



EFC Exercise: Cecil Davis (Dependent)

Cecil will be a second-year undergraduate student at KASFAA College Fall 2011. His date of birth is June 25, 1992. He lives in Danville, KY with his mother, stepfather, and younger stepbrother, Aaron, who is a high school junior.

Cecil's mother, Jennifer, and stepfather, Chester, have been married for 11 years. Jennifer's date of birth is June 3, 1965. Chester's date of birth is August 1, 1964.

Cecil's mother and stepfather filed an IRS Form 1040 for the 2010 tax year. Jennifer owns and operates a small coffee shop with five full-time employees. In 2010, she earned \$13,500 in business income (as reported on Schedule C of the 1040). Chester works for the state and earned \$68,000 in 2010. They reported an adjusted gross income (AGI) of \$83,450, a \$1,500 Hope tax credit, and a tax liability of \$6,524. Jennifer and Chester claimed Cecil and his stepbrother as exemptions. Chester contributed \$5,000 to a tax-deferred pension plan. No one in the family received benefits from a means-tested federal program in 2010 or 2011.

On Cecil's FAFSA, Ann reported the value of her coffee shop as \$150,000 with debt of \$70,000, and \$12,848 in a joint savings account.

Cecil's parents divorced in 2000. Cecil's father, Micheal, is an insurance salesman in Bowling Green, KY. Per the terms of the divorce, Michael is to pay Jennifer \$600 a month in child support for Cecil until he turned 18. Michael claimed Cecil on his federal tax return for 2010. Michael made \$90,000 in 2010. Jennifer received \$3,500 in child support in 2010.

Cecil earned \$1,340 in 2010 working part time. He will not file a tax return for 2010. He used the money in his savings account to pay his tuition for the 2010-11 academic year and has no assets.

