



PROFESSIONAL JUDGMENT

TOPIC: Co-owned Assets

IM STANDARD TREATMENT

The IM standard calculation uses the full reported value of any asset less the debt against the asset. The PROFILE instructs the family to report only the parents' portion of assets owned jointly with someone else.

FM STANDARD TREATMENT

The FM standard treatment is the same as the IM, except neither home nor family farm equity is included in the FM standard asset treatment.

WHY PROFESSIONAL JUDGMENT MIGHT BE APPROPRIATE

Although the parent is instructed on the PROFILE and the FAFSA to prorate his or her share of the asset value and debt if ownership is shared with another person, the parent may not follow these instructions. With proper documentation, particularly in the case of remarried parents, the aid administrator may consider an adjustment to the parents' net worth.

HOW IM COULD BE ADJUSTED

Before adjusting the asset equity, it is important to evaluate the true current market value of the asset. By collecting statements from banks, investment houses, escrow companies, etc., it should be possible to understand who holds title to the asset and to confirm the name(s) of the co-owners. After the aid administrator has documented the percent of ownership, that percent should be applied to the full value of the asset and to the percent of debt against the asset.

HOW FM COULD BE ADJUSTED

The FM could be adjusted in the same way as the IM.

HOW COLLEGE BOARD SERVICES SUPPORT PJ

CSS/Financial Aid PROFILE

The PROFILE and FAFSA instructions are clear that only the parent's portion of the assets and debts should be reported if the parent has jointly owned assets. IM and FM adjustments should rarely be required.

The Noncustodial PROFILE instructs the parent who owns assets jointly with the custodial parent to report only the noncustodial parent's portion of the assets and debts. This, in combination with the PROFILE, should ensure that these assets are not double-counted.

DOCUMENTATION

All changes should be documented.

If an adjustment is warranted, the aid administrator should require a letter from the applicant's parents explaining the percent of ownership and description of the origin of the asset and agreement upon sale.