

Small Steps to Big College Dreams

2



BUILDING BLOCK #2

Open and Connect Your Own College Savings Account

How College Savings May Impact Federal and State Financial Aid

There are many ways to save for college and many different types of college savings accounts. The Save for College Program provides an opportunity for you to open one of two college savings account options that can be connected to your child's scholarship account:

1 NY'S 529 COLLEGE SAVINGS PROGRAM DIRECT PLAN ACCOUNT

(a type of investment account specifically created to help families save for college and career training)

2 AMALGAMATED SAVE FOR COLLEGE BANK ACCOUNT

This document has information about how opening and depositing money into each of the college savings options through the Save for College Program could impact your child's future financial aid.

The purpose of financial aid is to meet a family's "financial need." After a family's financial need is determined by the federal government, colleges and universities can choose to meet that need by providing a combination of:

- Grants (money gifted to the student);
- Loans (money that a student or family borrows and typically has to pay back);
- Work-study (a job on campus); and
- Scholarships (money gifted to the student based on his or her accomplishments).

The information below applies to your child's future financial aid eligibility as they are applying for college. It is based on current state and federal financial aid rules, which may change by the time your child attends college.

As your child approaches high school, you should visit the U.S. Department of Education's website at www.ed.gov for up-to-date information on financial aid criteria. At that time, you should also visit the websites of colleges, universities, vocational, and trade schools that your child is interested in attending.

NYC Kids RISE does not provide investment advice or recommend any particular kind of college savings account. Every family's financial circumstances are different, and you should consider your own circumstances before saving or investing.

For more information about college savings options available to you through the Save for College Program, visit nyckidsrise.org/options.

NYC Scholarship Account

Because the NYC Scholarship Accounts are owned and managed by NYC Kids RISE, having a scholarship account will not affect financial aid while held in the account. NYC Kids RISE will provide more information in future years about the effect, if any, that the scholarship account may have on financial aid eligibility once money in the account is spent. For more information, call the NYC Kids RISE hotline at (833) KID-RISE or visit nyckidsrise.org.

Your Own Savings Account

If you save money in your own college savings account, this may impact your child's financial aid package. This will depend on the account option you choose, the amount of money your family makes, the financial aid rules at the time, and other factors.



Reference the table below for specifics on how your child's financial aid may be affected, according to current rules. Remember, these rules can change over time.

WHO OWNS THE ACCOUNT	WILL FINANCIAL AID BE AFFECTED BY HAVING A 529 ACCOUNT, UNDER CURRENT RULES?	WILL FINANCIAL AID BE AFFECTED BY A BANK SAVINGS ACCOUNT, UNDER CURRENT RULES?
Child's custodial parent/guardian¹ (Family income is less than \$50,000 per year)	<p>No - Visit https://studentaid.ed.gov/sa/resources/fafsa-parent-text for more information on which parental income and assets are reported for federal financial aid.</p>	<p>No - Visit https://studentaid.ed.gov/sa/resources/fafsa-parent-text for more information on which parental income and assets are reported for federal financial aid.</p>
Child's custodial parent/guardian (Family income is more than \$50,000 per year)	<p>Yes, it would have some impact under current rules</p> <ul style="list-style-type: none"> ▪ For Federal financial aid, a small part of parents/guardians' savings and investments (5.64%) is currently counted as a family contribution toward college costs. ▪ Parental income, not savings, is often the main factor that determines a family's "financial need" and expected contribution toward college costs. ▪ Under New York law, savings in a New York 529 Plan account are not taken into consideration in determining eligibility for New York State financial aid programs such as the Tuition Assistance Program ("TAP") for New York State residents who attend in-state schools. ▪ For students attending schools out of New York state, the impact on state aid may vary. ▪ Individual schools can provide more detailed financial aid information. ▪ NYC Kids RISE will provide more current information about financial aid impacts as your child nears college. 	<p>Yes, it would have some impact under current rules</p> <ul style="list-style-type: none"> ▪ For Federal financial aid, a small part of parents' savings and investments (5.64%) is currently counted as a family contribution toward college costs. ▪ Parental income, not savings, is the main factor that determines a family's "financial need" and expected contribution toward college costs. ▪ Individual schools can provide more detailed financial aid information. ▪ NYC Kids RISE will provide more current information about financial aid impacts as your child nears college.
Someone other than the child's custodial parent/guardian, such as a grandparent or non-custodial parent	<p>No - Savings in this account do not impact financial aid while in the account. Financial aid may be affected when the savings are withdrawn to pay for the child's higher education expenses.²</p>	<p>No - Savings in this account do not impact financial aid while in the account. Financial aid may be affected when the savings are withdrawn to pay for the child's higher education expenses.³</p>

¹ See FAFSA's definition of custodial parent at <https://studentaid.ed.gov/sa/resources/fafsa-parent-text>.

² When savings are withdrawn from a NY 529 Direct Plan account owned by someone other than the child's custodial parent and used to pay for college for the beneficiary associated with the account, the value of the withdrawal can be counted as unearned income on financial aid applications going forward, which could have an effect on the child's financial aid.

³ When savings are withdrawn from a NY 529 Direct Plan account owned by someone other than the child's custodial parent and used to pay for college for the beneficiary associated with the account, the value of the withdrawal can be counted as unearned income on financial aid applications going forward, which could have an effect on the child's financial aid.

For free, one-on-one support with fitting college savings into your overall financial picture, consider visiting one of the NYC Financial Empowerment Centers located throughout the city. At the Financial Empowerment Centers, you can meet one-on-one with a professional financial counselor who can help you tackle debt, improve your credit, create a budget, open a bank account, save and plan for your future, and more. You can also get information about saving for your child's college education and making a plan to start saving. To schedule an appointment at a Financial Empowerment Center near you, call 311 or visit nyc.gov/dca.

The NYC Kids RISE Save for College Program is a scholarship and savings program administered by NYC Kids RISE Inc., a nonprofit, in partnership with the NYC Department of Education and the City of New York. NYC Kids RISE is neither affiliated with, nor an authorized distributor of, New York's 529 College Savings Program and does not solicit investments or provide investment advice. The City of New York and the NYC Department of Education offer no endorsement or recommendation about, and do not control, own or are affiliated with the NY 529 Program Manager and any particular college savings or other investment vehicle, including ones which families may learn about through the Save for College Program.

Invest in your child—save for college

FIND OUT HOW

nyckidsrise.org

833-KID-RISE (833-543-7473)

The NYC Kids RISE Save for College Program is a scholarship and savings program designed to make college more accessible and achievable for all NYC public school students—regardless of their family's income or immigration status. NYC Kids RISE, a nonprofit organization, manages the Save for College Program in partnership with the NYC Department of Education and the City of New York.



FinAid_EN
April 2018