CollegeBoard

PROFESSIONAL JUDGMENT

TOPIC: Consumer Debt

IM STANDARD TREATMENT

The IM standard treatment does not recognize excessive consumer debt. Average levels of consumer debt are included in the Income Protection Allowance.

FM STANDARD TREATMENT

The FM standard treatment does not recognize consumer debt.

WHY PROFESSIONAL JUDGMENT MIGHT BE APPROPRIATE

Because excessive consumer debt usually reflects lifestyle choices, increasing financial need to recognize such debts is usually inappropriate. However, if consumer debt is a result of loss of income or extraordinary unavoidable expenses, an adjustment might be warranted.

HOW IM COULD BE ADJUSTED

If the adjustment is warranted, the family's available income could be reduced by the amount of the annual debt payments. Alternatively, an adjustment could be made to the family's discretionary net worth to account for the total debt.

HOW FM COULD BE ADJUSTED

The FM could be adjusted in the same way as the IM. However, the adjustment must be made to a data element rather than to a computed value.

HOW COLLEGE BOARD SERVICES SUPPORT PJ

CSS/Financial Aid PROFILE

Families will report additional information in Section ES. This is a good place to look for information about special family circumstances that affect the family's ability to pay for college, including consumer debt.

Institutions may select Supplemental Question 211, which asks for the current total of consumer and installment debt owed by the student's parents and/or Question 627, which collects the same information from the student.

College Board IM Options

An institution using software that utilizes the College Board's IM may treat the consumer debt collected on the PROFILE application in Supplemental Question 211 as an "Other Asset Allowance."

DOCUMENTATION

All changes should be documented.

The aid administrator may want to collect:

- A statement from the family about their circumstances, including a chronology of events and efforts to resolve their debt
- A copy of payment plans or agreements, as well as copies of charges and insurance statements