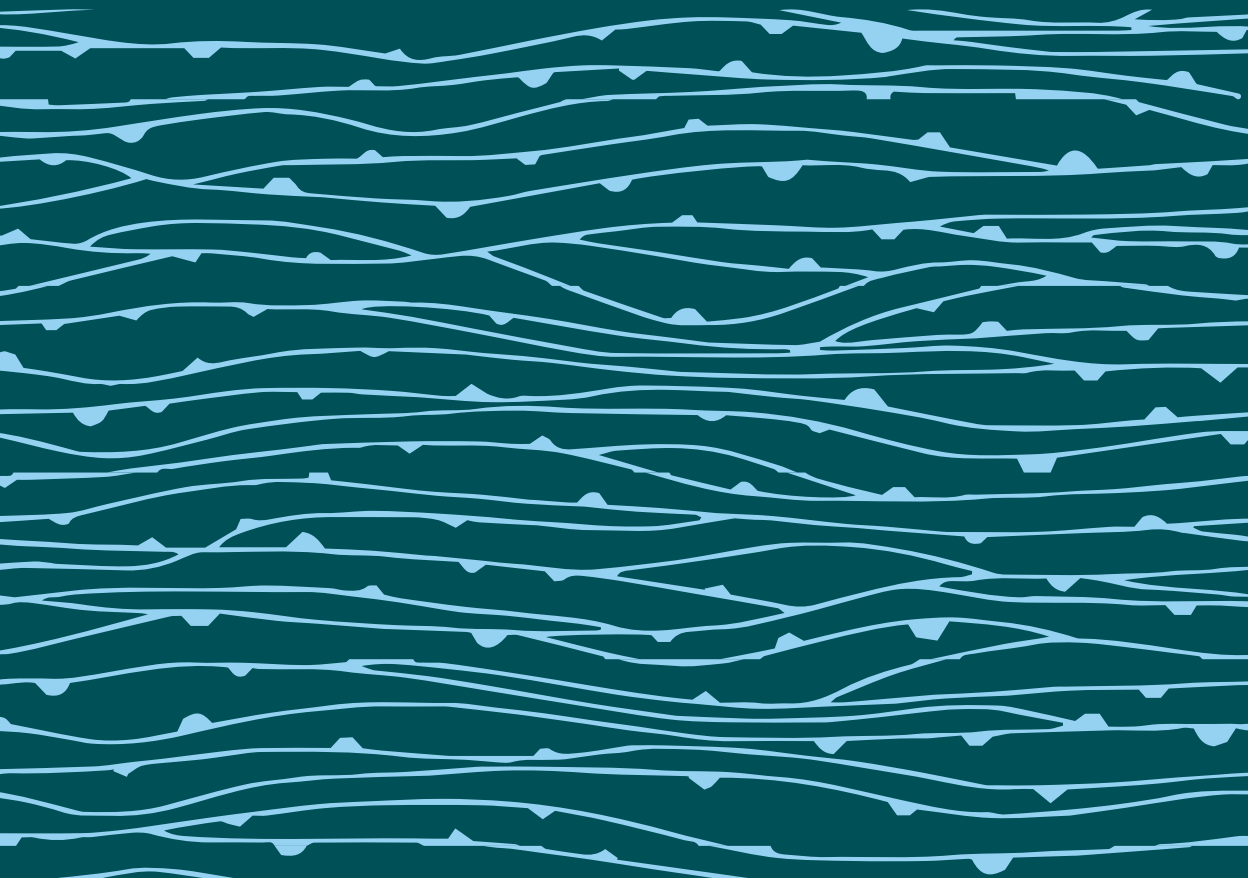


Minnesota Office of Higher Education

# FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA) & MN DREAM ACT



You can complete the FAFSA at [www.fafsa.gov](http://www.fafsa.gov). There is also an online chat function to answer any questions students or parents have while completing the FAFSA.

The Student Aid Report, or SAR, is the electronic output from the student's FAFSA sent directly to the student. Students should review the SAR and make any necessary corrections.

The financial aid office at the college can help you complete the FAFSA and answer questions.

Each college you are considering will use funds from all available sources to create an aid package for you based on your financial eligibility. Some schools have their own application to apply for institutional aid. Find out if there is a separate application and deadline.

Instead of completing the FAFSA, undocumented students should complete the MN Dream Act State Financial Aid Application at [www.ohe.state.mn.us/MNDreamAct](http://www.ohe.state.mn.us/MNDreamAct)

# FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

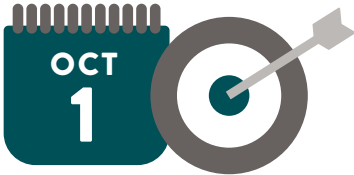


To apply for financial aid, you must complete the Free Application for Federal Student Aid, or the FAFSA. The FAFSA is used to apply for the Minnesota State Grant, Federal Pell Grant, Direct Loans, and other financial aid available at specific schools. The form requires you to submit information about your family’s income and assets, and your status as a resident. Your completed FAFSA will be made available to all the schools you designate.

MN State Grants    Pell Grants

## When do I apply for financial aid?

Deadlines vary among financial aid programs. The earliest you can submit the FAFSA or MN Dream Act application to apply for state and federal need-based aid is October 1 for the following academic year. You must reapply for financial aid each year.



## Application Deadlines



**Minnesota State Grant:**  
No later than 30 days after the start of the term

**Federal Pell Grant:**  
The end of the academic year (June 30)

**Institutional Scholarships:**  
Deadlines vary, check with your school

**Other Scholarships and Grants:**  
Deadlines vary, check with the scholarship

**Many colleges have March 1 or April 1 deadlines**

**Pro-tips:** save the records you use to prepare your FAFSA in case you need to verify the accuracy or if you have a technological glitch!

# Application Procedure

## for students entering college in fall 2020

Apply online at [www.fafsa.gov](http://www.fafsa.gov), the MyStudentAid App, by paper application, or by calling the Federal Student Aid Information Center at (800) 433-3243



Collect the following financial records to make sure your application process goes as quickly and smoothly as possible

- Tax returns (if filed) from the prior, prior year  
(2018 tax returns for the 2020-2021 FAFSA)
- Your social security number
- W-2 Forms from the prior-prior year
- Current bank statements
- Records of untaxed income from the prior-prior year
- Current business and farm records
- If you are a dependent student, your parents' tax return, and all of the above
- If you are married (and your spouse filed a separate return),  
your spouse's return, and all of the above

Your FAFSA will be reviewed and an electronic report will be sent to the colleges you mark on your FAFSA. This report will confirm the information you provided on the FAFSA and will contain your Expected Family Contribution (EFC).

### Important!

FAFSA on the Web allows families to import tax information from the IRS system using the Data Retrieval Tool.



Funding Your Education: The Guide to Federal Student Aid Published by the U.S. Department of Education. This publication provides information on federal grants, loans, and work study.

Está disponible en español a <http://bit.ly/2xeAhul> o (800) 433-3243.

# Eligibility for Student Aid

Various factors may affect your eligibility for financial aid.

## Dependent or Independent Status

All students are considered either dependent or independent when applying for financial aid. Dependent students must submit financial information about their parents on the FAFSA. This information is required even if the parents do not intend to help pay for the student's education.

You are automatically considered an **Independent Student** for the 2020-2021 school year if you are 24 or older as of December 31, 2019. If you are under 24, you will be considered an independent student if you are any one of the following:



- A graduate or professional student
- Married
- A student with children or other dependents
- On active duty military service
- A veteran of U.S. Armed Forces
- An orphan or ward of the court
- In foster care at any time, age 13 or older
- In legal guardianship or emancipated minor status as of the date of application (or 18th birthday if a Minnesota resident)
- Determined to be an unaccompanied homeless youth

**Appeals:** If you think you should be considered independent because of unusual circumstances, talk to the financial aid administrator at your college about a “dependency override”. The aid administrator may use their professional judgment to change your status to independent based on your family situation.

## Citizenship Requirements

To complete the FAFSA, the student must be a citizen or eligible non-citizen. However, undocumented students in Minnesota may qualify for state financial aid under the Minnesota Prosperity Act commonly known as the Minnesota Dream Act.

Students who are U.S. citizens or eligible non-citizens, whose parents are undocumented may apply for state and federal student aid using the FAFSA. **List all zeroes for your parents' social security number.**



## Class Load

Increases or decreases in your number of credits per term, and may affect how much financial aid you are eligible to receive. Check with your financial aid office for more details.

## School Transfer

Financial aid does not automatically transfer with students to a new college. Students must contact the financial aid office at the new college to determine what actions should be taken to receive aid. Students must be sure to have an electronic version of the FAFSA sent to the new institution. Log into [www.fafsa.gov](http://www.fafsa.gov) and add the school code of the new institution as a FAFSA correction.

Students with a Direct Loan, PLUS Loan or SELF Loan will need to reapply. Students participating in work study or the Minnesota Child Care Grant also need to reapply. If you transfer to a more expensive school, you may be eligible to receive more aid. Contact your financial aid office for details.

## Changes in Financial Status

Students and families sometimes experience changes in their financial status due to special circumstances, such as:

- Loss of a job
- Serious illness
- Disability
- Significant Medical Expenses
- Separation or divorce
- Death in the family

If any of these occur, your financial aid eligibility may change.

If the information you submitted on the FAFSA or MN Dream Act Application is vastly different from your current income and assets, contact your financial aid office and explain your situation. In special instances, the aid administrator will adjust the information used to calculate your expected family contribution which may result in increased financial aid eligibility based on your revised level of financial need.

# Are There Education Tax Benefits?

## Are There Tax-Advantaged Investment and Savings Options?

Several tax-preferred saving and investment options are available to help you save and pay for postsecondary education. These are particularly valuable if the family begins to use them when children are young.

The following information is not and should not be considered tax or investment advice. Links to further information and/or phone contact information follows each of the options presented. Some of the benefits of the options listed impact the available benefits of other options. Therefore, Office of Higher Education (OHE) strongly encourages you to direct specific questions about your own financial situation to a tax or investment professional.

Fun fact! 529 refers to the section of the Internal Revenue Code governing college savings plans.

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## Minnesota College Savings Plan

The Minnesota College Savings Plan is Minnesota's 529 qualified tuition program. Most states offer at least one of these plans created under the Internal Revenue Code's Section 529.



The Minnesota Plan offers a variety of investment options which vary in risk from conservative to aggressive and also an option which automatically adjusts the risk level based on the age of the beneficiary (this will transition in September 2019 to when the beneficiary is anticipated to enroll in postsecondary work.)

Earnings on funds invested in a 529 plan accumulate tax-free. If an account owner uses funds from their 529 plan to pay for the qualified higher education expenses of the account beneficiary, the earnings portion of the funds generally remain tax-free (see "Note" below).

Note: The federal Tax Cuts and Jobs Act of 2017 expanded the federal definition of "qualified higher education expenses" to include up to \$10,000 per year for K-12 tuition expenses. However, the State of Minnesota requires the payment of state income taxes on the earnings portion of 529 plan funds used to pay for K-12 tuition expenses.

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## Coverdell Education Savings Account

A Coverdell Education Account is a trust or custodial account created for paying qualified education expenses of the designated beneficiary of the account. A Coverdell ESA can be opened at any bank or other IRS-approved entity.

Earnings accumulate tax-free and distributions may be used for elementary and secondary school expenses as well as for postsecondary education expenses. Qualified educational expenses include not only tuition and fees, but if the student is enrolled at least half-time, may also include room and board. There are income limits and other restrictions, which must be met before an account is established.



More information about withdrawals from IRAs and other tax benefits may be found in Internal Revenue Service (IRS) Publication 970 which can be found at [www.irs.gov](http://www.irs.gov).



## Education Savings Bonds

Contributions are not tax deductible, but you may be able to exclude all or part of the interest earned on series EE bonds from income when you redeem the bonds to pay postsecondary education tuition and fees for undergraduate or graduate study.

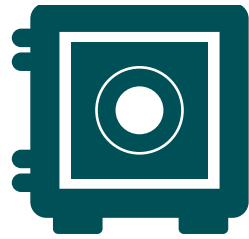
A qualified U.S. Savings bond is a series EE bond issued on or after January 1, 1990 or a series I bond. There are income limits and tax filing status limitations, which impact the benefits. Qualified expenses do not include room and board.

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## Withdrawals from IRAs

Taxpayers can withdraw funds from traditional or Roth Individual Retirement Accounts (IRA) to pay qualified higher education expenses without paying the ten percent early withdrawal tax that applies to withdrawals before the account owner reaches age 59 1/2.

Qualified educational expenses include not only tuition and fees, but if the student is enrolled at least half-time, may also include room and meals.



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## Does Saving for College Hurt Your Child's Financial Aid?

Probably not! It depends on your family's economic circumstances. You and your child separately report income and net worth (assets minus liabilities) on the Free Application for Federal Student Aid (FAFSA) and submit it to the U.S. Department of Education.



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## Asset Assessment

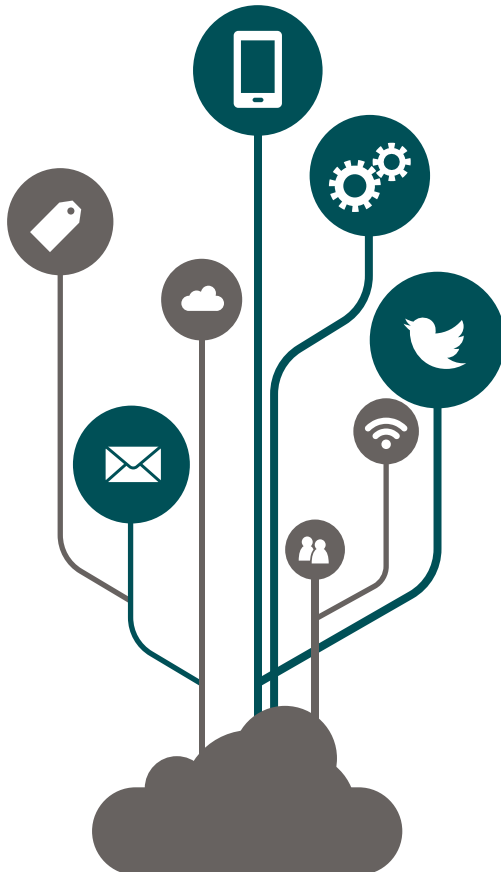
The U.S. Department of Education assesses your family income and net worth to determine your Expected Family Contribution, or EFC. Your EFC is transmitted by the Department of Education to the colleges identified on the application.

In determining your EFC, the federal government does not consider all your parental assets as available to help pay for college. For example, their retirement plan funds, home equity or small business equity are excluded from consideration. Other assets they own including college savings are protected by Education Savings and Asset Protection Allowance. The allowance increases as the age of the parent increases.

About 5.6 percent of parental net worth exceeding the Education Savings and Asset Protection Allowance is included in the EFC. The assessment rate for dependent student assets is 20 percent, with no asset protection allowance. This is why there are important benefits for parents to own college savings accounts instead of their children.







## **What are your investment and savings options?**

More information about education tax advantages and savings options may be found in Internal Revenue Service (IRS) Publication 970 which can be found at [www.irs.gov](http://www.irs.gov).

# Table A5: Parents' Education Savings and Asset Protection Allowance

for EFC Formula A Worksheet (parents only)  
from the 2018-2019 Academic Year

Age of the older parent as of 12/31/2018	Allowance if there are two parents	Allowance if there is only one parent	Age of older parent as of 12/31/2018	Allowance if there are two parents	Allowance if there is only one parent
25 or less	\$0	\$0	46.....	\$20,300	\$12,300
26 .....	1,200	700	47.....	20,700	12,600
27.....	2,400	1,400	48.....	21,300	12,900
28.....	3,500	2,200	49.....	21,800	13,200
29.....	4,700	2,900	50.....	22,300	13,500
30.....	5,900	3,600	51.....	22,900	13,800
31.....	7,100	4,300	52.....	23,500	14,100
32.....	8,300	5,000	53.....	24,100	14,400
33.....	9,400	5,800	54.....	24,800	14,800
34.....	10,600	6,500	55.....	25,400	15,200
35.....	11,800	7,200	56.....	26,100	15,500
36.....	13,000	7,900	57.....	26,800	15,900
37.....	14,200	8,600	58.....	27,600	16,300
38.....	15,300	9,400	59.....	28,300	16,700
39.....	16,500	10,100	60.....	29,100	17,100
40.....	17,700	10,800	61.....	30,000	17,600
41.....	18,100	11,000	62.....	30,800	18,000
42.....	18,500	11,300	63.....	31,700	18,500
43.....	19,300	11,500	64.....	32,600	19,000
44.....	19,300	11,800	65 or older	33,600	19,500
45.....	19,800	12,000			

# Minnesota Dream Act

## Resources for Undocumented Students

In May 2013, the MN Dream Act (also known as the Prosperity Act) was signed into law. Undocumented students meeting the criteria in the MN Dream Act are now eligible for in-state tuition rates, privately funded financial aid administered by Minnesota public colleges and universities, and can apply for state financial aid. Minnesota students granted Deferred Action for Childhood Arrivals (DACA) may also be eligible for these benefits. You can learn more about the MN Dream Act and how to apply for these benefits at [www.ohe.state.mn.us/MNDreamAct](http://www.ohe.state.mn.us/MNDreamAct).

## Federal Grants

To apply and qualify for a federal grant, you must be a U.S citizen, U.S. national or an eligible non-citizen. In general, you are an eligible non-citizen if you:

- Are a U.S. permanent resident with an I-551C card
- Are a conditional permanent resident with an I-551C card
- Have an Arrival Departure Record (I-94) from the Department of Homeland Security with any of the following designations: refugee, asylum granted, a parolee, a Cuban-Haitian entrant, a victim of human trafficking, or a holder of T-Visa.

If you are a citizen or eligible non-citizen, you can qualify for federal grants even if your parents are undocumented. **When you complete the FAFSA, you can enter all zeros for your parents' social security numbers.**

## State Grants

If you are not a citizen or eligible non-citizen, you are eligible to apply for a MN State Grant and other state financial aid programs if you meet all the requirements for the MN Dream Act:

- Attended a Minnesota high school for at least 3 years;
- Graduated from a Minnesota high school or earned your GED in Minnesota;
- Registered for the Selective Service (if male age 18-25);
- Applied for legal immigration status once a federal process for doing so becomes available (not required since federal process does not currently exist).

The application for state financial aid is accessible at: [www.ohe.state.mn.us/MNDreamAct](http://www.ohe.state.mn.us/MNDreamAct). Otherwise, students must be U.S. citizens or eligible non-citizens to apply for a MN State Grant using the Free Application for Federal Student Aid (FAFSA).

## Scholarships

Some colleges and universities may have scholarships available to students regardless of immigration status. Many financial aid counselors are aware of and sensitive to your situation and will try to assist you as best they can. Several private organizations maintain online lists of scholarships. You can find out more about these scholarships at: [www.ohe.state.mn.us/MNDreamAct](http://www.ohe.state.mn.us/MNDreamAct).

## Tuition Policies

Students meeting MN Dream Act criteria are eligible for in-state tuition rates at Minnesota public colleges and universities. Your college or university may ask you to submit documentation showing you meet these requirements.

If you do not qualify for the MN Dream Act, most public colleges and universities in Minnesota offer in-state tuition to all of their students, regardless of immigration status or state of residence.

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## **Free Application For Federal Student Aid (FAFSA) & Minnesota Dream Act**

Minnesota Office of Higher Education  
1450 Energy Park Drive, Suite 350  
Saint Paul, MN 55108-5227

Tel: 651.642.0567 or 800.657.3866  
TTY Relay: 800.627.3529  
Fax: 651.642.0675

E-mail: [info.ohe@state.mn.us](mailto:info.ohe@state.mn.us)

[www.selfloan.state.mn.us](http://www.selfloan.state.mn.us)  
[www.ohe.state.mn.us](http://www.ohe.state.mn.us)

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