

Special Circumstances and Dependency Status

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Special Circumstances

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- Prior-Prior Year Data Required on FAFSA

For Example: 2018 data required on 2020-2021 FAFSA

- Tax and Income information is 1-2 years old and may not accurately reflect current circumstances.
- The FAFSA should always be completed with the information for the year that is asked for. A student/parent should never manually adjust information provided on the FAFSA to more current information.
- If circumstances have changed and the FAFSA is not an accurate reflection of current financial ability, a Special Circumstance review is possible.
- Special Circumstances are handled individually by school, not a federal process.

Special Circumstances

- By completing a Special Circumstance review, a school can make adjustments to FAFSA data through a PROFESSIONAL JUDGEMENT correction to allow it to more accurately reflect current circumstances.
- Professional judgements must be made based on documented changes for the specific student.
- A Special Circumstance PROFESSIONAL JUDGEMENT decision would ideally result in a change in the Expected Family Contribution. A change in EFC may or may not result in additional financial aid eligibility.

Common Special Circumstances

Loss of Employment/Reduction of Income

- Parent or student has lost their job, been demoted resulting in reduction of pay, changed from full-time to part-time, changed jobs to a lower paying job, retired, was out of work and not paid for months, etc.
- Depending on the school, various documentation will be required. Likely most recent tax information and income/loss of employment verification.
 - Review will be done to define current circumstances.

Common Special Circumstances

Separation/Divorce

- May be resolved through other processes.
- For marital status, the FAFSA asks for status as of the date of completion. A mismatch in the marital status vs. the tax filing status often results in the student being selected for verification.

For example: Parents were married and filed in 2016 as married filing jointly. Divorced in May 2017. When completing the FAFSA in October 2017, mom indicated Divorced/Separated on Marital Status question. This will conflict with the filing status.

- If selected for verification, household clarification and income documentation for both parents would likely be requested, and separation of income would be completed through that process rather than Special Circumstances.

Common Special Circumstances

Separation/Divorce

- If not selected for verification, or if divorce/separation happened after completing the FAFSA, a Special Circumstance review will need to be completed to separate income so only primary parent's income is calculated as part of the Expected Family Contribution
- Documentation requirements vary, but likely all income information for BOTH parents and student/spouse, and documentation of separation/divorce such as divorce decree, separation agreement, proof of separate residents for each parent, etc.
- Difficulties may arise in obtaining information for BOTH parents or student and ex-spouse, but is required. Cannot separate income without knowing whose is whose.

Other Special Circumstances

Death of Parent/Spouse

- Documentation requirements vary by school, but likely all income information for BOTH parents (living and deceased), student/deceased spouse, and death certificate/record. Some schools may process Funeral expenses as a possible circumstance if not covered by insurance (billing statement from funeral home).

Medical

- High medical bills not covered by insurance. 11% of income is not included in the federal calculation of EFC as an income protection allowance. Medical bills would likely need to exceed that percentage before a Special Circumstances review could be completed. Medical bills, EOBs, etc. for documentation

Other Special Circumstances

One-Time Payment

- A large, non-regular payment.
- Most frequent is a Roth IRA rollover. Converting retirement funds from a Traditional IRA to a Roth IRA results in the converted amount being included in taxable income on the tax return and therefore the FAFSA. To exclude from income, the Special Circumstances would need to be done with documentation of the rollover.
- **Other one-time payments:** Extensive home repairs, alternative housing as part of disaster recovery (hurricanes, wildfires, etc.).
- **Not a qualified one-time payment:** Paying off consumer debt, credit cards, auto loans, etc.

Loss of Child Support

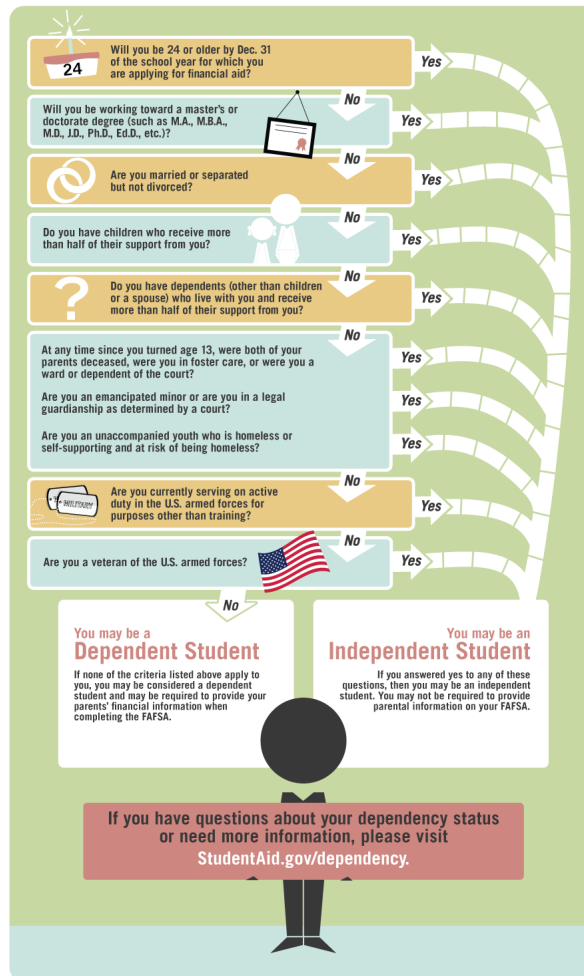
- Verification of YTD child support received and documentation of loss such as divorce decree, attorney general summary, etc.

Dependency Status

Basic Dependency Questions on the FAFSA

Do I Have to Provide My Parents' Information on the Free Application for Federal Student Aid (FAFSA)?

All applicants for federal student aid are considered either "independent" or "dependent." Dependent students are required to include information about their parents on the FAFSA. By answering a few questions, you can get a good idea of which category you fit into.



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Students should only answer "Yes" only if documentation can be provided.

Common Errors on Dependency Questions

- **Both Parents Deceased/Foster Care/Ward of Court**
 - **AFTER** age 13
 - If orphaned, in foster care, or ward of court prior to 13, but ***adopted*** prior to 13, the answer to this question is No. Adoptive parent's information is required.
 - If answering Yes, be sure documentation can be provided.

Common Errors on Dependency Questions

- **Currently Serving on Active Duty in the US Armed Forces/Veteran**
 - For purposes **OTHER THAN** training
 - Status indicated on Military orders (DD214)
 - Veterans – must be discharged from service with a status other than “dishonorable”
 - For National Guard or Reserves, status of Active Duty typically only indicated if they completed basic training **AND** were called up to active federal duty.

Common Errors on Dependency Questions

- **Legal Guardianship**

- Federal regulations indicate determined by state courts
- Legal Guardianship vs. Conservatorship In Texas
 - Conservatorship – most frequently seen court determination
 - Determined in Family Law or Divorce Court
 - Texas's legal term for custody (parental or otherwise)
 - DOES NOT indicate a Legal Guardianship
 - Typically 'No' to Legal Guardianship question
 - **Exception:** The Sole Managing Permanent Conservator(s) are not parent(s).
 - Guardianship – limited
 - Determined by Probate Court
 - A person appointed to take care of the physical well-being of a ward is called a guardian of the person
 - Court order will specifically state Legal Guardianship
 - 'Yes' to Legal Guardianship question
- Many students in Legal Conservatorship of persons other than their parent will have circumstances which qualify for a Dependency Override.

Common Errors on Dependency Questions

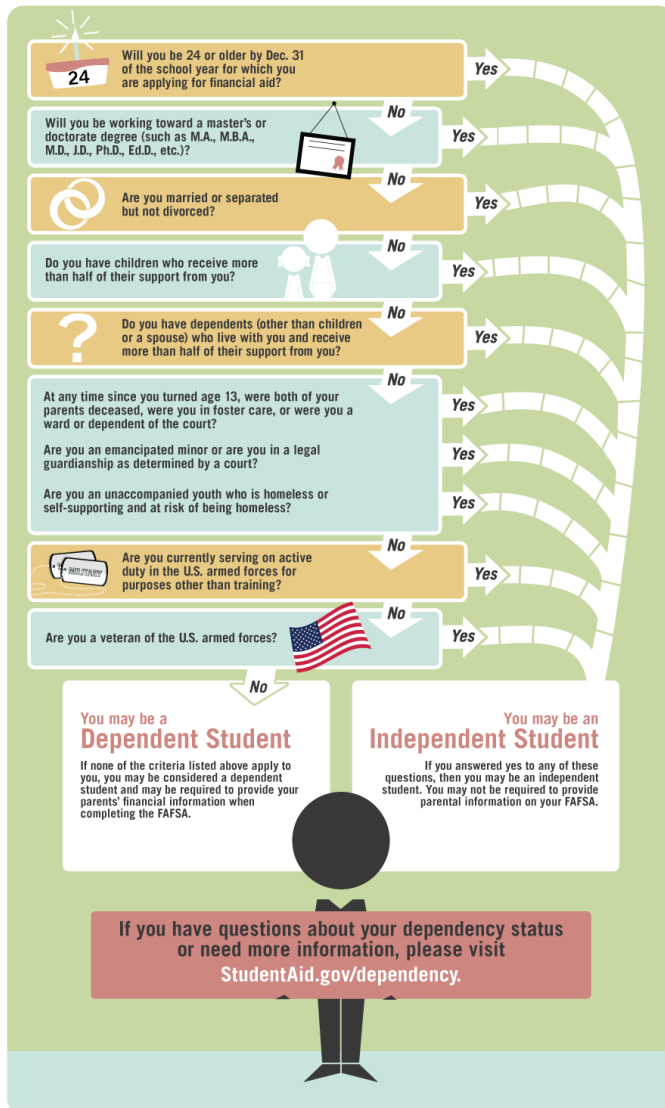
- **Unaccompanied Youth Homeless or At Risk of Homelessness**
 - Unaccompanied - youth not in the physical custody of a parent or guardian
 - Homeless - lack fixed, regular, and adequate nighttime residence.
 - Sharing the housing of other persons due to loss of housing, living in motels, hotels, camping grounds, emergency or transitional shelters, abandoned in hospitals, or are awaiting foster care placement.
 - Must meet **BOTH** conditions

Common Errors on Dependency Questions

- **Unaccompanied Youth Homeless or At Risk of Homelessness continued...**
 - Determination (documentation) can be made by:
 - high school or district homeless liaison
 - the director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development
 - the director of a runaway or homeless youth basic center or transitional living program
 - Required to be confirmed every year
 - High School or District Liaison can only make the determination while the student is in high school

Do I Have to Provide My Parents' Information on the Free Application for Federal Student Aid (FAFSA®)?

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Extenuating Circumstances

- All answers are No but still unable to provide parent information
 - Do not provide parent information
 - Reach out to the postsecondary school for additional guidance
 - Dependency Change Override
- Circumstances which would result in all No answers but require a possible Dependency Override
 - Abuse (physical, verbal, mental)
 - Abandonment (living with other relatives, no contact with parent)
 - Neglect
 - Substance Abuse/Alcohol Addiction
 - Other circumstances which result in no relationship/contact with either biological parent.

Circumstances Which DO NOT Make A Student Independent

- **No Parental Financial Contribution**

- Parents refuse to contribute financially to your education.
- Parents refuse to provide information necessary to complete the FAFSA.
- Parents do not claim you as a dependent for income tax purposes.
- You demonstrate self-sufficiency.

- **Parents Aren't Citizens/Not In US**

- While making the FAFSA process more involved in most instances, DOES NOT qualify for a Dependency Change.
- There are processes in place for getting information from Non-Citizen, overseas parents. For example: Completing FAFSA with 0s for Parental SSNs, completing and submitting a paper signature page, foreign tax return conversion questions on FAFSA, etc.

Now it's time to play.....

Dependent, Independent, or Dependency Change

Do I Need To Provide My Parent's Information Handout...

- Scenarios from actual students.
- Is the student automatically Independent? Can they answer Yes to one of the Dependency Status questions?
- Is the student Dependent? Can only answer No to Dependency Status questions? No extenuating circumstances that would result in a Dependency Change review.
- Does the student qualify for a Dependency Change? Can only answer No to questions but has extenuating circumstances through which parental information could not be required?