

Free Application for Federal Student Aid (FAFSA): How It Works



What is FAFSA?

The FAFSA (Free Application for Federal Student Aid) determines federal eligibility for needs-based financial aid including outright federal grants and scholarships (that do not need to be paid back), as well as low-interest parent or student loans (which must be paid back). For students looking to attend college, it is one of the first and most important documents to complete.

Administered and filed through the US Department of Education, FAFSA is also used by colleges and states to assist in determining eligibility for their grants or scholarships. Students need to reapply each year for FAFSA determination of aid eligibility for the following academic year.

To make filing a FAFSA easier for families, the timing for submitting FAFSA applications has been changed to make the college application and decision process easier when taking financial aid into account.

Student Attending College (School Year)	Tax Return Year used for FAFSA calculation	When FAFSA applications are filed
July 1, 2017 to June 30, 2018	2015 Tax Return	October 1, 2016 to June 30, 2018
July 1, 2018 to June 30, 2019	2016 Tax Return	October 1, 2017 to June 30, 2019
July 1, 2019 to June 30, 2020	2017 Tax Return	October 1, 2018 to June 30, 2020

How does FAFSA work?

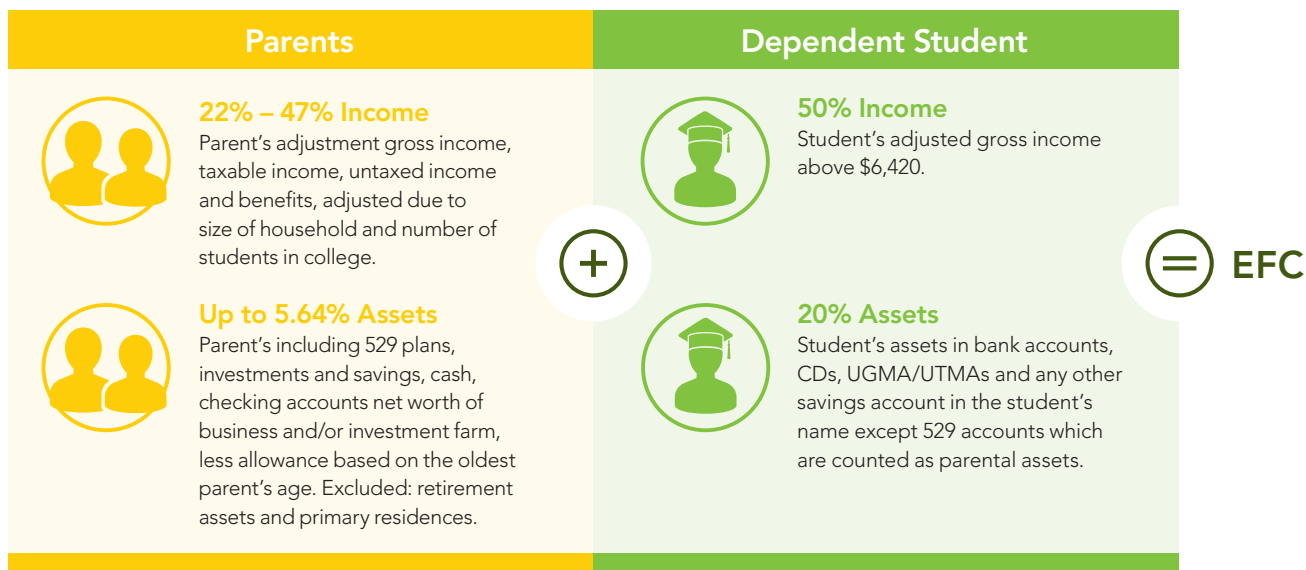
FAFSA has a series of calculations that are used to determine your federal financial aid. It can seem a little complex, so let's break down how it works. Your amount of federal financial aid uses this formula:



The Cost of Attendance (COA) is relatively straightforward and you can obtain from the school you're interested in attending.

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How is the Expected Family Contribution (EFC) calculated?



Additional info to know about FAFSA

- The higher your EFC, the less federal aid will be available.
- Items not included in the EFC include: value of the family's home, retirement assets, grandparent income or assets including a grandparent-owned 529 account.
- Your family's current annual income, including your student's, counts far more in the formula than savings and investments, especially when they are in the parents' names. In addition, the formula protects the parent's education savings and assets by providing an allowance based on the age of the parent.
- Only 0.6% of students enrolled in a public four-year college and 1.0% enrolled in private nonprofit four-year college have \$0 net cost of attendance after grants.¹

There are many other nuances in calculating the EFC. Consult a financial or tax advisor.

What's Next?

Contact your financial advisor to learn more about saving for college with the **NEST 529 Advisor Plan**. You can also learn more at NEST529Advisor.com or call **1.888.659.NEST(6378)**.



¹ College Board Research from 2011-2012 National Postsecondary Student Aid Study data from the National Center for Education Statistics. (Latest year data is available.)

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