COLLEGE COSTS ESTIMATOR
Tip Sheet (Fall 2010)

If you have <u>any</u> questions when completing your College Costs Estimator, call toll free (877) 687-7291.

When filling out your *College Costs Estimator*, please keep the following in mind:

The *Estimator* is designed to gather the information necessary to estimate your Expected Family Contribution (EFC) under the federal formula that will be used when you/your student attends an undergraduate college program. **It is very important that you provide your most recent figures. If you submit the *Estimator* before filing your 2010 tax return(s) and your finances in 2010 are/were significantly different than 2009, accurate 2010 estimates are preferred. If your financial situation in 2010 is/was very similar to 2009 and you submit your *Estimator* before filing 2010 tax returns, please use your 2009 tax figures as indicated below.**

You may use the dependent student version of the *College Costs Estimator* in most situations. However, if the student can answer "yes" to any **one** of the following questions, s/he will be considered an independent student and will need to call The National Center for College Costs to request the **independent student version** of the *College Costs Estimator*. You may also access the form at www.collegecosts.com. Just click on "What's New" and select the "Publication Materials" option.

1) Were you born before January 1, 1987?

2) Are you married?

3) Will you be enrolling in graduate or professional school (not undergraduate)?

4) Do you have children who will receive more than half of their support from you in the upcoming academic year?

5) Do you have dependents (other than children or a spouse) who live with you and who receive more than half of their support from you and will continue to receive more than half of their support from you in the upcoming academic year?

6) Are you a veteran of the U.S. Armed Forces?

7) Are you currently serving on active duty in the military?

8) At any time since you turned age 13, were both parents deceased, were you in foster care or were you a dependent/ward of the court?

9) Are you or were you immediately before you reached the age of adulthood, according to your state's court, an emancipated minor or in a legal guardianship as determined by a court in your state of legal residence?

10) Are you an unaccompanied youth who was homeless or at risk of homelessness at any time after July 1, 2009?

<u>Questions #3, #11 and #12 on the Estimator</u>

Total **income (wages from work)** is found on the following line of your tax return*:

<u>2009</u>	**1040** – line 7**	**1040 A** – line 7	**1040 EZ** – line 1

***Note 1:** It is important to separate mother's/stepmother's wages and father's/stepfather's wages onto the two lines listed on the form. (This will require that you divide line 7 (or line 1 if you filed a 1040 EZ) according to wages earned by *each*, if you file jointly.) Make sure to report <u>gross</u> income figures.

****Note 2:** If you are <u>self-employed</u>, this information will be on your IRS 1040 - lines 7 + 12 + 18 + Box 14 of IRS Schedule K-1 (Form 1065). Report the total of these lines on your *Estimator* form. If any individual earning item is negative, do not include that item in your calculation.

<u>Questions #4 and #13 on the Estimator</u>

Adjusted Gross Income (AGI) is found on the following line of your tax return:

<u>2009</u>	**1040** – line 37	**1040 A** – line 21	**1040 EZ** – line 4

<u>Questions #5 and #14 on the Estimator</u>

Total **U. S. income taxes paid** is found on the following line of your tax return*:

<u>2009</u>	**1040** – line 55	**1040 A** – line 35	**1040 EZ** – line 11

***Note:** This is <u>not</u> the "Total Tax" line, the amount on your W-2, or your refund amount.

(OVER)

Question #16 on the Estimator

If you elected to make **tax-deferred payments to a retirement plan** through your employer such as a 401 (k), 403 (b), etc. the figure you need to list in question #16 **is typically found in Boxes 12a through 12d of your W-2 form from your employer, codes D, E, F, G, H and S.** For IRA deductions and/or payments to SEP, SIMPLE, Keogh and other qualified retirement plans, enter the **total of lines 28 + 32 on Form 1040 or line 17 on Form 1040A.**

Question #17 on the Estimator

Untaxed distributions from an IRA or pension fund are found on the following lines of your tax return:

2009 **1040** – lines 15a minus 15b and/or lines 16a minus 16b **1040 A** – lines 11a minus 11b and/or lines 12a minus 12b

Question #20 on the Estimator

If you received an **Education Tax Credit**, it is found on the following line of your tax return:

2009 **1040** – line 49 **1040 A** – line 31

Most Common *College Costs Estimator* Mistakes:

Incorrect reporting of people in the household -

Include information pertaining to the parent(s)/stepparent with whom the student lives as well as other children who receive the majority of their financial support from the listed parent(s)/stepparent AND/OR other people who live in their household and receive the majority of their financial support from the listed parent(s)/stepparent. **If the parents are divorced but the student lives with both parents (in the case of joint custody), complete the form using the information that pertains to the parent's household in which the student lived the most during the past 12 months. If you did not live with one parent more than the other, provide information on the parent's household which provided more financial support during the past 12 months.** If the student is living with a legal guardian who is **not** a parent, the federal regulations now deem such students as independent students and parent information is not required.

Reporting the value of retirement accounts -

The total value of retirement accounts is not looked at under the federal formula and should not be listed anywhere on the form. However, any tax-deferred payments made in the last tax year to such accounts must be reported in question #16 on the *College Costs Estimator.*

Other Important Notes:

Citizenship Status -

In the general student information section, there is a question that asks about the student's citizenship status. This question is asked only for the purpose of identifying students who may not be eligible for student financial aid when the time comes because of the citizenship rules. There are specific rules that state who can and who cannot receive federal and state financial aid based on citizenship and residency. If a student does **not** meet the guidelines – that is he/she is **not** an eligible citizen or noncitizen – we will want to discuss the alternative funding options that may be available for the student.

According to the current rules: "Generally, you are an eligible noncitizen if you are: 1) a permanent U.S. resident with a Permanent Resident Card (I-551); 2) a conditional permanent resident (I-551C); or 3) the holder of an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any one of the following designations: 'Refugee,' 'Asylum Granted,' 'Parolee' (I-94 confirms that you were paroled for a minimum of one year and status has not expired), 'Victim of human trafficking,' 'T-Visa holder' (T-1, T-2, T-3, etc.), or 'Cuban-Haitian Entrant.' If you are in the U.S. on an F1 or F2 student visa, a J1 or J2 exchange visitor visa, or a G series visa (pertaining to international organizations), select 'No, I am not a citizen or eligible noncitizen.' You will not be eligible for federal student aid; however, you should still complete the application because you may be eligible for state or college aid." – *2010-2011 Free Application for Federal Student Aid (FAFSA)*

Still have questions? Call toll free (877) 687-7291!