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# How do I know if I'm eligible for federal financial aid?

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# How do I know if I'm eligible for federal financial aid?

## Answer:

The answer is you don't, not until you officially apply. For most parents, even two-income parents, it's difficult to predict who will qualify for financial aid. Some families with relatively high incomes may qualify for aid, while those with lesser incomes may not. But you can get an idea ahead of time. The federal government has an online tool called the FAFSA4caster that you can complete to see if you might qualify for financial aid.

Your current income is the main factor that determines whether your child will qualify for aid, but it's not the only factor. Other important considerations include your assets, the number of children you have in college at the same time, and how many years you have until retirement.

Regarding assets, a common misconception is that all your hard work saving for retirement will count against you come financial aid time. However, the federal government's formula for determining aid eligibility specifically excludes retirement assets from consideration. The federal formula also excludes home equity (in your primary residence only), cash value life insurance, and annuities. Be aware, however, that a college's own institutional aid application may include one or more of these assets.

The rule is "When in doubt, apply." The federal government's aid application, the FAFSA, is free, so all that you will lose if you discover your child is ineligible for aid is just a few hours of your time. Also, by filling out the FAFSA, undergraduate and graduate students who are enrolled at least half-time become automatically eligible for the federal Direct Unsubsidized Stafford Loan, a low-interest federal student loan that is not based on financial need.

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