



IMPACT OF COLLEGE SAVINGS ON STUDENT FINANCIAL AID

This document is provided for general informational and educational purposes and is not, nor intended to be, legal, financial or tax advice. The publisher is not authorized to practice in front of the IRS and is not subject to IRS Circular 230. This information is general in nature and may not apply to the specific circumstances of individual readers. No claims are made about the accuracy, timeliness or usefulness of the content of this document. Users of this document should seek specific guidance directly from a qualified legal, financial or tax professional. Nothing contained on or provided through this document is intended to be or is to be used as a substitute for professional advice.

Copyright © 2017 by Edvisors Network, Inc. All rights reserved. Visit www.edvisors.com for information about planning and paying for college.

Impact of College Savings on Student Financial Aid

1.

Save for college in the parent's name, not the student's name. The impact on aid is small if the parent is the account owner.

2.

A 529 college savings plan is treated as though it were a parent asset if it is owned by a dependent student or by a dependent student's custodial parent. This has a minimal impact on eligibility for need-based financial aid.

3.

A 529 college savings plan that is owned by the student's grandparent, aunt, uncle, non-custodial parent, or any other third party will hurt eligibility for need-based financial aid.

4.

Move money in a custodial bank or brokerage accounts, which reduce aid eligibility by 20% of the asset value, into a custodial 529 college savings plan to increase aid eligibility.

5.

Spend student assets first, before using the parent's money.

