

Trust Information Form 2023-2024

Upon reviewing your financial aid application, we find it appears that you, your spouse and/or your parent(s) have one or more trusts. To proceed with determining your financial aid eligibility you must submit documentation of the trust(s).

Trust funds in the name of a student (or student's spouse) or parent should be reported as that person's asset, even if the beneficiary's access to the trust is restricted. For example, if the principal or estate will eventually belong to the student, it should be reported on your financial aid application as a student asset. If the parent is the beneficiary of the principal or estate, it is a parent asset. Both student and parent could be receiving income from the same trust so it may be an asset to both.

For each trust of which you, your spouse, or your parent(s) are a named beneficiary, the trustee or trust accountant must submit a signed statement with the following information:

1. The provisions of the trust:
 - a. who is/are the named beneficiary/beneficiaries and relationship to the student
 - b. when will the principal be paid out
 - c. if interest and/or principal was paid during 2021, how much and to whom was it paid

2. The value of the trust (either the present or the future value of the trust) based upon the type of trust:
 - a. Interest only: If the student, spouse and/or parent receives only the interest from the trust, any interest received in the base year must be reported as income. If the interest accumulates and is not paid out, the recipient must also report an asset value for the interest he/she will receive. The trust officer can usually calculate the amount of interest the person will receive when the accumulated interest becomes payable. This value represents the amount a third person would be willing to pay for the interest income.

 - b. Principal only: If the student, spouse or parent will receive only the trust principal, the present value of his/her right to that principal must be reported as an asset. For example, if a \$10,000 principal reverts to a dependent student's parents when the trust ends in 10 years and the student is receiving the interest, the student would report the interest received as income and report as a parental asset the present value of the parents' rights to the principal. The present value can be calculated by the trust officer; it's the amount that a third person would pay for the right to receive the principal 10 years from now—basically, the amount that one would have to deposit now to receive \$10,000 in 10 years, including the accumulated interest.

 - c. Both Interest and Principal: If the student, spouse and/or parent receives both interest and the principal from the trust, he/she should report the present value of both interest and principal, as described above for principal only. If the trust is set up so that the interest accumulates within the trust until it ends, the beneficiary should report as an asset the present value of the interest and principal that he/she is expected to receive when the trust ends. For trusts that will not terminate until well into the future, you may use the 'present value' of the trust. 'Present value' is the amount a third party would pay now for the right to receive the principal at the trust's termination. The trustee can calculate this.