



## **PROFESSIONAL JUDGMENT**

### **TOPIC: Noncustodial Parent**

#### **IM STANDARD TREATMENT**

IM standard treatment uses financial information from the custodial parent (and stepparent, if remarried) to calculate the parent contribution in cases where the student's biological parents are divorced or separated. A standard IM treatment of noncustodial parent information is available by using the Noncustodial PROFILE (NCP). Alternatively, institutions may opt to collect financial information from the noncustodial using an institutional application and calculate an expected contribution from the noncustodial parent based on the IM Noncustodial parent methodology.

#### **FM STANDARD TREATMENT**

Like the IM, the FM uses financial information from the custodial parent (and stepparent, if remarried) to calculate the parent contribution in cases where the student's biological parents are divorced or separated. There is no standard FM treatment for noncustodial parent information. However, the Federal Student Aid Handbook (Verification Guide) says that money from a noncustodial parent who is not part of a legal child support agreement is untaxed income to the student. As a result, the amount the noncustodial parent will pay directly to the student for educational expenses should be considered untaxed income to the student.

#### **WHY PROFESSIONAL JUDGMENT MIGHT BE APPROPRIATE**

A primary assumption behind awarding need-based financial aid is that parents should pay for their child's education to the extent they are able. Many schools adhere to the principle that both parents, regardless of the marital status of the biological parents, have the primary responsibility for providing for their child's education and should be expected to provide reasonable financial support before college resources are used. If the student has a relationship with the noncustodial biological parent, the student may have access to additional resources to pay for college. It is important to keep in mind that many divorce agreements today contain provisions for paying for children's college costs. Additionally, many separations occur just prior to the student entering college. For purposes of allocating limited institutional dollars, a school may want to collect information from the noncustodial parent, particularly in cases where the custodial parent has not remarried or where the separation or divorce is relatively recent.

## **HOW IM COULD BE ADJUSTED**

A school could choose to:

- Use the NCP application and output (Noncustodial PROFILE Report or Data Delivery file) to obtain a standard IM need analysis result.
- Do a standard IM need analysis on the noncustodial parent to derive a measure of his or her ability to pay.
- Do a standard IM need analysis on both the custodial and noncustodial parents' households, and derive a proportionate total family contribution by calculating each biological parent's portion of the contribution from his or her household.
- Use 9 months of the yearly child support amount as an automatic contribution.
- Use the amount the noncustodial parent will contribute as entered by the custodial parent in Question NP-145 of the PROFILE.
- Use the amount the noncustodial parent will contribute as entered by the noncustodial parent in Question C-6 of the NCP.
- In the case of separated parents, allow an Income Protection Allowance for two households, but use the joint income and assets of both parents. This might be particularly appropriate for parents who are separated but who file a joint federal tax return.

The contribution resulting from any of these options is then used as a resource in calculating the student's need.

## **HOW FM COULD BE ADJUSTED**

Since federal law defines the parents whose income and assets should be used in determining federal eligibility, the noncustodial parent's financial resources should not be used to calculate an FM contribution. However, cash support from the noncustodial parent, including paying for college expenses outside of court ordered child support, is considered untaxed income for the student.

## **HOW COLLEGE BOARD SERVICES SUPPORT PJ**

### **CSS/Financial Aid PROFILE**

- The NCP provides the institution with a standard way to capture data from the noncustodial parent (and noncustodial stepparent, if applicable) and can be customized based on an institution's Service Options selections.
- The Noncustodial Parent Section (NP) of the PROFILE Application provides information about the noncustodial parent—name, address, occupation, employer, year of separation and divorce, when court ordered child support will end, who claimed the student as a tax exemption, how much the noncustodial parent plans to contribute to the student's education, and whether there is an agreement specifying a contribution for the student's education.
- The Parents' Data Section (PD) of the PROFILE Application provides information about the parents completing the form and their relationship to the student (father, stepfather, etc.)

- The Explanations/Special Circumstances Section (ES) provides explanations of special circumstances. The aid administrator may find further information about the relationship of the student to the noncustodial parent.
- The following Supplemental Questions provide additional information about the biological parents and their relationship to the student:
  - Q. 305 and 306 collect the date of each parent's remarriage.
  - Q. 319 asks whether the college is authorized to discuss the student's information with the noncustodial parent.

### **College Board IM Options**

An institution using software that utilizes the College Board's IM may select the option to add the contribution from the noncustodial parent to the IM PC when the biological parents are divorced or separated.

### **DOCUMENTATION**

All changes should be documented.

Schools can use a variety of options to document a contribution from the noncustodial parent. They include:

- The College Board's Noncustodial PROFILE Application
- Section NP of the College Board's PROFILE Application
- A letter from the student, parent or noncustodial parent
- Noncustodial parent's federal tax returns and W2s
- A form developed by the institution