

Applying for Financial Aid: A Quick FAFSA Primer

With the price of a college education rapidly rising over the last decade, and in the current difficult economic times, students and families are relying on financial aid more heavily now than ever before. In 2010-11, for example, undergraduate students received an average of \$12,455 per full-time equivalent student in financial aid, according to the College Board.

But how to get a share of those funds? Time to get to know FAFSA — Free Application for Federal Student Aid — the gateway through which students and their families can access the millions of dollars in grants, federal loans and tax breaks for which they may be eligible.

FAFSA (www.fafsa.ed.gov) is exactly as the name suggests: a FREE process to apply for financial aid for undergraduate and graduate school. Administered by the U.S. Department of Education, FAFSA, like many government programs, can be user-friendly at times and confusing at others. Just ask David A. Emery, a certified college planning specialist and certified financial planner at the Marshall Financial Group in Doylestown Pa. "It takes time and isn't always as straightforward as you think," said Emery, who has plenty of first-hand experience with FAFSA, having helped financial planning clients and his own children through the process. "You only get one chance at the financial aid process, so you really have to be sure to do it right."

His best advice for navigating FAFSA to give yourself the best chance of getting the aid you seek.

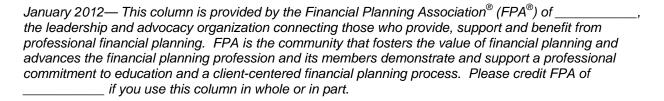
- **Prepare in advance.** First, get familiar with FAFSA by combing through the *fafsa.ed.gov* website, so you know what to expect each step of the way. Then find out which documents you will need to submit as part of the application such as tax returns (for parents and student), W-2 forms, comprehensive records of assets and debts, social security numbers, etc. and gather them in advance. Next learn all you can about specific financial aid programs and requirements at the schools to which you plan to apply. Search the Web and talk to admissions department representatives at those schools to find out what aid may be available via both private and public sources.
- Start promptly. Emery recommends beginning the application process as close to the Jan. 1 opening date as possible to accommodate potential snags in the process. Filing late leaves little room for error. Also keep in mind that with some aid programs, access to funds is first-come, first-serve.
- Be attentive to detail. Don't let the nuances of the FAFSA process trip you up. Be aware of key details, such as the limitation on the number of schools for which a person can apply for aid (10), which assets to report (certain retirement plan assets needn't be reported, for example), and the requirement that parents and student each have a unique FAFSA login and PIN. Because the same PIN number is used from year to year, safe keeping of that number is important as it is a difficult process to obtain a new PIN.



- Meet all deadlines and program requirements. Financial aid deadlines can vary by state and by institution. Be sure to keep those dates straight. And be sure to provide everything the application, and the institution, request.
- Ask for help. You're bound to have questions about the FAFSA process. Seek answers from a school counselor or the financial aid office at the institution to which you're applying. You can also tap FAFSA's online chatroom (look for the link to "Live help" on the organization's website) or its telephone hotline at 1-800-4-FED-AID (1-800-433-3243). Or e-mail questions to FAFSA at FederalStudentAidCustomerService@ed.gov.

Given how much money is at stake, and the detailed financial requirements of the application process, it often makes sense to consult a financial planner like Emery who specializes in college planning. Find one in your area by visiting the Financial Planning Association's national database of financial experts at www.fpanet.org/PlannerSearch/PlannerSearch.aspx.

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Add These 10 Tasks to Your 2012 To Do List

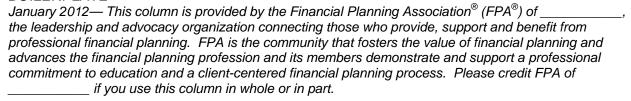
What does 2012 have in store for you? Alongside the anniversaries, birthdays, vacations and other big dates looming in the year ahead, here are 10 key dates that financial planning experts suggest you circle on your calendar (or in your smartphone calendar app). Let's count them down:

- **10. Open a 2012 tax folder.** Here's the place to put all your tax documents for the coming tax year, from receipts for business expenses and charitable donations to investment statements and more. Keeping it together from the get-go will make life much easier come tax preparation time.
- **9. Check your credit score.** From the rate you pay on a loan or a credit card to your ability to get a job or a mortgage, your credit score matters. At least once a year, request a free credit report from www.annualcreditreport.com (1-877-322-8228) and review the report for inconsistencies and other issues that need addressing. Then request your credit score from at least one of the major credit bureaus: Experian (www.experian.com; 1-888-397-3742), Equifax (www.experian.com; 1-800-888-4213).
- **8. Assess debt.** Set aside an hour or two to take stock of what you owe on credit cards and other debts, and the extent to which you're making progress paying down those debts. Having trouble managing debt? Consult a financial planner about a debt-reduction plan. To find a planner in your area, check out the Financial Planning Association's online database at www.fpanet.org/PlannerSearch/PlannerSearch.
- **7. Take time to tax-plan.** Sometime in the early fall, meet with a tax adviser to plan your tax strategy for the remainder of the current tax year and the one to follow. "The fall is a good time to tax-plan, so you can start the new year with a strategy in place," said Mark O. Flaherty, a certified financial planning professional with Virginia Asset Management in Norfolk, Va.
- **6. Take stock of investments.** Sit down with a financial planner or investment adviser once a year to assess the performance of your investments relative to your needs and goals. Then, in light of that assessment, determine how best to allocate those assets to keep you on track toward meeting those needs and goals.
- **5. Make time for a mid-year financial update.** Sometime in June or July, meet with a financial planner for a big-picture, "how are we doing" midpoint assessment of your financial situation: investments, insurance, retirement and education savings, etc. If you don't currently have a relationship with a financial planner, use the FPA online database referenced above to find one.
- **4. Be proactive during open enrollment.** Don't let the employee benefits open enrollment period (typically a several-week window during the fourth quarter of the year) pass without seizing the opportunity to revisit and, if necessary, revise your benefits package so it best fits your needs.



- **3. Review your estate plan and/or will and update them as needed.** Your will is a legal document specifying your wishes for the handling of your affairs including children, financial assets, etc. upon your death. It may be part of a broader strategy known as an estate plan. As your circumstances change, your will and estate plan should change, too. Once a year, visit with an estate attorney or financial planner to see if your will/estate plan requires updating.
- **2. File your tax returns on time.** Most people are obligated by law to file both federal and state returns. This year the filing deadline for 2011 federal and state returns is **April 17, 2012**.
- 1. Review your financial plan (or get a plan if you don't have one already). You need a financial roadmap to get where you want to go in life. A financial plan functions as that roadmap, integrating most of the aforementioned issues and considerations into a single plan. To be sure you're still on course, meet with a financial planner at least once a year.

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Even Everyday Folks Need a Financial Plan

Everyone has a financial plan, whether they realize it or not. "It's the financial life you are living right now," explains Leslie Beck, a certified financial planner at Compass Wealth Management in Maplewood, N.J.

A person's goals and aspirations, the choices they make everyday about how to spend, save, invest and share their money to get them where they want to go, these constitute a financial plan, said Beck. The real question is whether the choices a person is making about their financial life are steering them toward achieving their goals and fulfilling their dreams, or leading them down a dead-end road.

"A true financial plan is a well-thought out, consciously designed roadmap for how we want to live our lives," said Beck. And you don't have to be spectacularly rich or even modestly wealthy to justify having one. Anyone who wants a say in shaping their own and their family's future rather than leaving it to chance may benefit from having a financial plan.

What? A financial plan is a comprehensive, objective blueprint written by a qualified financial planning professional, with your input. It details every aspect of your financial life: your income, what you own (home, investments, retirement plan assets, insurance policies, etc.) and what you owe (debts, such as a mortgage, loans, etc.). It also spells out your needs and goals for the short and long terms, from now through retirement (and perhaps beyond, to leaving a legacy to heirs), with steps and strategies for meeting those needs and fulfilling those goals. A financial plan is living document that needs to be monitored and updated on regular basis to provide real benefits.

Who? The professional who creates your financial plan should be a qualified financial planner, such as a CFP professional (a person who has earned the "Certified Financial Planner" designation from the Certified Financial Planner Board of Standards), with the skills and experience to effectively coordinate the various aspects of your financial life, from investments to insurance to retirement planning and beyond. Look for one who is objective, whose agenda is to help clients, not sell a specific product or service, and who bases their recommendations and decisions on their clients' best interests, not their own.

Why? Simply put, people who have a true financial plan are likelier to stay on track financially and better positioned to meet their needs and goals, even in the face of a personal financial crisis or difficult economic conditions.

When? The sooner you put a financial plan in place, the better equipped you and your family will be to control your own financial destiny. Once you have a plan in place, it's wise to revisit it at least once a year and adjust it as changing circumstances dictate.

How? Find a financial planner by visiting www.fpanet.org/PlannerSearch/, a national database of financial experts maintained by the Financial Planning Association. Or ask friends, families, work colleagues and other contacts to recommend a financial planner they trust. Beck recommends speaking with at least three financial planners before choosing one

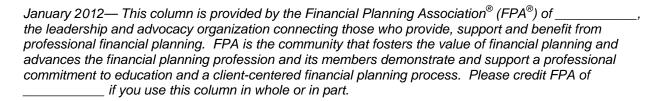


with whom to work.

Financial planners typically charge a fee for their services, although free (*pro bono*) financial planning services may be available to people who lack the means to pay for them. Try searching Google using the keywords "pro bono financial planning" along with the name of your town or city.

Once you choose a financial planner, the process of assembling and implementing a financial plan begins. Your planner will develop a plan based on the information you provide in a meeting or series of meetings. For the far-reaching, lifelong benefits a financial plan can bring, it's time (and money) well spent.

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