




College Aid Pro™

**Our Mission is to End the Student Loan Crisis
By Empowering Families to Shop Smarter for College**



1



Your Presenters!

Peg Keough
Director of Education

Matt Carpenter
DRO

2

What You'll Learn Today

1. Why should we care about this?
2. The Good, The Bad & The Ugly FAFSA Changes
3. How we can support you, your business, your students & their families

3



When does this take effect?

2024 – 2025 School Year

First FAFSA – October 1, 2023

4

Timing of FAFSA Changes

2024-25 School Year

HS Class of 2024

10.1.2023 is new
FAFSA release date

Based on 2022 Tax
Returns

Current College Students
NOT grandfathered in under
"old" FAFSA rules (private
colleges have discretion)

5

Big Terminology Change

Bye Bye EFC Hello SAI

~~Expected Family
Contribution (EFC)~~ =
Student Aid Index (SAI)

Why Do We Care?
Hint: We Don't
BUT.....

SAI can be a
negative number

Allowances for students
living at home or with
family

6

The Good

More \$ For Families That Need It Most

1. PELL grants increased and more families will qualify
2. FAFSA filing will be easier
3. Negative SAI = More Aid For Low Income Families
4. Most untaxed income will no longer be considered
5. Child Support will count as asset NOT untaxed income
6. More transparency
7. Money paid on student's behalf

7

It's Called The FAFSA Simplification Act

So, they did simplify/shorten the form.

108 to 36 Questions



8

Untaxed Income

Sources of income that are not taxed by Federal government but are added into the income calculation for the purposes of calculating financial aid

Will Include (remains the same):

Pre-tax retirement contributions
Tax-exempt interest income
Untaxed portion of pension and IRA distributions

9

Untaxed Income & Benefits Will NO Longer Include:

- Veteran's education benefits
- Workman's Compensation
- Allowances for clergy and military (housing, etc.)
- "Cash support and/or money paid on the student's behalf"
- Child support

Good

10

Child Support

Current Formula - Considered income to the recipient and assessed up to 47%

New Formula - Considered an asset of the recipient and assessed up to 5.64%

Annual Child Support = \$60,000

Current Calculation - could increase EFC up to \$28,200

New Calculation - could increase EFC up to \$3,384

Potential decrease in EFC of ~\$24,800

Good

11

Cost of Attendance (COA)

**Tuition & Fees
Room & Board
Books & Supplies
Transportation
Personal Expenses**



12

**Colleges are required to disclose
all the elements of the
Cost of Attendance on their
websites.**

More transparency!

13

**“Cash support and/or money paid
on the student’s behalf”**

- Noncustodial parent assistance
- Grandparent help
 - 529 with grandparent as the owner OR
 - Just helping while child is in college
- Any outside assistance from someone not included on the FAFSA.

*No longer considered student income
Not assessed at 50%*

Good

14

Income Protection Allowance (IPA)

The amount of income shielded or removed from the income EFC/SAI calculation

For Parents:

- Not reduced by number in college
- The 2023-2024 IPA is set at 20% higher than the 2021-2022 IPA
- Income assessed at up 47% so the larger allowance will decrease the SAI portion from income

For Dependent Students:

- The 2023-2024 IPA - \$9,410 (2021-2022 IPA - \$6,970)
- Upshot – students can make more money that will be not included in the financial aid eligibility calculation
- Big deal?

Good

15

Asset Protection Allowance (APA)

The amount of non-retirement assets shielded or removed from the asset EFC/SAI calculation

- Been declining each year
- If married, based on the age of the older parent
- Will remain unchanged – maximum APA in 2023-2024 - \$10,500 for age 65 & older (same as 2021-2022)
- If parent is 50 – APA is \$7,000 (married) or \$2,700 (one parent) – 2021-2022 figures
- Congress did not address this

16



FAFSA & Divorce

FAFSA also ignores income and assets from noncustodial parent

17

Which Parent fills out the FAFSA?

- Biological/Adoptive Parents Married – Both Parents
- Biological/Adoptive Parents Divorced or Separated – Custodial Parent
- Custodial Parent Remarried:
 - Include stepparent's information
 - Stepparent did not adopt student
 - Prenup

18

Definition of Custodial Parent

- Where the child has spent the most time
- Time Period – one year look back from date of submission of financial aid form
- 50/50 Custody
- Divorce Decree
- Separated

19

Which Parent Submits the FAFSA Beginning in the 2024-2025 School Year?


Parent who provides the greater financial support.

If both parents provide equal support then the parent with greater income is the custodial.

Closed a major loophole

Not Surprising

20



Multiple Students Enrolled
Current Scenario

FAFSA EFC cut by ~ 50%

So
\$65,000 EFC – one in school

2nd Child Starts School
EFC drops to ~\$32,500

21

HELP US HELP YOU! [Sign & Share](#)

Help American families afford college by opposing 2022 FAFSA change

Petition to Stop FAFSA Changes
from College Planning Services

58,693 have signed. Let's get to 75,000!

At 75,000 signatures, this petition becomes one of the top signed on Change.org!

Chris Quintana signed 23 hours ago
Neah Smith signed 23 hours ago

US Department of Education ...

[Share on Facebook](#)

Send an email to friends
Tweet to your followers
Copy link

matthew carter started this petition to US Department of Education and ...

The biggest financial concern for millions of American families is paying for college. One of the new FAFSA rules will exacerbate this problem for any families that will have multiple children in college at the same time. Currently, families receive a discount if they have multiple children in college at once. The new FAFSA rules will eliminate this discount and will effectively DOUBLE the amount families with multiple children will be expected to pay for college. Most families already struggle with affording college; this new rule will be a crushing blow for the MILLIONS of families that will be negatively impacted each year.

Petition to overturn:
<http://chn9.it/YdgkFqSp>

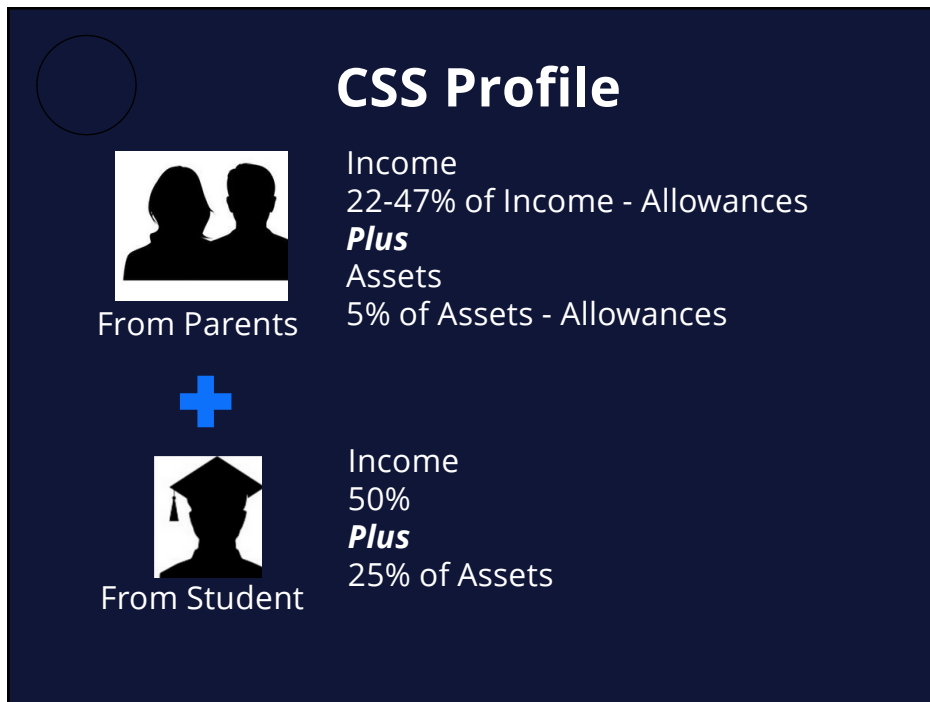
22



23



24



25

Multiple Students Enrolled Current Scenario

- FAFSA EFC cut by ~ 50%
- CSS Profile EFC cut by 30-40%

Example:

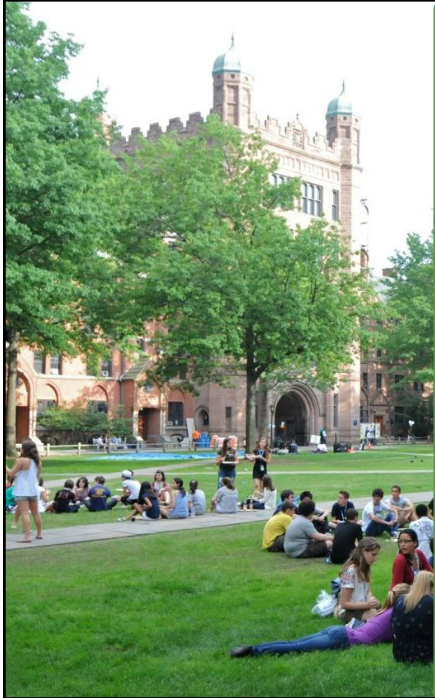
\$65,000 EFC – one in school

Federal EFC: ~\$32,500

Institutional EFC: ~\$39,000-\$45,500

Copyright © 2022 – College Board

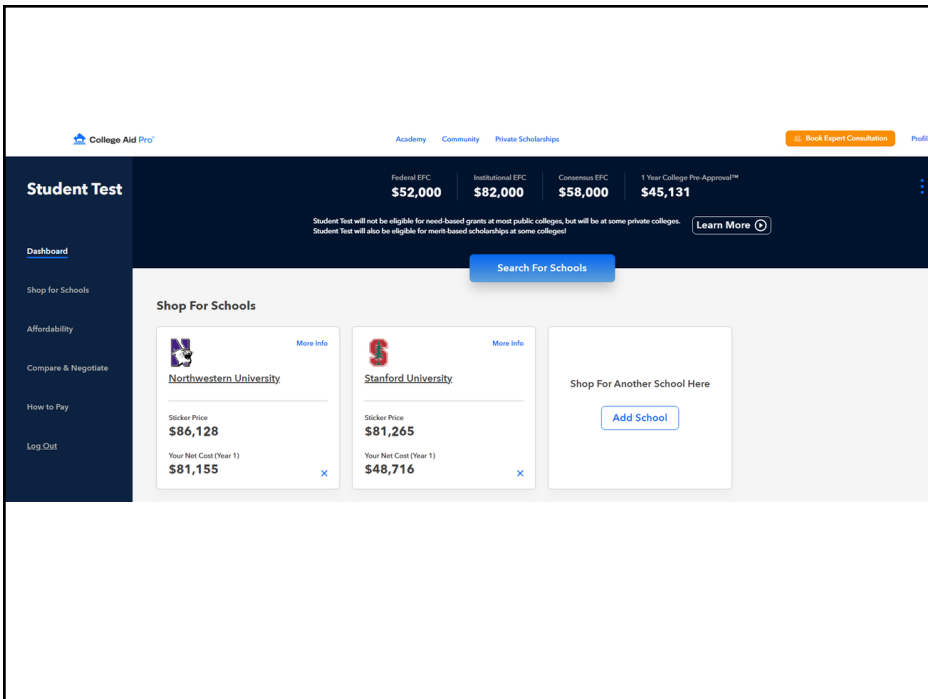
26



CSS Profile Formula Includes:

- Primary home equity - probably
- Adjusted net worth of business or farm
- Financial Data from Non-Custodial Parent

27



College Aid Pro[®] Academy Community Private Scholarships [Book Expert Consultation](#) Profile


Student Test

Federal EFC	Institutional EFC	Common EFC	1 Year College Pro Approval™
\$52,000	\$82,000	\$58,000	\$45,131

Student Test will not be eligible for need-based grants at most public colleges, but will be at some private colleges. Student Test will also be eligible for merit-based scholarships at some colleges! [Learn More](#)

[Search For Schools](#)

Shop For Schools




[More Info](#)

Northwestern University

Sticker Price
\$86,128

Your Net Cost (Year 1)
\$81,155

X



[More Info](#)

Stanford University

Sticker Price
\$81,265

Your Net Cost (Year 1)
\$48,716

X

Shop For Another School Here

[Add School](#)

Dashboard
Shop for Schools
Affordability
Compare & Negotiate
How to Pay
Log Out

28

FAFSA Simplification Act Other Changes

- **Colleges cannot have a policy that they deny all appeals.**
- **The Simplified Needs Test will be called Applicants Exempt from Asset Reporting.**
- **Applicants Exempt from Asset Reporting income limit will increase to AGI < \$60,000 with no tax schedules filed except Schedule C provided gain/loss < \$10,000 will be changed.**
- **SAI can be negative up to -\$1,500.**

29

FAFSA Simplification Act More Changes

- **The small family business/farm exclusion will be eliminated.**
- **There is an expansion of eligibility for the Pell grant (including incarcerated students)**
- **The FAFSA will include a question about the applicant's race or ethnicity.**
- **Males will no longer need to register with the Selective Service to submit the FAFSA.**

30

Key Takeaways

- **Big changes are coming for divorced/separated families**
- **Effects of Having Two Kids in College at FAFSA and CSS Profile schools**
- **Now more than ever it's important for families to understand how financial aid works and where their planning opportunities are**

31



College Aid Pro™

**Our Mission is to End the Student Loan Crisis
By Empowering Families to Shop Smarter for College**

counselor@collegeaidpro.com
collegeaidpro.com



32