

4 Reasons to File the FAFSA Early

The "early bird gets the worm" rule applies to college financial aid, too



Joanna Nesbit (@joannesbit)
Money
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Your high school senior may be breathing a sigh of relief with college applications behind her, but your work is just beginning. That's because it's time to think about financial aid — and get going on the **Free Application for Federal Student Aid**, aka the FAFSA.

Many families make the mistake of not filing it early enough or at all, and they end up leaving money on the table. Here's why your timing matters, and why your family should **plan to file**.

Early bird benefits

Some states award financial aid on a first-come, first-served basis, so eligible families who file soon after January 1 have a better chance of receiving aid, including grants, **work-study** and federal loans. Other **states have deadlines** in February and March, but submitting the FAFSA before the deadline better positions a student to receive aid, according to David Levy, editor of **Edvisors**, an online resource for families planning for college.

"Students who file early tend to receive twice as much grant money as students who file after March," says Levy. "Many states have early deadlines, as do many colleges and universities." (Early means January, February and March.)

You don't need to have a completed 2015 tax return, either. Use a 2014 return (if your income is similar) and current asset statements, and plan to update the FAFSA with the **IRS data retrieval tool** when your 2015 return is completed.

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State and institutional benefits

You may think you make too much money for your student to qualify for a federal Pell grant or work-study, and you may be right. But many states, colleges and scholarship programs use the FAFSA to determine financial aid eligibility and have earlier deadlines than the federal deadline. In other words, even if your student doesn't qualify for a federal Pell grant or work-study at one university, he may qualify for institutional aid and work-study at another one as determined by the FAFSA. Don't assume he's not eligible.

According to a **report** by Edvisor publisher Mark Kantrowitz, 2 million students who didn't file the FAFSA in 2011 to 2012 would have qualified for \$9.5 billion in federal Pell grants, an average of \$4,700 per student, and possibly state and institutional grants as well.

Merit money

Levy says some colleges are now requiring that students file the FAFSA to be considered for merit awards. He advises students to check college websites to find out if they require the form for merit aid.

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Federal loans

If you or your student needs to **take on a student loan**, federal loans are best, and the only way to qualify for those is to file the FAFSA, Levy says. U.S. citizens and permanent residents can qualify for a federal loan regardless of income.

Changes are coming

Starting in 2016, the FAFSA will be available by October 1 for the 2017 to 2018 academic year to dovetail with college admissions application season. The **early FAFSA filing process** will allow families to learn about the financial viability of a college choice well before the May 1 deadline for accepting a spot.

Don't assume you're not eligible

Even if you know another family with a similar income that didn't receive any financial aid, each family's circumstances are so specific that you shouldn't rule out the possibility of aid before you apply. Factors that affect eligibility include multiple children in college at the same time, the type of college and whether you have assets. The FAFSA does not take into account home equity or retirement accounts such as a 401K, Roth IRA or regular IRA, says Levy (except for retirement contributions made in the year prior to filing the FAFSA, known as the "**base year**").

"The important thing is to not disqualify yourself before trying," Levy says. "The only risk is you don't qualify for need-based aid. Families give all kinds of reasons for why they don't file, including they didn't think they were eligible, they didn't want to take on debt, they had no information about how to apply and they thought the application was too much work."

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Joanna Nesbit is a freelance writer specializing in education, parenting, lifestyle and family travel.



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