

Small business owners can save thousands on college costs!

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Due to a gaping loophole in the current Free Application for Federal Student Aid (FAFSA), families who own and control a small business and are *only* required to file the FAFSA, have a rare opportunity to capitalize on a financial aid bonanza!

The Higher Education Reconciliation Act of 2005 signed by President Bush on Feb. 8, 2006, states: **“The net value of small businesses with not more than 100 full-time equivalent employees is excluded from the definition of ‘assets’.”**

Accordingly, small business owners, or a parent who sets up a small business under the federal guidelines, will reap huge rewards in the form of untold thousands in financial aid previously unobtainable. The business should have its own individual tax status, and I recommend consulting with a tax advisor *before* choosing any particular corporate entity.

Parents can cash in on this financial aid bonanza if they effectively implement this strategy by first establishing their small business and then filing their FAFSA.

529 Plan owners benefit as well

If you're planning on opening a 529 Savings or 529 Prepaid Tuition Plan, simply list your small business as the owner. However, for existing 529 Plans, it's a bit more complex:

Parents who own one can legally transfer the entire account value into a similar plan owned by their business, but there is a downside. The transfer could trigger a taxable event, but only on any gains in the 529 Savings Plan. Similarly, a beneficiary change could also result in a taxable event. Nonetheless, the strategy makes perfectly good sense, as the benefits far outweigh any modest income tax consequences. Go for it!

Since 1979, noted financial advisor, Reecy Aresty, has helped thousands of high school and college families to obtain the American Dream; a superior education at a cost far less than they ever dreamed possible. He is the author of the highly acclaimed admissions and financial aid manual, ***How To Pay For College Without Going Broke***. For further information on admissions and financial aid, please visit: www.paylessforcollege.com.