childcare. The filer usually writes the taxable amount of the grant or scholarship separately on the tax form next to the line where wages and other earnings are reported. If the amount was reported this way, the student can copy it from the tax form.

**Reimbursements and stipends**—Employers often help with education costs by paying stipends or reimbursing employees for classes taken. These benefits count as estimated financial assistance (or reduce the cost of attendance) even if they aren’t received until the end of the class(es) and are contingent on earning a minimum grade. Any taxable portion received in the prior year and appearing in the AGI is entered in Question 40 or 88.
  - e. **Combat pay or special combat pay.** Enter only the portion that was included in AGI. This should be zero for enlisted persons and warrant officers (including commissioned warrant officers) because their combat pay is entirely nontaxable. For commissioned officers generally, combat pay in excess of the highest enlisted person’s pay (plus imminent danger/hostile fire pay) is taxable. To determine the taxable amount, find the total combat pay from the serviceperson’s leave and earnings statements and subtract the untaxed portion, which is reported in box 12 of the W-2 form with code Q. See [IRS Publication 3, Armed Forces’ Tax Guide](#), for more information.
  - f. **College cooperative education program earnings from work.** The student uses W-2s or other records he or she received for these earnings.

## Child support paid example:

Steven and his wife each have a child from a previous relationship who does not live with them and for whom they pay child support. Because Steven provides over half of his daughter’s support through his payments, he counts her in his household size. Therefore, he doesn’t report the amount of child support he pays on his FAFSA form. Steven’s wife isn’t providing over half of her son’s support, so he isn’t included in Steven’s household size. Therefore, Steven can report the amount of child support his wife pays.

- **Untaxed income (41 and 89).** These questions total the untaxed income, some of which is reported on the tax form even though it isn't taxed. A student who hasn't filed a return will have to estimate these amounts, and students or parents may need to separate information from a joint return.
  - a. **Payments to tax-deferred or sheltered pension and savings plans (paid directly or withheld from earnings).** This includes untaxed portions of 401(k) and 403(b) plans. These types of payments are listed in boxes 12a through 12d of the W-2 and will have one of the following codes: D, E, F, G, H, or S. Employer contributions to these plans shouldn't be reported as an untaxed benefit.
  - b. **Deductible IRA or Keogh payments.** Payments to an IRA or Keogh plan that are excluded from taxation are reported as untaxed income. These amounts appear on the 1040 form schedule 1 lines 16 and 20.
  - c. **Child support received for all children.** Exclude foster care or adoption payments.
  - d. **Tax-exempt interest income.** Certain types of interest, such as interest on municipal bonds, are tax-exempt. This amount is on line 2a on the 1040 form.
  - e. **Untaxed IRA distributions and pension or annuity payments.** A tax filer determines how much of his or her IRA distribution or pension or annuity payment is taxable when he or she completes his or her tax return. The applicant reports the untaxed portion, which is determined from the tax return, but should not include rollovers (transfers of funds from one IRA to another). These amounts can be found on the 1040 form—(line 4a minus 4b; if negative, use zero) plus (line 5a minus 5b; if negative, use zero)
  - f. **Housing, food, and other living allowances.** Some people, such as clergy, receive these allowances as compensation for their jobs. Money received to pay for rent should also be reported, as should the free use of a house or apartment (the rent or market value of a comparable house or apartment can be used). Similarly, if the student received free room or board in 2021 for a job that was not awarded as student financial aid (including resident advisor positions that provide free room and board as part of the student's non-need-based employment compensation), he or she must report the value of the room and board as untaxed income. Members of the U.S. military report their basic allowance for subsistence (BAS) but not their basic allowance for housing (BAH).
  - g. **Veterans' noneducation benefits.** This includes disability, the death pension, Dependency and Indemnity Compensation (DIC), and Veterans Affairs (VA) educational work-study allowances.
  - h. **Any other untaxed income not reported elsewhere.** This includes disability benefits (but not Social Security disability), worker's compensation, tax-free contributions to HSAs (see below), interest income on education IRAs, untaxed portions of Railroad Retirement benefits, black lung benefits, refugee assistance, the untaxed portion of capital gains, and foreign income that wasn't taxed by any government, wasn't earned, and wasn't part of the Foreign Earned Income Exclusion.

**Health savings accounts (HSAs)** resemble tax-deferred pension and savings plans more than flexible spending arrangements. For example, the balance in an HSA persists from year to year, while that in a flexible spending arrangement must be spent on qualified expenses by the end of the year. Therefore, treat tax-free contributions to an HSA as untaxed income; these will appear on line 13 of Schedule 1 of Form 1040. The balance in the account does not count as an asset, nor would distributions from it count as untaxed income when they are used for qualified medical expenses. Distributions not used for qualified expenses are subject to income tax (and a possible penalty) and will be counted in the adjusted gross income.

**Extended foster care payments:** Foster children who meet certain criteria can receive benefits until age 21. If these extended payments are under the authority of Title IV, Part E, of the Social Security Act, they are not reported on the FAFSA form. If they are paid under some other authority, e.g., a state foster youth support program, they are reported as untaxed income to the student in Question 41h. See DCL [GEN-13-18](#).

- i. **Money received (41 only).** The student reports any cash support he or she received, but if dependent he or she does not count support received from his or her parents, with one exception: money from a noncustodial parent that is not part of a legal child support agreement is untaxed income to the student. Cash support includes money, gifts, housing, food, clothing, car payments or expenses, medical and dental care, college costs, and money paid to someone else or paid for on his or her behalf. For example, if a friend or relative pays a student's electric bill or part of his or her rent, the student must report the amount as untaxed income. If he or she is living with a friend who pays the rent and the student's name is on the lease, the rent paid on his or her behalf counts as cash support because the student is responsible for payments that his or her friend is making.

*Note that only the student reports this item—it does not appear in the parents' untaxed income section.*

**Tips on reporting benefits:** The student reports the actual dollar amount of benefits received during the year, even if it is an underpayment or an overpayment that will be corrected in the next year. However, if the underpayment or overpayment was adjusted in the same year, only the net amount received during that year would be reported.

Benefits the student or parents receive on behalf of anyone included in their FAFSA household size count as income to them unless the person is an adult (not a child), e.g., a grandmother, who receives the benefits in her name. Such a person is not included in the household size if benefits in her name total more than half of her support.

**Box 14 items on the W-2:** Schools are not required to review income listed in box 14 of the IRS's W-2 form. There are a few reasons for this. Several of the items the IRS suggests could be reported in box 14 are captured already on the FAFSA form (in adjusted gross income for instance); also, employers could include in box 14 certain nonelective pension plan contributions, which should not be counted in the need analysis. Finally, because no employer is required to provide information in box 14, it is unlikely that employers will be consistent in what they report there. But if you are aware that a box 14 item should be reported—i.e., if it represents discretionary income—you should count it on the appropriate line. For example, clergy parsonage allowances often appear in box 14, and you would count that in Question 41f or 89f.

#### **Income and benefits NOT to be included:**

- **Student aid** is accounted for in packaging (see *Volume 3: Calculating Awards and Packaging*); it does not count as income in the calculation of the EFC. Student aid includes tuition benefits a parent receives for a dependent, such as those from the parent's employer. Student aid that was included in the AGI is reported separately on the FAFSA form as an exclusion so that it can be subtracted from income (40d and 88d).
- **Veterans' education benefits.** Appendix A in *Chapter 7 of Volume 3* has the list of excluded benefits. See also the pertinent [August 13, 2009 electronic announcement](#).
- **The value of on-base housing** or the BAH for students or parents in the U.S. military. However, the BAS **does** count as untaxed income.
- **Rent subsidies for low-income housing.**
- **Payments and services received from states for foster care or adoption assistance**, under Part A or Part E of Title IV of the Social Security Act (e.g., Wisconsin's Adoption Assistance Program, which facilitates the adoption of children with special needs).
- **Per capita payments to Native Americans.** See "Assets" section earlier in this chapter.
- **Heating/fuel assistance.** This includes payments or allowances received under the Low-Income Home Energy Assistance Act (LIHEA). Payments under the LIHEA are made through state programs that may have different names.
- **Flexible spending arrangements.** These are employee benefit programs, sometimes called "cafeteria plans." Neither contributions to nor payments from these programs should count as untaxed income.
- **Welfare benefits, untaxed Social Security benefits, and the earned income and additional child tax credits.** Welfare benefits are means-tested state or federal supplementary assistance. Examples are benefits from Medicaid (including the Children's Health Insurance Program), the Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF).
- **Combat pay, Foreign Earned Income Exclusion, and credit for federal tax on special fuels.**
- **In-kind support** is support other than money, for example, friends or relatives giving the student food or allowing him or her to live with them rent-free. That support isn't included as untaxed income, though you may use professional judgment (e.g., by reducing the cost of attendance or increasing income) with students who receive such in-kind support. This is not the same as housing and other allowances received as compensation for a job, which, as stated earlier, must be reported. If the student is living with someone who is paying living expenses, it can be difficult to determine whether the support is cash support or in-kind support. The basic rule is: if someone pays a cost the student is obligated to pay, the amount counts as cash support.

#### **Example: Independent student with parental support**

Doug is a graduate student, so he's independent even though he still lives with his parents and has no income of his own. Although the FAA at his school can't make him a dependent student, the FAA can decide to use professional judgment to add an amount to his untaxed income to account for the in-kind support his parents

provide.

## No income reported on the FAFSA form

Occasionally an applicant will report no income for the base year. This can occur when the family has tax write-offs that produce a negative AGI or when the applicant neglected to report untaxed assistance. If the CPS does not select the student for verification, you may still choose to ask him or her for further information about his or her means of support during the base year. Also, you may use professional judgment (PJ) to adjust the income line items to reflect income the family receives that doesn't appear on the tax return.

Any cash support for the student, other than support from a parent for a dependent student, counts as untaxed income and must be reported. In-kind help (see the "Income and benefits not to be included" section later in this chapter) from a friend or relative is not considered untaxed income and would not appear on the FAFSA form, however, you may use PJ to account for the value of that in-kind support in the COA. For example, you could adjust the housing and food component of the COA for a student who lives with his or her aunt and eats meals with his or her family.

## EFA or not?

Sometimes it is difficult to account for an outside financial award. If a student receives the award because of postsecondary enrollment, it counts as estimated financial assistance (EFA) if it is not considered wages for employment according to federal or state rules, or if it is considered wages and is based on need. Any amount that appears as income on the tax return will also be included on the appropriate line of item 40 or 88 on the 2023-2024 FAFSA form. If the award is considered wages for employment but is not based on need, then it is not EFA and it remains in income.

## Step Three: Dependency Status

**Purpose:** The law governing the FSA programs is based on the premise that the family is the first source of the student's support, and the law provides several criteria that decide if the student is considered independent of his or her parents for aid eligibility. Note that a student reaching the age of 18 or 21 or living apart from his or her parents does not on its own affect his or her dependency status. For the 2023-2024 year, a student who meets any of the following criteria from HEA Sec. 480(d) is independent—if he or she:

- was born before January 1, 2000;
- is married as of the date he or she applies;
- will be a graduate or professional student when the award year starts;
- is currently serving on active duty for purposes other than training;
- is a veteran of the U.S. Armed Forces;
- has dependents other than a spouse;
- was an orphan, foster child, or ward/dependent of the court at any time since the age of 13;
- is an emancipated minor or in legal guardianship or was when the student reached the age of majority in his or her state; or
- was determined at any time since July 1, 2022, to be an unaccompanied homeless youth or unaccompanied, at risk of homelessness, and self-supporting, without regard to such individual's age.

If a student is considered a dependent of his or her parents, the parents' income and assets must be included on the FAFSA form. The CPS will calculate a parent contribution and add it to the student's contribution to derive an EFC.

In unusual cases an aid administrator can determine that a student who doesn't meet any of the independence criteria should still be treated as an independent student. (See "Dependency Overrides" in *Chapter 5*.)

### **Example: Surviving parent and stepparent**

Al's parents divorced when he was five. His mother remarried, and Al lived with her and his stepfather, who did not adopt him. His mother died last year, but his father is still living. Al doesn't meet any of the independence criteria, so he's a dependent student. Because his father is his only parent, Al needs to report his father's information on the FAFSA form, even though he's still living with and being supported by his stepfather.

### **Example: Student living with relatives**

Millie's father is dead, and her mother can't support her, so she is living with her grandmother. Her mother doesn't pay any money for her support. Millie doesn't meet any of the independence criteria, so she must provide parental information. Because her grandmother hasn't adopted her, her grandmother isn't her parent. Millie will have to provide information about her mother on the form unless there are unusual circumstances that would warrant a dependency override or her receiving only unsubsidized loans. In any case, the school might use PJ to account for the grandmother's support.

- **Married (43).** The student must answer this question according to his or her marital status at the time the FAFSA form is signed; after that, the student **cannot** update FAFSA information for changes in his or her marital status except in limited instances; see *Chapter 4*.

A student who is only engaged answers as unmarried unless he or she waits until after the wedding to complete the FAFSA form. For this question a student is considered married if he or she is separated or planning to divorce or if he or she has a relationship that meets the criteria for common-law marriage in their state. A student who was independent only because he or she was married becomes dependent for the next award year if he or she divorces and cannot answer "Yes" to any of the dependency questions.

- **Graduate or professional study (44).** The FAFSA form asks if the student will be working on a master's, doctorate, or graduate certificate program at the beginning of the school year. A student who is a graduate or professional student is independent for purposes of Title IV aid.

Graduate and professional students are not eligible for Pell grants, so a student who incorrectly answers "Yes" to this question must submit a correction before he or she can get a Pell grant, even if he or she is independent for another reason.

Students should fill out the FAFSA form based on their expected grade level at the beginning of the award year. If a dependent student completes his or her undergraduate program during the year and begins graduate school, he or she can update the answer to the dependency question so that the CPS can reprocess the student's application, or the aid administrator at the graduate school can recalculate his or her EFC and use it to package the student graduate aid.

- **Member or veteran of the U.S. Armed Forces (45 and 46).**

Veterans and persons on active duty in the U.S. Armed Forces (the Army, Navy, Air Force, Marines, or Coast Guard) for purposes other than training are independent.

Veterans are those who were in active service and were released under a condition other than "dishonorable." This includes those who fraudulently entered the service, if their entire period of service was not voided. There is no minimum amount of time the student must have served to be a veteran—even one day counts and even basic training (boot camp) counts—but it does have to be active service. (See the following rules for reservists.) This is less

stringent than the VA's definition of a veteran for receiving certain VA benefits.

The FAFSA form also tells students to answer "Yes" to the question about veteran status if they aren't yet a veteran but will be by June 30, 2024.

Members of the **National Guard** or **Reserves** are only considered veterans if they were called up to active federal duty [as defined in 10 U.S.C. 101(d)(1)] by presidential order for a purpose other than training. It does not matter how long the active duty lasted or if the student returned to reserve status afterward, but, as with the other qualifying veterans, the student must have had a character of service that was not "dishonorable."

Students who attended a **U.S. military academy or military academy preparatory school** for at least one day and were released under conditions other than "dishonorable" count as veterans for Title IV purposes. If they are discharged prior to commission (known as "early exit cadets"), they might not be veterans for VA purposes, and their match result will likely show that they aren't veterans. As with other students who receive this result, if an early exit cadet meets one of the other criteria for independence, no resolution is required. But if he or she meets no other independence criteria, the student must provide the school with documentation that shows he or she was a cadet of a military academy or its preparatory school and was released under a condition other than dishonorable. Students serving in ROTC or currently attending a U.S. military academy are not veterans.

#### **Military service academies and preparatory schools:**

- U.S. Military Academy (West Point)
- U.S. Naval Academy (Annapolis)
- U.S. Air Force Academy
- U.S. Coast Guard Academy
- U.S. Merchant Marine Academy
- U.S. Military Academy Preparatory School
- Naval Academy Preparatory School
- U.S. Air Force Academy Preparatory School

## Veteran match (for Question 46)

If the student answers "Yes" to the question about veteran status, the CPS performs a match with VA records to confirm that status. The VA sends the result back, which appears as a match flag in the FAA Information section of the output document. For flags 2, 3, and 4, a comment and a C flag will appear on the SAR only if veteran status is the sole reason that the student would be independent. See the [2023-2024 SAR Comment Codes and Text Guide](#) on the Knowledge Center.

### **Successful match (match flag 1)**

There won't be any comments on the output document if the VA confirms that the student is a veteran.

### **Not a veteran (match flag 2)**

A student will receive this flag if the VA database indicates he or she is not a veteran. If the student answered "Yes" to one of the other dependency questions, the student is independent based on that question and can receive student aid without resolving their veteran status.

If the student answered "No" to all the other dependency questions and he or she believes they are a qualifying veteran, the student should provide the financial aid office at his or her school a copy of their DD214 (the Certificate of Release or Discharge from Active Duty, with "Character of Service" as anything but "dishonorable"). If it shows that the student is a veteran, he or she can receive aid as an independent student. A dependency override is not necessary because the CPS accepts the student's "Yes" answer to the veteran question. If a National Guardsman or a reservist who served on active duty (for other than training) did not receive a DD214 but can obtain a letter from a superior officer that documents the call-up to active duty and that classifies the

character of service as anything but “dishonorable,” the student will be considered a veteran for FSA purposes. If the student turns out not to be a veteran, he or she will need to change his or her answer to the question from “Yes” to “No” and provide parent information, including a parent’s signature.

If the VA match problem is due to an error in the VA’s database, the student should contact the VA and correct the error. A subsequent transaction will then redo the match with the VA.

### **Not in database (match flag 3)**

Much of the guidance above applies for students not in the VA database: if the student is independent for a reason other than being a veteran, he or she doesn’t need to resolve the problem before receiving student aid, although the student should have the VA correct its database if it’s wrong. If the student answered “No” to the other dependency questions, he or she must either correct any problem with the VA, provide documentation showing he or she is a veteran or will be one by June 30, 2024, or, if he or she is not a veteran and will not be one by that date, provide parent data and change their response to the question from “Yes” to “No.”

### **Active duty (match flag 4)**

If the student is currently on active duty, he or she isn’t a veteran yet, but if his or her active duty will end by June 30, 2024, he or she counts as a veteran for dependency status. Because the student should have answered “Yes” to the active duty question, he or she would be independent by that criterion and wouldn’t have to resolve this situation.

- **Children and legal dependents (47 and 48).** Students who have legal dependents are independent. Legal dependents comprise children (including those who will be born before the end of the award year) of the student who receive more than half their support from the student, and other persons (except a spouse) who live with and receive more than half their support from the student as of the FAFSA signing date and will continue to do so for the award year. The same criteria apply to household size.

When a student applies after the award year has begun, to count a person who is not the student’s child as a dependent, the support already given that year plus the future support must total more than 50 percent for the whole year. See Example 4 below.

#### **If the student is receiving support to raise his or her child, is the child still considered a legal dependent?**

If one or both student’s parents are directly or indirectly providing more than 50% support in cash or other assistance to the child, then the student would answer “No” to the FAFSA question about legal dependents. “Indirect support” to the child includes support that a parent gives to the student on behalf of the child. If the student is living with a parent who is paying for most of the household expenses, the parent would usually be considered the primary source of support to the child, and the student would answer “No” to the question about legal dependents. However, there may be some cases where the student can demonstrate that he or she provides more than half of their child’s support even while living at home, in which case he or she would answer “Yes” to the question about legal dependents.

When the student receives money for the child from any source other than his or her parents, the student may count it as part of his or her support to the child. Sources include child support and government programs, such as TANF and SNAP (formerly the federal Food Stamp Program), that provide benefits for dependent children. So, a student may be considered independent when the benefit he or she receives is the primary support for her child. For example, if a student who lives alone with her child receives cash from her boyfriend that amounts to more than 50% support for the child, then she would be able to count the child as a dependent and in her household size, and she would be independent. If the boyfriend is the father of the child and a student himself, then he would also be able to count the child as a dependent and in his household size, and he would be independent, too.



## Legal dependent examples

**Example 1:** Stanislaw’s uncle Yvor lives with him and receives a small disability payment each month. This amount is paid directly to Yvor, so Stanislaw doesn’t report it as income on the FAFSA form. The payment is small enough that Stanislaw is still providing more than half of Yvor’s support, and because he expects to continue to provide more than half support during the award year, he includes Yvor as a dependent in his household size. However, Yvor expects to also start receiving a pension late next year. The combination of the pension and the disability payment will be enough that Stanislaw won’t be providing more than half of his uncle’s support and therefore won’t be able to include Yvor in his household size after this award year.

**Example 2:** Laurel is going to college and is her cousin Paul’s legal guardian. Paul receives Social Security benefits, but because he’s a minor, the benefits are paid to Laurel on his behalf. These benefits provide more than half of Paul’s support. Because Paul lives with Laurel and will be supported by her (through the Social Security benefits) throughout the award year, Laurel answers “Yes” to the legal dependent question. If Paul didn’t live with Laurel, she would have to answer “No” to the question.

**Example 3:** Alan pays \$4,000 to support his girlfriend, Cathy, who lives with him. She has earned income of \$3,000, and she receives \$200 a month (\$2,400 a year) from her parents. She uses all of this for her support. Alan cannot consider Cathy a dependent since the \$4,000 he provides is not more than half of her total support of \$9,400.

**Example 4:** In April 2023, Anika applies for aid for both 2022-2023 and 2023-2024 award years. One month prior to that, her cousin Bettina came to live with her. Even though Anika provides all her cousin’s support, the month of support she has given plus the two months left in the award year would not amount to more than 50% for 2022-2023, so she can’t consider Bettina her dependent for that year. If Bettina had moved in before the midpoint of the year, Anika would have been able to count her as a dependent for 2022-2023. However, because the two plan to live together at least through June 2024, Anika can count Bettina as a dependent for 2023-2024.

- **Orphan, foster child, or ward of the court (49).** A student who was an **orphan**—both his or her parents were dead—when 13 or older is independent even if the student was subsequently adopted. Likewise, a student who was at any time since the age of 13 a **foster child** or a **ward of the court** is independent even if his or her status changed later.

A student is a ward of the court if it has assumed legal custody of the student. In some states the court may impose its authority over a juvenile who remains in the legal custody of his or her parents; such a student is not a ward of the court. Also, incarceration of a student does not qualify the student as a ward of the court. In some states the phrase “ward of the state” is used; if it is **not** due to incarceration, this is considered the same as a ward of the court for dependency status.

## Documentation of foster youth (for Question 49)

If an institution requires that a student provide documentation that they were in foster care at age 13 or older, FAAs shall consider any of the following documentation to be adequate:

- submission of a court order or official State documentation that the student received Federal or State support in foster care;
- a documented phone call, written statement, or verifiable electronic data match from—
  - a State, county, or tribal agency administering a program under part B or E of title IV of the *Social Security Act* (42 U.S.C. 621 et seq. and 670 et seq.);
  - a State Medicaid agency; or
  - a public or private foster care placing agency or foster care facility or placement.

- a documented phone call or a written statement from an attorney, guardian ad litem, or Court Appointed Special Advocate;
- verification of the student’s eligibility for an education and training voucher under the John H. Chafee Foster Care Program under section 477 of the *Social Security Act* (42 U.S.C. 677); or
- a documented phone call or written statement from a financial aid administrator who documented the student’s circumstance in the same or a prior award year.

- **Emancipation and legal guardianship (50 and 51).** Students are independent if they are, or were upon reaching the age of majority, emancipated minors (released from control of their parent or guardian) or in legal guardianship, both as adjudicated by a court of competent jurisdiction in their state of legal residence at the time of the adjudication. The emancipation must be determined by a court, not by an attorney, though the basis for it can vary by state.

Students placed in legal guardianship to their parents—e.g., if they are disabled adults and under their parents’ care—are not independent for Title IV program purposes by this criterion and would answer “No” to Question 51.

Similarly, guardianship of a person’s estate does not qualify as a legal guardianship for this purpose; the FAFSA form asks, “Does someone other than your parent or stepparent have legal guardianship of **you**”—i.e., the student, not his or her estate. So students would answer “No” to the question if another person has only been appointed guardian of their estate. They should also answer “No” and contact your school if custody was awarded by a court and the court papers say “custody” instead of “guardianship.” Most states have a clear definition of legal guardianship that is distinct from custody, but if a given state does not, ask your school’s legal counsel for help with this question.

- **Unaccompanied homeless youth (52-54).** A student is independent if at any time on or after July 1, 2022, the student is determined to be an unaccompanied youth who is homeless or is self-supporting and at risk of being homeless. In determining independence due to homelessness, FAAs shall consider documentation from the following entities—provided through a documented phone call, written statement, or verifiable electronic data match—to be adequate:
  - a local educational agency homeless liaison (or designee), as designated by the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11432(g)(1)(J)(ii));
  - the director (or designee) of an emergency or transitional shelter, street outreach program, homeless youth drop-in center, or other program serving individuals who are experiencing homelessness;
  - the director (or designee) of a Federal TRIO program or a Gaining Early Awareness and Readiness for Undergraduate program (GEAR UP) grant; or
  - a financial aid administrator at another institution who documented the student’s circumstance in the same or a prior award year.

In the absence of a determination by the entities above, an FAA must make a case-by-case determination of homeless youth status (see *Chapter 5*) based upon a written statement from, or a documented interview with, the student that confirms that they are an unaccompanied homeless youth, or unaccompanied, at risk of homelessness, and self-supporting.

## Step Four: Parents’ Information (Dependent Students Only)

**Purpose:** If the applicant answers “No” to questions 42–54, then he or she is dependent and must report parental information in Step 4 on the FAFSA form.

Questions 55-75 collect information about the student’s parents and their household. Questions 76-89 collect tax and financial data for the parents, and because these questions are answered in the same way as for the student, they were discussed earlier.

In most cases it’s clear who the parents are but not always.

**Count: Biological, adoptive, and stepparents**

A parent is a biological or adoptive parent or a person that the state has determined to be a parent (for example, when a state allows another person's name to be listed as a parent on a birth certificate). A stepparent is considered a parent if married to a biological or adoptive parent and if the student counts in their household size. Biological and adoptive parents who are unmarried and living together give that as their status in Question 55, and both report their information on the FAFSA form.

However, a stepparent who did not adopt the student cannot be the sole parent for determining dependency status. If the other parent dies, the student is still a dependent of the remaining biological parent, not the stepparent. If no biological parent remains, the student answers "Yes" to Question 49 and is independent.

### **Do not count: Foster parents, legal guardians, and relatives**

A foster parent or a legal guardian is not treated as a parent for FSA purposes. If at any time since the age of 13 both student's parents were dead (and he or she did not have an adoptive parent at that time) or the student was in foster care, he or she is independent. If the student is now, or was when he or she became an adult, an emancipated minor or in legal guardianship (see the exceptions under Question 51), the student is independent.

If a student is living with his or her grandparents or other relatives, their data should not be reported on the FAFSA form as parental data unless they have adopted the student. Any cash support from persons other than the student's parents should be reported as untaxed income, as discussed in Step 2. The school may also consider other kinds of support as part of the student's financial resources and use professional judgment to include the support under the item for student's untaxed income (see *Chapter 5* on professional judgment).

- **Parents' personal information (55-65).** The FAFSA form asks for parents' marital status; the month and year they were married, remarried, separated, divorced, or widowed; SSN; last name; first initial; and date of birth. This data is used for the IRS DRT and helps the government estimate erroneous Pell payments. If the SSN, last name, and birth date for at least one parent are not given, or if neither parent's SSN matches with the SSA, the application will be rejected. When the SSN doesn't match, the wrong number must be corrected so that the application and SSA agree. For a name or birth date that doesn't match, correct the application if it's wrong or re-enter the information if it's correct. If the parent doesn't have an SSN, enter all zeros (000-00-0000) to prevent or remove a reject code. Do not use an individual taxpayer identification number as an SSN.
- **Parents' state of residence (66-68).** Parents who do not live in the United States should enter "FC" for Question 66.
- **Household size (69).** This determines the standard living allowance that offsets family income in the EFC calculation. The following persons count in the household size of a dependent student's parents:
  - **The student and parents**, even if the student is not living with them. Exclude a parent who has died or is not living in the household because of separation or divorce but include a parent who is on active duty in the U.S. Armed Forces apart from the family.
  - **The student's siblings and children**, if they will receive more than half their support from the student's parent(s) from July 1, 2023, through June 30, 2024. Siblings need not live in the home. This includes unborn children and siblings of the student who will receive more than half support from the student's parent(s) from birth to the end of the award year. It also includes siblings who would be considered dependent based on the FAFSA dependency questions (i.e., they need not be students nor apply for aid).

For children in the household size, the "support test" is used rather than residency because there may be situations in which a parent supports a child who does not live with him or her, such as when the parent is divorced or separated. If the parent receives benefits (such as Social Security payments) in the child's name, these benefits must be counted as parental support for the child.
  - **Other persons** who live with and receive more than half their support from the student's parent(s) and will receive more than half support for the entire award year. When the application is submitted after the start of the year, see the relevant paragraph and example about legal dependents provided earlier in this chapter under the "Children and legal dependents" section.

**Foster children in household size:** Typically, foster children do not count in the household size as their costs are covered by foster care payments. However, children in "kinship foster care" for whom no benefits are provided can count in the household size if they meet the tests for other persons, i.e., if they live with and receive more than half

their support from their foster parents for the award year.

Note that the rules that decide whether someone is counted in the household for FSA purposes aren't identical to the IRS rules for determining dependents or household members.

**Example:** Lydia is a dependent student, and her parents are married. Her brother Ron is 26, but his parents still provide more than 50% of his support, so he is included in the household size. Her sister Elizabeth is attending college but is an independent student and isn't supported by their parents, so she isn't included in the household size. Her sister Susan is not attending college but is working and supporting herself. However, if Susan were to apply for student aid, she would be considered a dependent student, so she is included. Therefore, the household size that Lydia reports for her parents is five.

## Reporting information in cases of death, separation, divorce, and remarriage

**Death of a parent:** If one, but not both, of the student's parents has died, the student answers the parental questions about the surviving biological or adoptive parent and does not report any financial information for the deceased parent. If both parents are dead when the student completes the FAFSA form, he or she must answer "Yes" to Question 49, making him or her independent. Remember that an adoptive parent counts as a parent, but a legal guardian does not. If the surviving parent dies after the FAFSA form has been filed, the student must update his or her dependency status and report income and assets as an independent student.

**Stepparent:** A stepparent is treated like a biological parent if the stepparent has legally adopted the student or if the stepparent is married, as of the date of application, to a student's biological or adoptive parent whose information will be reported on the FAFSA form. **There are no exceptions.** A prenuptial agreement does not exempt the stepparent from providing information required of a parent on the FAFSA application. The stepparent's income information for the entire base year, 2021, must be reported even if the parent and stepparent were not married until after 2021. See above for how to fill out the parent questions when the stepparent's spouse (the biological parent) dies; if the stepparent has not adopted the student, he or she would no longer provide parental information as before, but any financial support they give to the student would be counted as untaxed income.

**Divorce of the student's parents:** If the student's parents are divorced, he or she should report the information of the parent with whom they lived with longer during the 12 months prior to the date he or she completes the application. If the student lived equally with each parent or did not live with either one, then he or she should provide the information for the parent from whom he or she received more financial support or the one from whom he or she received more support the last calendar year for which it was given. Note that it is not typical that a student will live with or receive support from both parents exactly equally. Usually, you can determine that the student lived with one of the parents more than half the year or that he or she received more than half support from one of the parents.

**Example:** Marta is 22 and doesn't meet any of the independence criteria. Her parents divorced recently, and she has not lived with them since she was 18. Also, neither parent provided support in the past year. The last time she received support from her parents was when she lived with them and they were still married. Because her father's income was larger and he contributed more money to the overall household expenses, Marta determines that the last time she received support, most of it was from her father. She provides his data on the FAFSA form.

If biological or adoptive parents who are divorced still live together, their status is unmarried and living together and both would report their information on the FAFSA form; see "Who does and does not count as a parent on the FAFSA form" section earlier in this chapter for more information. If one or both have married someone else and all live in the same household (and presumably the student lived with both parents an equal amount of time), the parent and stepparent, if applicable, who provided more support in the previous year would include their information on the FAFSA form. Schools may use PJ to account for the other parent's financial contribution that is not already properly counted as child support on

line 89c or money received on line 41i of the 2023–2024 FAFSA form.

**Separation of the student’s parents or the student and spouse:** A couple need not be legally separated to be considered separated—they may deem themselves informally separated when one of the partners has left the household for an indefinite period and the marriage is severed. For a dependent student, use the rules for divorce to determine which parent’s information to report. While a married couple that lives together can’t be informally separated, in some states they can be legally separated. If their state allows this, and if they are still living together and are legally separated, then that is their status on the FAFSA form unless they are the parents of a dependent student, in which case their status is unmarried and living together and both would report their information.

**Common-law marriage:** If a couple lives together and has not been formally married but meets the criteria in their state for a common-law marriage, they should be reported as married on the FAFSA form. If the state doesn’t consider their situation to be a common-law marriage, then they aren’t married; parents of a dependent student would report that they are unmarried and living together. Check with the appropriate state agency concerning the definition of a common-law marriage.

- **Number in college (70).** The applicant **always** counts in the number in college, but parents do not. Others included in the household size are also included in the number in college if they are or will be enrolled at least half time during the award year in any eligible degree or certificate program at a school eligible for any of the FSA programs. The definition of half-time enrollment for this question must meet the federal requirements even if the school defines half time differently. (See *Volume 1: Student Eligibility* for enrollment status requirements.)

#### **Service academies, household size, and number in college**

Students at U.S. service academies have most of their educational expenses paid for by the federal government. Because of this, their families cannot “reasonably be expected to contribute to their postsecondary education” and they are not counted in the number in college in the families of either dependent or independent students. Since they will not receive more than one-half of their support from any person, they also do not count in the household size of any independent students and some dependent students. However, if a service academy attendee is a sibling of a dependent student and can answer “No” to all the dependency status questions, he or she would count in the household size of that dependent student. [HEA Sec. 474(b)(3); 480(k), (l)]

## Number in college

HEA Sec. 474(b)(3)

- **Receipt of means-tested federal benefits by anyone in the household (71–75).** This is an alternative for the tax return requirement of the simplified needs and automatic zero EFC tests.
- **Tax forms filed by parents, filing status, income, and assets (76–79, 81–89).** Refer to the earlier discussion for these questions.
- **Dislocated worker (80).** This status, as defined in the Workforce Innovation and Opportunity Act or WIOA, is an alternative to the tax return and means-tested federal benefits criteria for determining if a person qualifies for the simplified needs test or automatic zero EFC. A person would answer “Yes” to this question if he or she meets the statutory definition of dislocated worker. Under the WIOA, a dislocated worker is someone who falls into at least one of these categories:
  - A person who meets **all** the following requirements:
    - He or she was terminated or laid off from employment or received a notice of termination or layoff.
    - He or she is eligible for or has exhausted his or her unemployment compensation, **or** he or she is not eligible for it because, even though he or she has been employed long enough to demonstrate attachment to the workforce, he or she had insufficient earnings or performed services for an employer that weren’t covered under a state’s unemployment compensation law.
    - He or she is unlikely to return to a previous industry or occupation.
  - A person who was terminated or laid off from employment or received a notice of termination or layoff because

- of any permanent closure of, or any substantial layoff at, a plant, facility, or enterprise
- A person who is employed at a facility at which the employer made a general announcement that it will close within 180 days
- A person who is employed at a facility at which the employer made a general announcement that it will close
- A self-employed person (including farmers, ranchers, or fishers) who is unemployed because of natural disasters or because of general economic conditions in his or her community
- A spouse of an active-duty member of the Armed Forces who has experienced a loss of employment because of relocating due to permanent change in duty station
- A spouse of an active-duty member of the Armed Forces who is unemployed or underemployed and is having trouble in obtaining or upgrading employment
- Displaced homemakers who meet **all** the following criteria:
  - They have been providing unpaid services to family members in the home.
  - They have been dependent on the income of another family member but are no longer supported by that income.
  - They are unemployed or underemployed and having trouble getting or upgrading employment. An underemployed person is one working part time but who wants to work full time or is working below the demonstrated level of his or her education or job skills.

Not everyone who receives unemployment benefits will meet the definition of dislocated worker. For example, those who quit their jobs are generally not considered dislocated workers, even if they are receiving unemployment benefits.

You are not required to verify the answer to this question. If you choose to verify it, documentation can include a letter or a layoff or termination notice from the employer, unemployment insurance (UI) system verification, tax returns, a business license, or newspaper articles. You may also use documents from the state workforce agency or a “one-stop career center,” though they are not required to provide you such documentation and a person may meet the dislocated worker definition without going to the workforce investment system for services. Absent all other evidence, self-certification, such as a statement signed by the person affirming that he or she meets the definition of dislocated worker, is sufficient.

**Information from the workforce investment system.** The local workforce investment system and state UI agency may support financial aid administrators by:

- providing general information to dislocated workers;
- providing general information to financial aid administrators, such as the WIOA definition of dislocated workers and appropriate samples of documentation that financial aid offices can request from an individual to verify dislocated worker status;
- providing specific information to dislocated workers. A person can request documentation from the career center or other appropriate office that he or she is receiving dislocated worker services through the workforce investment system. That office can give the documentation to the student, or at his or her request it may (but is not obligated to) give the documentation directly to the college.

If you must determine if someone is a dislocated worker, you have sole responsibility and must make the determination regardless of whether the person has proof of dislocated worker status—or is receiving dislocated worker services—from the workforce investment system.

Note that a response of “Don’t know” on the FAFSA form is treated as “No” by the CPS. If a person gives this response to Question 80 or 97, you are not required to verify it, but you may want to determine if he or she is a dislocated worker and if that would affect the student’s eligibility for federal aid.

## Step Five: Independent Student Data

**Purpose:** Questions 90–97 collect information about independent students. Only students who answered “Yes” to one or more questions in Step Three complete this step.

- **Student’s household size (90).** The following persons are included in the household size of an independent student:
  - **The student and his or her spouse** unless the spouse has died or is not living in the household due to

separation or divorce.

- **The student's children**, regardless of where they live, if they will receive more than half of their support from the student (and spouse) from July 1, 2023, through June 30, 2024. This includes the student's unborn children who will be born during the award year and will receive more than half their support from the student from birth to the end of the award year.
- **Other persons** who live with and receive more than half their support from the student and will receive more than half support for the entire award year. For FAFSA forms submitted after the start of the year, see the relevant paragraph and example about legal dependents provided earlier in this chapter under the "Children and legal dependents" section.

**Example:** Eddy is an independent student. He was married, but now he and his wife have separated. He's paying child support, but it isn't enough to provide more than half his children's support, so he can't include his children in his household size. Eddy's nephew Chavo lives with him and gets more than half of his support from Eddy (and will do so for the award year), so he can be counted in Eddy's household size, which is two. Having just turned 24, Chavo is also considered independent on his own FAFSA form, and his household size is one.

- **Number in college (91).** The student is **always** included in the number in college. Also included are those in the household size who are or will be enrolled at least half time during the award year in a degree or certificate program at a Title IV-eligible school and who can reasonably be expected to receive aid from the family for their education. The definition of half-time enrollment for this question must meet the federal requirements even if the school defines half time differently.

**Example:** Under the previous example, Eddy would report two in the household and two in college, while Chavo would report one in his household and one in college.

- **Receipt of means-tested federal benefits by anyone in the household (92-96).** This is an alternative for the tax return requirement of the simplified needs and automatic zero EFC tests.
- **Dislocated worker (97).** See the explanation of Question 803 discussed earlier under Step Four.

## Step Six: School Information

**Purpose:** Question 98 collects information about which colleges the student wants to receive his or her FAFSA information. For a college to be able to receive the student's data, the student must list the college's federal school code (not the OPE ID) or enter its complete name, address, city, and state. There is a federal school code search in the online FAFSA form, and the entire list of school codes is available in Excel on the [Knowledge Center website](#) Library section's "Publications by Resource Type" area.

For each school the student indicates whether he or she expects to live on or off campus or with his or her parents. This information is not used to calculate the EFC, but it is useful to schools for determining the cost of attendance.

The student can list up to four schools on the PDF FAFSA form and 10 on the web (at least one is required). If he or she wants their information to be available to more schools, he or she can change the schools listed online or use their SAR. The CPS will send data to no more than 10 (four with the PDF FAFSA form) schools at a time. *Chapter 4* explains how students can add or change schools.

The ISIR will only display the federal school code and corresponding housing code of the receiving school. The information of other schools the student included on the FAFSA form will not appear except on the SAR and on ISIRs sent to state grant agencies. See The [ISIR Guide](#).

## Step Seven: Signature(s)

**Purpose:** By signing the FAFSA form, the applicant is assuming responsibility for the accuracy of the information reported.

- **Date and signature(s) (99-100).** In addition to certifying that the data on the FAFSA form is correct, the student is also signing a statement of educational purpose, which is required to receive FSA funds. Among other things, the student agrees to spend FSA funds only on educational expenses and affirms that he or she is not in default on a federal loan or does not owe a grant overpayment. If the student is dependent, one parent whose information is reported on the FAFSA form must also sign.

**Substitutes for a parent's signature.** While parent information must be provided for a dependent student, a high school counselor or a college aid administrator may sign the application in place of a parent if:

- the parents are not currently in the United States and cannot be contacted by normal means,
- the current address of the parents is not known, or
- the parents have been determined physically or mentally incapable of providing a signature.

The signer must provide his or her title in parentheses next to his or her signature and briefly state the reason (only one is needed) why he or she is signing for the parents; **if this is not done, the FAFSA form will not be processed.** The signer assures a minimum level of credibility in the data submitted; however, he or she does not assume any responsibility or liability in this process. If the counselor or FAA finds any inaccuracies in the information reported, they should direct the student to send the SAR through the normal correction process or, if he or she is an FAA, they can submit corrections through FAA Access to CPS Online. Because this proxy signing isn't possible electronically, it must be done on a paper FAFSA or on the signature page/FAFSA summary used with FAA Access.

- **Preparer's ID and signature (101-103).** Only persons who are paid a fee to help the student complete the application are considered FAFSA preparers. Those who advise students without charging a fee, such as high school counselors and FAAs, are not preparers. A preparer must include his or her name, his or her company's name (if applicable), his or her address or the company address, and either his or her SSN or the company employer identification number (EIN, as assigned by the IRS). With the paper FAFSA form, the preparer must also sign and date the form.

Preparers have other obligations. In their advertising and initial contact with a consumer, including via the Internet or phone, they must clearly inform him or her that the FAFSA form is free and can be completed electronically or on paper without professional help. If they have a website for their service, it must link to FAFSA on the Web. They may not use any form other than the FAFSA form to apply for Title IV aid.

A preparer who knowingly falsifies information on the application is subject to the same penalties as an applicant.

### **Copies of signed documents**

While you will often receive documents with original or "wet" signatures from the student (e.g., a paper FAFSA form that the student has worked on and signed while in your office), there might be an occasion where the student gives you a copy or sends you a fax of a signed document. Except for a copied FAFSA form, other imaged versions of the original signed document are valid and may be retained.

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## Assistance in preparation of the FAFSA

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HEA Sec. 483(d)

### Signatures for electronic applications

#### **FAA Access to CPS Online**

If you enter a student's original application through FAA Access to CPS Online, you must obtain original or "wet" signatures on the printed signature page/FAFSA summary or on a completed paper FAFSA form, and you must keep the signed document in the school files even if the student does not receive federal student aid or attend your school. You



may electronically store the original document, but you may not accept faxed or copied signatures from the student for the FAFSA form. (You have more latitude regarding verification documents and changes to the application; see **Chapter 4**)

## FAFSA online

Students who have an FSA ID can electronically sign their FAFSA form. Parents who have an FSA ID can also electronically sign. When all the necessary signatures are provided electronically, the application will be processed within 72 hours.

Alternately, students can print the signature page, sign it, and mail it to the processor. If the processor doesn't receive the signature page within 14 calendar days of receiving the application data, it will mail a "reject 16" (missing student signature) SAR to the student, which the student can sign and return. If the student chooses not to print and send a signature page, or if no printer was available, the processor won't wait 14 days to print a rejected SAR for the student but will generate one within 72 hours of receiving the data. See the announcement of March 18, 2019, for a [list of what are valid and invalid signatures](#).

If the student indicated on an electronic FAFSA form that he or she would print, sign, and mail in a signature page but the processor has not received the signature page, the student can call the FSAIC and have their record released from the FAFSA hold file. Because no signature page has been received, the FAFSA processor will produce a rejected SAR and mail it to the student to sign and return. The processor will accept the first signature document it receives—either the signed signature page or the signed SAR.

Schools and states receive ISIRs for rejected records. A student's reject 16 SAR and his or her ISIR will reflect the data that he or she provided on the application; however, the CPS won't calculate an official EFC for the student (an unofficial EFC that cannot be used to award or disburse aid will appear on the ISIR) or do any database matches until it receives a signed signature page, a signed SAR, or an electronic signature. A school can also collect the required "wet" signatures at the school, either on the SAR or a document that has the required certification statements (FAA Access allows schools to print out a signature page for the ISIR). The school can then submit an electronic correction showing that the signatures have been provided.

When a parent of a dependent student doesn't sign with his or her own FSA ID, the student can print a signature page for the parent. If the student indicates that no printer was available, the CPS will generate a "reject 15" (missing parent signature) output document for the student within 72 hours. If the student indicated he or she would send in a signature page, the processor will wait up to 14 calendar days to receive the signed page. If it doesn't receive a signed signature page after 14 days, it will generate a reject 15 SAR and send it to the student. The student must have a parent sign the SAR and must send it back to the address on the SAR. For reject 15 records, a student's SAR and ISIR will reflect the data provided on the application, but the processor won't calculate an EFC for the student until it receives the parent's electronic signature or the signed SAR or signature page.

Signature requirements for changes made after the FAFSA form is filed will be discussed in *Chapter 4*.

## *Signature Requirements: Application and Verification for All FSA Programs*

	<b>Application (FAFSA online, PDF FAFSA, FAA Access to CPS Online)</b>	<b>IRS Documentation (Transcript or other form submitted for verification)</b>	<b>Verification Document</b>
<b>Student</b>	Must sign statement that data are accurate and other conditions are met (on paper FAFSA, web summary, or signature page or by using the FSA ID)	IRS Data Retrieval Tool (DRT) or tax return transcript (which does not need to be signed). In rare instances when the tax return is used, it must be signed by the student (or spouse), or the tax preparer must provide his or her name and SSN, EIN, or PTIN.	Must sign documents used to verify FAFSA data
<b>Parent(s) (if</b>	One parent must sign	DRT or tax return transcript (which does not need to	One parent

<b>student is dependent)</b>	statement that data are accurate (on paper FAFSA, web summary, or signature page or by using the FSA ID)	be signed). In rare instances when the tax return is used, it must be signed by one parent, or the tax preparer must provide his or her name and SSN, EIN, or PTIN.	must sign documents used to verify FAFSA data.
<b>Aid Administrator</b>	Must certify if overriding dependency status or using PJ (can't be done in the FAFSA online)	N/A	N/A

### *Signature Requirements for Changes\**

	<b>Changes via SAR or Corrections on the Web</b>	<b>Changes submitted via FAA Access</b>	<b>Professional Judgment via FAA Access</b>
<b>Student</b>	Must sign corrections statement on the SAR; on the web the FSA ID serves as the student's signature.	N/A	N/A
<b>Parent(s) (if student is dependent)</b>	If parent data are changed, one parent must sign with FSA ID on the web, sign the corrections statement on the SAR, or print and sign the signature page.	N/A	N/A
<b>Aid Administrator</b>	N/A	School must have signed documentation from student and parent	Must certify for PJ/FAA adjustments or dependency override

\*These requirements apply to any submission of changes to the CPS, whether required by regulation (for Pell Grant recipients or corrections to data match items) or at the discretion of the financial aid administrator (for Campus-Based aid and Direct Loans). See "Submitting changes via FAA Access to CPS Online or EDE" in Chapter 4 for a fuller explanation of what is required when submitting changes to the CPS.