

Contact Information



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Agenda:

Tonight we will cover:

- Overview of the FAFSA program
- Family Gifting
- 529 College Savings Plan

FAFSA Program

- The Free Application for Federal Student Aid (FAFSA®) form is used to apply for federal student aid such as federal grants, work-study funds, and loans. Completing and submitting the FAFSA form is free, and it gives you access to the largest source of aid to help you pay for college or career school.
- In addition, many states and colleges use your FAFSA information to determine your eligibility for state and school aid. Some private aid providers may use your FAFSA information to determine whether you qualify for their aid.

2024-25 FAFSA Application

- Form launched December 31st, 2023
- Deadline to Submit is June 30, 2025
- “Contributor” is a new term used on the 2024-25 FAFSA form. It refers to anyone (you, your spouse, your biological or adoptive parents, or your parent’s spouse) who’s asked to provide their consent and approval to have their federal tax information transferred automatically from the IRS.
 - The online FAFSA form will tell you who needs to be a contributor based on your answers to certain questions.
- Your Student Aid Index (SAI) replaces the Expected Family Contribution (EFC) starting in the 2024-25 award year.
- The FAFSA submission summary replaces the Student Aid Report for the 2024-25 award year. It will summarize your application excluding personal information.

To complete the application Parents, you need:

- Your social security number
 - Your Alien Registration Number (if you are not a U.S. citizen)
 - Federal income tax returns
 - You may be able to transfer your federal tax return information into your FAFSA using the IRS Data Retrieval Tool (this can be accessed within the application through “Proceed to the IRS”).
 - W-2s
 - Any other records of money earned
 - FSA ID to sign the application electronically
- For the 2024-25 Academic year the Federal Deadline is due by 11:59 p.m. Central time (CT) on June 30, 2025. Any corrections or updates must be submitted by 11:59 p.m. CT on Sept. 14, 2025.

Use the QR code to
get started and
retrieve your FSA ID:



Family Gifting

Annual Exclusion

- 2024 Annual Gifting Exclusion is \$18,000 per individual or \$36,000 per married couple **per year**.
- Subject to change on a year-to-year basis.

Donor vs. Donee

- **Donor**- Someone who is giving the gift.
- **Donee**- Someone who is receiving the gift.

Types of Gifts

- Cash or Property are considered applicable gifts.

Common Misconceptions for Gifting Limits

- Misconception #1: If I give away more than \$18,000 or \$36,000 for married couples, I will always owe tax.
- Misconception #2: If I receive a gift, I owe tax.
- Misconception #3: I can only give away \$18,000 per year.

Graduation Party Gifts

- Consider adding to your students' college funds.
- Cash or Property are considered applicable gifts.
 - Example: Gifting a car for graduation. If the fair market value (what you paid for it) exceeds \$18,000 or \$36,000 for a married couple, then the amount exceeding will need to be reported to the IRS.

529 College Savings Plans

- A 529 College Savings Plan is a tax-advantaged account that allows investors to save money for qualified education expenses.
- Contributions made in the 529 plan grow tax-deferred and can be withdrawn tax-free if the money is used to pay for qualified education expenses.
 - Either the account owner or the beneficiary will have to pay income tax on the earnings portion of a non-qualified distribution plus a 10% tax penalty.

In-State vs. Out- of-State Tax Benefits

➤ There are state tax benefits, depending on what state the college is in. More than 30 states offer state income tax deductions and state tax credits for 529 plan contributions.

- Invest into any 529 plan and potentially get a state tax deduction in return.
- There are currently no state tax benefits in the state of Washington.
- No deductions at the federal level.

Superfunding

- Under a special rule for 529 plans, you can treat contributions up to \$90,000 or \$180,000 for a married couple as if you had contributed over a 5-year period. Also known as superfunding or 5-year gift-tax averaging.
 - This allows you contribute more to a 529 account in a single year without counting it against your lifetime exemption.
 - Contributions are also not included in your taxable estate.
 - Contributions cannot exceed the \$90,000 or \$180,000 for a married couple when superfunding to receive the tax benefits.
 - Funding above the thresholds will be deducted from your lifetime exemption.
 - You cannot give more money to that same recipient within that 5-year period without counting it against your lifetime exemption.

529 Qualified vs. Nonqualified Expenses

Qualified Expenses

- Tuition and Fees
- Books and Supplies (For college expenses only)
- Computers, software, and internet access (For college expenses only)
- Room and Board (Student must be enrolled at least half-time. Applies to both on-campus and off-campus costs)
- Special needs equipment (For college expenses only.)
- Student Loans (Lifetime limit is \$10,000)

Nonqualified expenses

- Transportation and Travel Costs
- Health Insurance
- College application and testing fees
- Extracurricular activity fees

Examples on ways to Capitalize on a 529's Flexibility

Post Graduate Diplomas

- Masters to Doctoral Degrees.
- A 529 Plan can pay for a beneficiary's graduate or professional school.

Study Abroad

- Distribution from a 529 college savings plan can be used tax-free to study abroad at eligible institution.

Apprenticeships

- Make qualified withdrawals from your 529 plan for registered apprenticeship programs.

Examples on ways to Capitalize on a 529's Flexibility

Taking online courses

- Students can use a 529 plan to pay for online courses offered by eligible institutions.

Sharpen your chef skills

- 529 plans can be used to pay for postsecondary education at trade schools such as culinary institutes.

Train for a new career

- Distributions from a 529 plan can be used to pay for certification exams and courses in various fields.

Save for retirement

- In 2024, up to \$35,000 can be rolled over from a 529 Plan to a Roth IRA (For 529 plans that have been open for a minimum of 15 years for funds that have been in the plan for 5 or more years).

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