FAFSA Assets Questions

Asset net worth means current value of the assets minus what is owed on those assets.

Assets include:

- Money in cash, savings, and checking accounts
- Businesses
- Investment farms
- Other investments, such as real estate (other than the home you live in), UGMA and UTMA accounts, stocks, bonds, certificates of deposit, etc.

Assets do not include:

- The home you live in
- UGMA and UTMA accounts for which you are the custodian, but not the owner
- The value of life insurance
- Retirement plans (401[k] plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.)

How Assets Are Counted On College Aid Forms

In general, the assets that get counted are non-retirement assets, and the aid formulas weigh assets in student's names more heavily (20-25%) than they do parents' assets (5-5.64%), except under the *Consensus Methodology which treats both student and parent assets at 5%. Small business assets do not count under the Federal Methodology, but they do under the **Institutional and *Consensus Methodologies. Likewise, home equity counts under the Institutional Methodology, but only up to 1.2 times the parent's adjusted gross income (AGI) under the Consensus, and not at all under the Federal Methodology. Therefore, when your assets are added into the overall aid calculation your actual EFC may be higher. *The Consensus Approach consists of a set of common standards for determining the family's ability to pay for college. It seeks to reduce much of the variance in need analysis results that has been experienced in recent years. The participating institutions believe that the Consensus Approach, when applied in a consistent manner, serves to diminish or eliminate the divergent results that threaten the long-standing tradition of awarding aid on the basis of need. 568 Presidents' Group Member Institutions (23) that use this methodology include: Boston College, Columbia University, Cornell University, Dartmouth College, Davidson College, Duke University, Georgetown University, Haverford College, Massachusetts Institute of Technology, Middlebury College, also

St. John's College, Swarthmore College, University of Notre Dame, University of Pennsylvania, Vanderbilt University, Wellesley College, and Williams College. http://www.568group.org/methodology/

** Institutional Methodology (IM): is a set of directions (formula) developed by various private post-secondary institutions and used by more than 400 private and state institutions in determining a family's ability to pay for school. The end result of this process is an expected family contribution (EFC), which not to be mistaken for the Federal Methodology (FM) EFC, which is found on the SAR (Student Aid Report). In other words, the IM generated EFC is not the same amount calculated by the federal government to determine eligibility for federal student aid dollars. IM is instrumental in figuring how the institution will use its own monies (not Federal funds) regarding financial aid for said family. https://student.collegeboard.org/css-financial-aid-profile

FAFSA: What is the net worth of your investments?

The net worth of your (and if married, your spouse's) current investments is the amount left over after deducting the debt from the value of the investment.

For example: You (and if married, your spouse) own an investment property valued at $100,000; however, $75,000 in debt is owed on the property. The net worth of the investment is $25,000 ($100,000 – $75,000 = $25,000).

If you (and if married, your spouse) own multiple investments, total the net worth amounts and report them as a lump sum.

For example: You (and if married, your spouse) own two investment properties. One property's net worth is $25,000 and the other property's net worth is $15,000; the total net worth of current investments is $40,000.

If your (and if married, your spouse's) net worth **as of the day you submit your Free Application for Federal Student Aid (FAFSA)** is:

Net worth value	Enter
Ten million or more	9999999
Zero or less than zero	0

Round to the nearest dollar and do not include commas or decimal points.

Investments include real estate (do not include the home in which you live), rental property (includes a unit within a family home that has its own entrance, kitchen, and bath rented to someone other than a family member), trust funds, *UGMA and UTMA accounts, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, installment and land sale contracts (including mortgages held), commodities, etc.

Note: *UGMA and UTMA accounts are considered assets of the student and must be reported as an asset of the student on the FAFSA, regardless of the student's dependency status. Do not include UGMA and UTMA accounts for which you are the custodian but not the owner.

UGMA / UTMA accounts are considered the granddaddy of college savings accounts. Before Section 529 plans and Coverdell ESA's, parents were successfully using these accounts to accumulate significant amounts of money for their children's college.

The UGMA (Uniform Gift to Minor's Act) and UTMA (Uniform Transfer to Minor's Act) are nothing more than custodial accounts. A custodial account is used to hold and protect assets for a minor until they reach the age of majority in their state.

Investments also include qualified educational benefits or education savings accounts such as Coverdell savings accounts, 529 college savings plans and the refund value of 529 prepaid tuition plans. Generally, a Section 529 account is considered an asset of the parent, which means that 5.6% of the value is expected to be used towards college. This provides a significant advantage over the older UGMA / UTMA custodial accounts, which required that 20% of the assets be used towards college.

If you **are not** required to report parental information and you own (or if married, your spouse owns) any of these qualified educational benefit plans **report the current balance of the plan as a student / spouse asset**. The amount to be reported for a prepaid tuition plan is the "refund value" of the plan.

Investment value means the current balance or market value of these investments as of the day you submit your FAFSA. Investment debt means only those debts that are related to the investments.

Investments do not include the home in which you (and if married, your spouse) live; cash, savings and checking accounts; the value of life insurance and retirement plans (401[k] plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.).

For more information about reporting investments, call the Federal Student Aid Information Center **1-800-4-FED-AID (1-800-433-3243)**.