

A PARENTS GUIDE TO

The Top FAFSA Mistakes

And How to Avoid Them

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Introduction



Top 5 Mistakes

Parents make when completing the FAFSA Application

This e-book will cover the **5 Biggest Money Mistakes** families make (*year after year*) costing them thousands, and sometimes, tens of thousands of dollars of lost financial aid.

And more importantly, this e-book will teach you how to avoid making these costly mistakes so you can get money to pay for college.

Here are the 5 Biggest FAFSA Mistakes :

- | | |
|---|--------------------|
| 1 | Not Being Prepared |
| 2 | Over Reporting |
| 3 | Bad Timing |
| 4 | Not Verifying |
| 5 | Not Adding Color |



MISTAKE NUMBER ONE

Not Preparing

NOT PREPARING

The first mistake parents make when completing the FAFSA Application

“FORTUNE FAVORS THE PREPARED MIND”

It could not be truer for the college financial aid because if you're prepared, *there's a lot of money available.*

You just need to know where to get it, how to get it, and the right way to go about it.

NOT PREPARING

The first mistake parents make when completing the FAFSA Application

Simple But Tedious

First and foremost, you **MUST** organize your finances. It's a simple but *tedious task*. I get it! But if you want the rest of your college planning journey to be simple and fruitful then you must start with this simple but tedious task:

Make list of all your assets and put them in the right categories and in different buckets.



NOT PREPARING

The first mistake parents make when completing the FAFSA Application

Know What Counts

You have to know what counts because not all your assets will be counted on the FAFSA – the main financial aid form

Here are **5 assets that don't count on the FAFSA**

1. Value of Annuities
2. Cash value life insurance
3. Value of your retirement assets
4. Value of your personal residence
5. Value of your business (if less than 100 employees)

NOT PREPARING

The first mistake parents make when completing the FAFSA Application

Know How Much

Now that you have collected all this information you should *model your **Estimated Family Contribution (EFC)** before you go officially on record* and submit your FAFSA.

This is critical **so don't forget to calculate your EFC** using online calculators.

Here is one we like from www.Collegeboard.org

Its free, easy and accurate.

Collegeboard.org



MISTAKE NUMBER TWO

Over Reporting



OVER REPORTING

The second mistake parents make when completing the FAFSA Application

“This is Not a Time to Brag”



This is a humorous image but something that I want you to have on the back of your mind.

Don't be this person. This is not the time to brag.

It's also not the time to hide anything. You must be honest and truthful, but you must know your rights.

OVER REPORTING

The second mistake parents make when completing the FAFSA Application

Brace Yourself

The FAFSA has approximately

100 questions ...

But hundreds of supporting pages of rules & regulations

Luckily you don't have to read all of them as long as you know the most important things about the FAFSA

These are the **four most important** things for you to remember (in our opinion) when completing the FAFSA

OVER REPORTING

The second mistake parents make when completing the FAFSA Application

Knowing is Already Half The Battle

1. Report **Net Values**: Subtract all taxes, fees and expenses associated with converting your assets & investments into cash and report the lower figure. Don't over-report by using higher values from your statements
2. **Quick Sale Discount**: If you have assets such as real estate that are harder to sell, check with a local realtor or tax advisor to see how much of a discount you would have to give a buyer in order to make sure that your property *sells in 30 days or less*. This applies to a second home or investment property. **Don't Forget to** subtract taxes, realtor fees, transaction costs & fees you would pay, in addition to the Discount. Remember the first point, report *Net Values Only*

OVER REPORTING

The second mistake parents make when completing the FAFSA Application

Knowing is Half The Battle (cont.)

3. **Small Business Discount:** If you own a business that employs less than 100 employees, you don't have to report the business value. If you own a business that employs more than one hundred people, then go through the same calculation described for Discount #1 (above). Click [HERE](#) for more details
4. **Custodial Parent Discount:** This applies to divorced families and its opportunity almost always missed. The FAFSA requires the custodial parent to report their finances. But if you have 50/50 custody of your children which parent reports their financial information on the FAFSA? The answer is - the person with whom the child spent fifty percent of the time *plus (at least) one extra day. (50/50 + 1 day rule)*



MISTAKE NUMBER THREE

BAD TIMING



BAD TIMING

The third mistake parents make when completing the FAFSA Application

Timing Matters

Just like in a race, timing matters because many colleges award financial aid on ***a first come - first served basis***

College have limited amount of ***FREE*** money every year

Don't wait until the Federal or State Deadlines to submit your FAFSA

Free money may be gone leaving you with nothing more than DEBT

Submit the FAFSA as soon as you can after it becomes available on *October 1st*



MISTAKE NUMBER FOUR

NOT VERIFYING



NOT VERIFYING

The fourth mistake parents make when completing the FAFSA Application

“Measure Twice, Cut Once”

My grandfather used to always teach me, “measure twice, cut once”. That wisdom holds true in your financial aid journey

After you submit the FAFSA its important to ***Verify your Expected Family Contribution (EFC)***

Within 3-5 days after submitting the FAFSA log back into the FAFSA and **Download the Student Aid Report (SAR)** to verify your answers and verify your EFC

Now you can check to see if your EFC is what you expected. If not check for Mistakes or Errors on the FAFSA

NOT VERIFYING

The fourth mistake parents make when completing the FAFSA Application

“Measure Twice, Cut Once” (con’t)

There are **2 Main Reasons** why your EFC may be higher

1. **Input Errors:** When completing these forms, an extra digit increases the value of your assets & your EFC. An incorrect social security number (for example) can prevent the FAFSA from being processed.

*** **Remember** to double check all of your answers.

2. **IRS mistakes:** The FAFSA downloads your income information directly from the IRS. If there is an error on your tax return or in the downloaded information that you cannot locate, contact the college Financial Aid Officer (NOT THE FAFSA) and *let THEM know*. They will work with you to find a solution.



MISTAKE NUMBER FIVE

NOT ADDING
COLOR

...to your application



NOT ADDING COLOR

The fourth mistake parents make when completing the FAFSA Application

“Always Remember That You Are Absolutely Unique. Just Like Everyone Else”

- Margret Mead

More than 13 Million Families file the FAFSA each year

How do you distinguish your application from everyone else and explain your unique financial circumstances to get more money than you deserve?

NOT ADDING COLOR

The fourth mistake parents make when completing the FAFSA Application

If you have special circumstances, changes in your finances, or FAFSA errors - **call the financial aid office.**

A special circumstance may include things like...

- Job loss;
- Reduction or Loss of Income;
- Taking care of a family member;
- Financial impact as a result of Covid-19;
- Downturn in your business, etc.

These “special circumstances” cannot be reported on the FAFSA and will not be known to financial aid officers in charge of putting together your Financial Aid Package

Don't call the FAFSA, call the Colleges directly.

Special Circumstances warrant a conversation with the financial aid officer and having them *pay special attention to your application*

Conclusion



KEY TAKEAWAYS

Don't get stuck, stressed or overwhelmed by the financial aid process. Don't miss out on money that you could have gotten. Follow these five simple steps:

- ✓ Get organized
- ✓ Don't Overreport
- ✓ Control your Timing
- ✓ Double Check your Work
- ✓ Build Relationships, Stand Out!

“*No matter where you are in the process There is Time to take the Right Steps to get your child into a Great College and **Find Money to pay for it.***”

Roman Polnar

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the FAFSA correctly the first time to **MAXIMIZE**
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