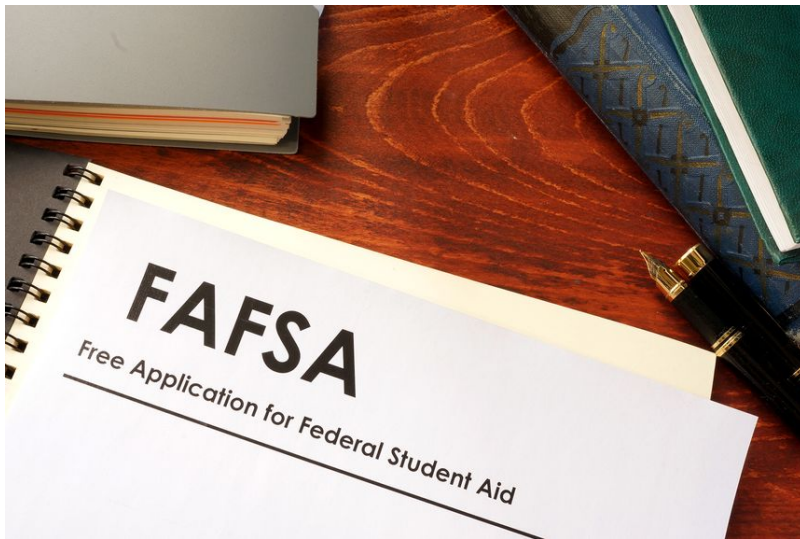


JOURNAL REPORTS: WEALTH MANAGEMENT

What You Need to Know About Fafsa and Divorce

College financial-aid forms can be confusing for divorced and unwed parents, and blended families



The custodial parent, for Fafsa purposes, is the parent the student lived with more during the past 12 months. PHOTO: GETTY IMAGES/ISTOCKPHOTO

By Cheryl Winokur Munk

Oct. 20, 2019 10:06 pm ET

Filling out college financial-aid forms can be confusing for anyone. They may become even more confusing for families where parents are divorced or unwed, or for blended families.

The Free Application for Federal Student Aid, or Fafsa, generally requires personal and financial information from dependent students and their parents in order to determine eligibility for federal financial aid. It's particularly important to fill out the Fafsa correctly since it "can make a huge difference in the possibility of aid," says Carrie Fellon, a certified financial planner and financial strategist at Agili, a registered investment advisory firm in Richmond, Va.

Here, then, are answers to some of the biggest questions blended families and those with divorced or unmarried parents have about filing for financial aid:

Who is a parent?

For Fafsa purposes, a “parent” refers to a biological or adoptive parent or a person determined by the state to be a parent. Grandparents, foster parents, legal guardians, older siblings, uncles or aunts and widowed stepparents aren’t considered parents on the Fafsa unless they have legally adopted the student, according to the U.S. Education Department’s Federal Student Aid office.

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In the case of divorce, which parent is required to provide financial information on the Fafsa?

In a divorce or separation where the parents don’t live together, only one parent needs to provide his or her information. This parent, deemed the custodial parent for Fafsa purposes, is the parent the student lived with more during the past 12 months. If the student lived the same amount of time with both parents, then the parent who provides the information should be the one who provided the most financial support during the past 12 months.

Keep in mind that nearly 400 colleges, universities, professional or graduate schools, and scholarship programs also require families to file the College Board’s CSS Profile to be considered for institutional aid. Many of the reporting requirements for the CSS Profile are different from Fafsa requirements.

What if the custodial parent has remarried?

Custodial parents who have remarried are required to include their spouse’s financial information on the Fafsa. This often comes as a surprise to stepparents, especially if they have no intention of providing support to the student, says Valerie Tocci, a divorce litigator and partner at Stutman Stutman & Lichtenstein, a law firm with offices in New York City and Mineola, N.Y.

A caveat: A stepparent’s financial information should be included on the Fafsa only if he or she is married to the custodial parent as of the date the Fafsa is filed or has adopted the student as of that date, says Mark Kantrowitz, publisher and vice president of research at Savingforcollege.com, an information and resource site.

What happens if a divorced or separated couple is still living together?

As long as the student’s parents are living together, both incomes generally need to be reported, even if they consider themselves separated. Living on separate floors of the same house, for example, doesn’t count as maintaining separate residences, Mr. Kantrowitz says. If spouses are

separated but living together, they should select “Married or remarried” on the Fafsa, and not “Divorced or separated,” according to Federal Student Aid.

Marilyn Ponti, director of financial aid at Whitman College in Walla Walla, Wash., encourages families who have special circumstances to reach out to the financial-aid office with a letter of explanation about what’s going on in the family. Financial-aid officers have some discretion when it comes to considering the use of only one parent’s income on the Fafsa and can use professional judgment in some of these special circumstances, she says.

What about legal parents who are unmarried but living together?

Biological or adoptive parents who are unmarried but living together should choose the option on the Fafsa that states: “Unmarried and both legal parents living together.” In these circumstances, it’s advisable to call Federal Student Aid for assistance with answering income-related questions.

What happens in the case of a same-sex marriage?

A couple in a same-sex marriage is considered to be married on the Fafsa, if they were legally married.

Who should be included in the Fafsa’s size of household question?

The household size should include the student, the parent or parents living in the household, the number of other children (even if they don’t live in the household) who will receive more than half of their financial support from the parents or parents for the period specified by the Fafsa, and the number of people who aren’t the parent’s or parents’ children but who live with them, receive more than half of their support from them and will continue to do so for the specified period.

What happens if the student’s parents are now divorced but were married and filing jointly on the tax return used for Fafsa?

Where possible, the financial information should be separated and only the custodial parent’s information should be reported, even if tax information may say otherwise, says Charlie Javice, founder and chief executive of Frank, which provides families with free help filling out the Fafsa.

The reverse is also true: A parent who is remarried should include the new spouse’s financial information when filling out the Fafsa, even if the tax information indicates single status, she says.

These types of situations are highly likely to be flagged for verification because of the inconsistencies, Ms. Javice says. This could require additional paperwork such as proof of

divorce and bank statements. She advises families in these types of situations to contact the financial-aid office immediately after the student is admitted.

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AND THEN THERE'S THE CSS PROFILE...

For some schools, filling out the Free Application for Federal Student Aid, or Fafsa, isn't enough. To be considered for institutional aid and grants at nearly 400 colleges, universities, professional or graduate schools, and scholarship programs, families must also fill out the College Board's CSS Profile. And the requirements for the CSS Profile can differ from the Fafsa's, especially for blended families and those with divorced or unwed parents. Here are answers to questions those families might have about the CSS Profile.

Who is considered a parent for the purposes of the College Board's CSS Profile?

The CSS Profile requests information about the various familial relationships students may have, including their biological or adoptive parents, stepparents, partner of a biological or adoptive parent and legal guardians, according to the College Board.

In the case of divorce or separation, which parent is required to provide financial information on the CSS Profile?

All dependent students completing a CSS Profile are asked for financial information from the custodial parent. This is the parent with whom the student lived most during the past year, or if the same amount of time was spent with each parent, the one who provided more financial support.

Some colleges require information from both of the biological or adoptive parents, even if they are separated or divorced, says Blaine Blontz, founder of Financial Aid Coach, which helps families navigate the college-planning process. Students should ask each school about its particular requirements. They can also find relevant information from the College Board's list of colleges that require a CSS Profile.

If both parents are required to complete an application, they will begin at the same website and will be asked similar questions in an online application that will be customized for each of them, according to the College Board.

What happens if either of the parents is remarried?

If a parent has remarried or has a new partner, the applicant must report information from both on the CSS Profile.

What happens if either parent is not remarried but is living with someone and providing financial support?

The student must report the parent's partner's information on the CSS Profile. The applicant must identify the current marital status of the parent and partner.

What happens in the case of a same-sex marriage?

Parents in same-sex marriages are considered married.

How should a student who comes from a blended family answer questions pertaining to household size?

In the CSS Profile, the custodial parent is asked to report information for everyone who lives in his or her household and receives more than half of their financial support from that parent. The noncustodial parent is asked to provide information for everyone who lives in his or her household and receives more than half of their support from the noncustodial parent. The noncustodial parent is also asked to report any children under age 24 who are shared with the student's parent, no matter where they live, according to the College Board.

What else might students from divorced, separated or blended families need to know about the CSS Profile?

Each college or program has its own requirements for who is required to complete the CSS Profile; families with questions or concerns should contact the college's financial-aid office.

Families should also be sure to contact schools that require noncustodial information as soon as possible if they believe it will be difficult to obtain the financial information and general cooperation from the noncustodial parent, says Mr. Blontz, the college consultant.

"While schools can waive the requirement of noncustodial information, it's not a given if the noncustodial parent is simply being uncooperative," he says. "These cases can hold up financial aid for the student until either the noncustodial parent information is received or the requirement is waived."

More information to help divorced and separated parents complete the CSS Profile is available at cssprofile.collegeboard.org.

SHARE YOUR THOUGHTS

How does your family handle questions about finances when it's not a "typical" nuclear family format? Join the conversation below.

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