



College Aid Pro™

OUR MISSION

TO END THE STUDENT LOAN CRISIS BY
EMPOWERING FAMILIES TO SHOP SMARTER FOR COLLEGE

1



Your Presenters

Peg Keough
Director of Education

Matt Carpenter
Co-Founder

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The Future of Financial Aid



College Aid Pro™

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CAP Is Your Partner for College Funding

Whether you want a better way to help your clients plan for the cost of college, or you just want a trusted partner you can introduce clients to so they don't get in over their heads with debt and rob their retirements, we've got you covered.

1

Be the Expert for Your Clients

Guide your clients with professional tools and support.

What does it cost? \$99/month

- Discounts for member associations like FPA, NAPFA, and XYFN

Who is this for?

- Advisors who want to provide great college planning advice

What do you get?

- Pro Software and Family Portal
- Project need-based aid and merit scholarships at 3,700+ colleges
- Orbitz-style school search
- Every scholarship at every school
- Professional community, training, and world-class support

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Treat Your Clients to Expert Help

Include MyCAP in the value YOU offer, without lifting a finger.

What does it cost? \$149-\$299/client

- 1-19 clients = 15% discount
- 20 clients = 20% discount
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What do you get?

- MyCAP Software for your clients
- 1-on-1 Guidance for your clients
- Co-Branded web page
- Exclusive access to on-time webinars for your clients

3

Refer Your Clients to Expert Help

Parents and students have financial-aid and scholarship questions. We have answers.

What does it cost? Nothing

- 15% discount to your clients via unique link and coupon code

Who is this for?

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What do your clients get?

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Discussion Agenda

- Timing of FAFSA Changes
- The Good, The Bad, and The Ugly Changes
- Impacts & Why We Should Care
- Challenges/Planning Opportunities for Clients
- Updates to the CAP Software
- Q&A



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When Does This Take Effect?

2024 – 2025 School Year

Goes Live December 2023
One-Time Delay

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Timing of FAFSA Changes



2024 - 2025 School Year

**High School Class of
2024**

**December 2023 is new
FAFSA release date**

**Based on 2022 Tax
Returns**

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

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The Good



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 an asset, NOT untaxed income
6. More transparency
7. Money paid on student's behalf

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"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
(-\$1,500)**

**Allowances for students
living at home or with
family**

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The Name: "FAFSA Simplification Act"

They did simplify / shorten the form

Questions

108 → **36**

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Untaxed Income



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

Will Include:

Deductions & payments to retirement plans **that are delineated on the federal tax return**

Tax-exempt interest income

Untaxed portion of pension and IRA distributions

Deductions & Payments to Self-Employed Plans (SEP, SIMPLE, Keogh)

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Untaxed Income & Benefits Will NO Longer Include:



- 401k/403b contributions **not delineated on the tax return**
- 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

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Exact Language from the Bill



(b) UNTAXED INCOME AND BENEFITS.—The term ‘untaxed income and benefits’ means— (1) deductions and payments to self-employed SEP, SIMPLE, Keogh, and other qualified individual retirement accounts excluded from income for Federal tax purposes, **except such term shall not include payments made to tax-deferred pension and retirement plans, paid directly or withheld from earnings, that are not delineated on the Federal tax return;** (2) tax-exempt interest income; (3) untaxed portion of individual retirement account distributions; (4) untaxed portion of pensions; and (5) foreign income of permanent residents of the United States or United States citizens exempt from Federal taxation, or the foreign income for which such a permanent resident or citizen receives a foreign tax credit.

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



What does this description include?

- Non-custodial parent assistance
- Grandparent help
 - 529 with grandparent as the owner, or
 - Just helping while the child is in college
- Any outside assistance from someone not included on the FAFSA

No longer considered part of student income!

- NOT assessed at 50%

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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%
- Example: Annual Child Support = \$60,000
 - Current Calculation: could increase EFC/SAI up to \$28,200
 - New Calculation: could increase EFC/SAI up to \$3,384

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Cost of Attendance (COA) “Sticker Price”



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

More Transparency!

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Income Protection Allowance (IPA)



IPA is the amount of income shielded or removed from the income EFC/SAI calculation.

- For Parents:
 - Not reduced by number in college
 - 2023-2024 IPA is set at 20% higher level than the 2021-2022 IPA
 - 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 not be included in the financial aid eligibility calculation
 - Big deal...?

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Asset Protection Allowance (APA)



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

- Has been declining annually over recent years
- If married, calculation is based on the age of the older parent
- Calculation will remain unchanged:
 - Maximum APA in 2023-2024: \$10,500 for age 65 and older (same as 2021-2022)
 - If parent is 50: APA is \$7,000 (married) or \$2,700 (one parent)
- Congress did not address this piece of the financial aid formula

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FAFSA & Divorce

FAFSA ignores income and assets from the non-custodial parent

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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

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Current 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

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Which parent submits the FAFSA beginning in the 2024-25 school year?



Parent who provides **greater financial support**

- If both parents provide equal support, then the parent with greater income is considered the custodial parent
- This change closed a major loophole, but there is room for interpretation



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Multiple Students Enrolled *Current Scenario*

FAFSA EFC cut by ~50%

So...

- \$65,000 EFC with one kid in school
- 2nd child starts school, EFC drops to ~\$32,500



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Help American families afford college by opposing 2022 FAFSA change



matthieu.serpette started this petition to US Department of Education and 6 others

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.

59,693 have signed. Let's get to 75,000!

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

Chik Quintana signed 23 hours ago

Nash Smith signed 23 hours ago

US Department of Education ...

Share on Facebook

Send an email to friends

Tweet to your followers

Copy link

Petition to Overturn Change

Please Sign & Share ([link](#))

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FAFSA Simplification Act – Other Changes



- Colleges cannot have a policy that they deny all appeals
- Simplified Needs Test will be called “**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
- **Small family business / farm exclusion will be eliminated**
- Will include question about the applicant’s race or ethnicity
- Males will not need to register for Selective Service (aka “the draft”)

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FAFSA Simplification Act – Pell Grant



- Expansion of eligibility for Pell Grant
 - Based on family size AND adjusted gross income (AGI)
 - Minimum Pell: some students may be eligible even if SAI is above Pell grant. It is based on AGI relative to % of the poverty line (different for dependent students with 1 or 2 parents & independent students)
 - Incarcerated students are eligible if enrolled in a prison education program

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Key Takeaways

- 1 Big changes are coming for divorced/separated families
- 2 Effects of Having Two Kids in College at FAFSA and CSS Profile schools
- 3 Fin Aid Award Package – Enrollment Management
- 4 Now more than ever it's important for your clients to understand how financial aid works and where their planning opportunities are

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NEXT STEPS

Talk with us about how you
can partner with CAP


Book an Intro Call with Bill Rabbitt
[HERE](#)



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Resources



- FSA Announcement: <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-03-21/implementing-2024-25-fafsa-process>
- 2024-2025 Roadmap: <https://fsapartners.ed.gov/knowledge-center/topics/fafsa-simplification-information/2024-25-fafsa-roadmap> Income limit will increase to AGI < \$60,000 with
- FSA Knowledge Center Home Page: <https://fsapartners.ed.gov/knowledge-center/topics/fafsa-simplification-information>

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College Aid Pro™

We are here to help

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info@collegeaidpro.com

advisor.collegeaidpro.com