A Practitioner's Guide to Reporting Assets on the FAFSA

If families have an adjusted gross income of $60,000 and higher they will be required to answer the asset questions on the FAFSA. An asset is anything the family owns that has financial value. According to federal guidelines, there are **assets that must be reported** on the FAFSA and **assets that families should not report.**

Assets That Must Be Reported on The FAFSA

FAFSA Question	Guidance
Annual child support received	Only report the total amount received for the last full calendar year. Where to Find This Information It depends on the state jurisdiction and systems that are in place. Some examples: ● Court orders ● Child support state agency ● Financial records
Current total of cash, savings, and checking accounts	Include the value of cash **+** checking account(s) **+** saving account(s) This should reflect the total amount as of the day the FAFSA is being filled out. Where to Find This Information ● Online bank account(s) ● Latest bank statement(s)
Current net worth of investments, including real estate	Type of Investments ● Real estate (do not include the home in which the student/parent(s) live) ○ Current net worth = real estate value minus real estate debt (e.g. mortgage, home equity loan) ● Rental property ○ This 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 ● Uniform Gifts to Minors Act (UGMA) & Uniform Transfer to Minors Act (UTMA) Accounts ● Money market funds ● Mutual funds ● Certificates of deposit (CD's) ● Stocks ● Stock options ● Bonds ● Securities ● Commodities **For more information about the different investment types, please see the glossary page.* Where to Find This Information ● Online investment account(s) ● Latest account statement(s) ● For real estate value you can use Zillow or city assessor's office

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FAFSA Question	Guidance
Current net worth of businesses and investment farms	Starting with the 2024-25 FAFSA, families must report the net worth of business(es) of any size. • Current net worth = value of the business (e.g. how much it could be sold for) minus any debt • If the amount the business could be sold for is $0, then the net worth would be $0. <u>Where to Find This Information</u> • Financial statements • Valuation professionals • Business accountant

Assets You Should NOT Report on The FAFSA

- Home in which the student/parent(s) lives (if renting part of home, see above section on rental property)
- Life insurance policies
- Retirement plans (401[k] plans, pension funds, annuities, non-education IRAs, Keogh plans, etc.)
- UGMA and UTMA accounts for which the student/parent are the custodian, but not the owner
- 529 accounts with a beneficiary other than the student applicant

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Glossary

Asset Net Worth
Asset net worth is the total value of all owned assets minus any debts.

Bonds
A bond is a loan made by an investor to a borrower, usually a corporation or government, who promises to repay it with interest at a set date.

Certificates of Deposit (CDs)
A Certificate of Deposit (CD) is a special type of savings account where you agree to leave your money untouched for a set period in exchange for a higher interest rate.

Commodities
Commodities are basic goods or resources that can be bought and sold, like crops, metals, and natural materials.

Money Market Funds
A money market fund is a safe, low-risk investment that aims to protect your initial investment and provide a modest return by investing in stable, short-term assets.

Mutual Fund
Mutual funds are a way for many people to invest together in a collection of stocks, bonds, or other assets, managed by professional fund managers.

Securities
Securities are financial instruments, like stocks, bonds, or options, that represent ownership, debt, or rights to ownership in an entity.

Stock
A stock is a share of ownership in a company.

Stock Options
Stock options are contracts that give the holder the right, but not the obligation, to buy or sell a stock at a specific price within a certain time period.

Trust Funds
A trust fund is a legal entity holding and managing assets for the benefit of specific individuals or entities, as dictated by the terms of the trust.

Uniform Gifts to Minors Act (UGMA)& Uniform Transfer to Minors Act (UTMA)Account
UGMA and UTMA accounts are a special type of account that allows adults to give money or assets to minors as a gift or investment, it is managed by a custodian until the minor reaches a certain age.

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