Tip Sheet: How to Lower Your SAI (Student Aid Index)

GOAL	To increase your chances of getting financial aid by lowering your SAI.

The Student Aid Index is a key number that determines a student's eligibility for federal student aid. Colleges also use the SAI to create individualized financial aid packages. Your SAI considers parent and income, assets, and family household size. Once you've completed the FAFSA, you'll receive your SAI in the FAFSA Submission Summary. Here are ways to lower your SAI – and increase your chances of aid.

1. Defer/Adjust Income Timing

One of the best steps a parent can take to lower a student's potential SAI is to reduce income in the base year (two years before the academic year for which aid is requested). To do that: (a) hold off on selling investments that generate gains, (b) defer income/bonuses, and (c) contribute to Roth, non-deductible retirement plans, or pre-tax employer retirement plans to lower your taxable income. As a bonus, money in retirement accounts is not considered an asset for SAI calculations.

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2. Reduce Non-Retirement Parental Assets

Spend down assets before submitting the FAFSA. You can use savings to pay off debt (mortgage, car loans, credit card debt), make major purchases if needed, or fund home improvement projects. Consider paying off your mortgage with assets, as your primary residence is not counted in SAI calculations.

3. Limit Student Income and Assets

Income and assets in the student's name must be reported and can have a greater impact on aid eligibility than the parents' income and assets. If the student has assets, move them out of their name to someone else's, such as a grandparents. Limit student income to below the FAFSA IPA (Income Protection Allowance) threshold.

4. Make the Most of a 529

A 529 plan can affect how the government views your financial situation. The plan's impact depends on who owns it, who is the beneficiary, how it's used, and whether the child files the FAFSA as a dependent or independent student. Since SAI is not affected if the 529 owner is a grandparent, transfer ownership from a parent to a grandparent (check if your plan allows this). FAFSA also does not include parent 529s for siblings (as beneficiaries).

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5. Postpone Lifestyle Changes

A significant other's income isn't required on the FAFSA unless you're married, so consider delaying remarriage until after sophomore year when a stepparent's income will no longer impact FAFSA. If a parent is divorced from the student's other parent, be aware that having your child live with the lower-earning parent no longer affects SAI. The divorced parent who provides more than 50% of the financial support is the parent required to submit FAFSA.

6. Review Dependency Status Qualifications

Check if the student qualifies for independent status. The FAFSA doesn't consider parental income and assets for independent students.

7. Appeal for Special Circumstances

If your financial situation has changed due to job loss, medical expenses, or other hardships, you can request a review of your SAI by the financial aid office to account for these special circumstances.

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Note: Implementing any of the suggested changes only makes sense if the benefits you'll receive outweigh the costs, such as taxes, interest expenses, and surrender charges. Verify that the changes will result in more grants or aid by running colleges' net price calculators using different scenarios of what your SAI might be.