

Financial News For Students – January 2012

Happy New Year!

The new year is here! Do your resolutions include getting financially “fit” this year? Each month, this newsletter will review a topic for financial well being to make 2012 a great year for your finances.

Topic #1: Create an Emergency Fund

An emergency fund is money specifically set aside for **unplanned critical expenses**. This money should never be used for anything except emergencies. It should also be in a separate account that is readily accessible for when the emergency occurs.

We all know about Murphy’s Law: if anything can go wrong, it will. What constitutes an emergency? Let’s say your car breaks down and this is your only means of transportation to school and work. That is an emergency.

Examples of emergencies for college students:

- Car breaks down
- Cell phone dies
- Utilities are shut off

Examples of items that are NOT emergencies:

- No cash for pizza delivery
- Need a new outfit for the upcoming homecoming event on campus
- Amazing clearance sale at Best Buy or Target

How much should you keep in an emergency fund? Financial experts have differing opinions about this, but do agree that “something is better than nothing” when it comes to choosing whether to borrow money or pay with emergency fund dollars. A goal to consider is \$500. Once you set up your emergency fund account, plan to make regular monthly contributions to it until you reach your initial goal.

After this money has been set aside, remember to **NEVER, EVER** use this account unless it is an **actual financial emergency**.

January 1, 2012—FAFSA is Now Open

Beginning January, students and families may apply for Federal financial aid with the Free Application for Federal Student Aid also known as FAFSA. A few items to note as you prepare to apply:

- Websites: Use www.Fafsa.gov NOT www.Fafsa.com, which charges a fee.
- PIN number: If you (or your parent, if applicable) do not have a PIN already, apply for one through the FAFSA website.
- IRS Data Retrieval: This option will be available February 1, 2012. You can now choose to have your tax information imported directly from the IRS rather than entering the information yourself.
- FAFSA On The Web worksheet: This handy document will help you organize your information before you complete the actual form electronically or in paper format.

Dependent or Independent?

Many students are confused as to whether they should include parental information on the federal application. The U.S. Department of Education has made this area much easier to understand by asking 11 questions at the beginning of the process. If you can answer YES to any of the questions, you do not need to include your parents' tax information.

Some of the questions are:

- Were you born before January 1, 1989?
- Are you married?
- At the beginning of the 2012-2013 school year, will you be working on a master's or doctorate degree program?
- Are you currently serving on active duty in the U.S. armed forces for purposes other than training?
- Do you have children who will receive more than half of their support from you between July 1, 2012, and June 30, 2013?
- At any time since you turned age 13, were both your parents deceased, were you in foster care, or were you a dependent or ward of the court?

To read the complete list of questions, please visit www.Fafsa.gov.

Navigating Your Financial Future: *your dream, your plan, your future*

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For more information about NyFF's products and services, please contact:

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