



College Aid Pro™

BIG FAFSA Changes and the CSS PROFILE

Get Ready!

1



College Aid Pro™

OUR MISSION

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

2



Your Presenters

Peg Keough
Director of Education

Matt Carpenter
Co-Founder

3

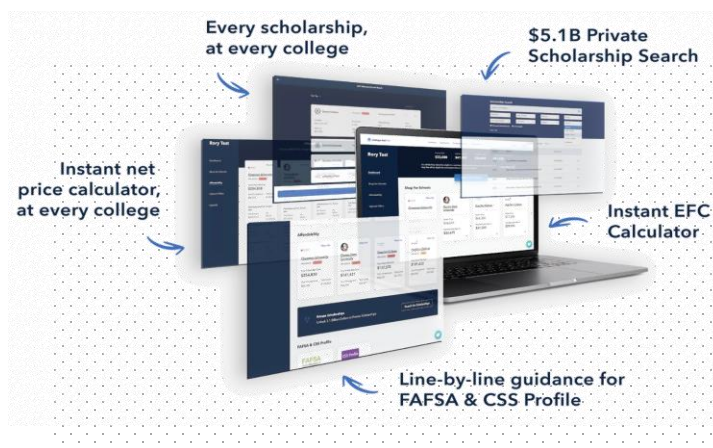
WHERE DO WE START?



1. Determine if you got a fair award
2. Interpret your offers correctly

Website:

mycap.collegeaidpro.com



4



When Does This Take Effect?

2024 – 2025 School Year

December 2023
One Time Change

© College Aid Pro - All Rights Reserved.

5

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 (private colleges have discretion)**

© College Aid Pro - All Rights Reserved.

6

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

© College Aid Pro - All Rights Reserved.

7

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
(-\$1,500)**

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

© College Aid Pro - All Rights Reserved.

8

The Name: "FAFSA Simplification Act"

They did simplify / shorten the form

Questions

108 → 36

© College Aid Pro - All Rights Reserved.

9

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

Foreign income that is exempt from US federal income tax or receives a foreign tax credit

© College Aid Pro - All Rights Reserved.

10

Untaxed Income & Benefits Will NO Longer Include:



- 401k/403b pre-tax 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

© College Aid Pro - All Rights Reserved.

11

"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%

© College Aid Pro - All Rights Reserved.

12

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 up to \$28,200
 - New Calculation: could increase EFC up to \$3,384

© College Aid Pro - All Rights Reserved.

13

Cost of Attendance (COA) “Sticker Price”



© College Aid Pro - All Rights Reserved.

14

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

More Transparency!

© College Aid Pro - All Rights Reserved.

15

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...?

© College Aid Pro - All Rights Reserved.

16

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

© College Aid Pro - All Rights Reserved.

17



FAFSA & Divorce

FAFSA ignores income and assets from the non-custodial parent

18



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

© College Aid Pro - All Rights Reserved.

19



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

© College Aid Pro - All Rights Reserved.

20

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



© College Aid Pro - All Rights Reserved.

21



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



22

Help American families afford college by opposing 2022 FAFSA change



matthew.carpenter started this petition to US Department of Education and 5 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.

98,893 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
Noah 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](#))

23

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”)

© College Aid Pro - All Rights Reserved.

24

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

© College Aid Pro - All Rights Reserved.

25



26

What About the CSS Profile??

27

Multiple Students Enrolled

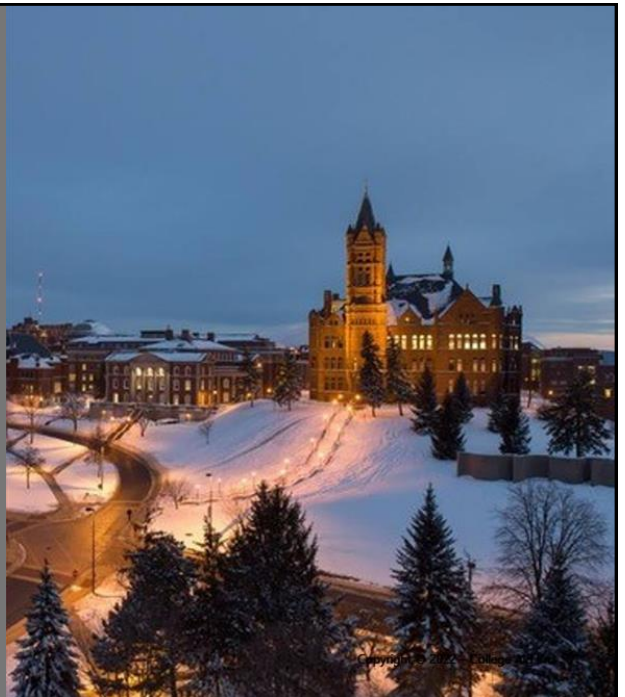
New Scenario

FAFSA EFC unchanged

CSS Profile EFC could be
cut by 30 to 40%

So...

- \$65,000 EFC with one kid in school
- Federal EFC = \$65,000
- Institutional EFC = \$39,000 to \$45,500



28



CSS Profile Formula Includes:

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



29

Some schools do not include home equity in the EFC calculation...



© College Aid Pro - All Rights Reserved.

30

Some schools do not include the non-custodial parent's financials in the EFC calculation...



© College Aid Pro - All Rights Reserved.

31

The screenshot shows the College Aid Pro website interface. At the top, there's a navigation bar with "College Aid Pro" and links for "Academy", "Community", "Private Scholarships", "Book Expert Consultation", and "Profile". The main content area is titled "Student Test" and displays four EFC values: Federal EFC (\$52,000), Institutional EFC (\$82,000), Consensus EFC (\$58,000), and 1 Year College Pre-Approval™ (\$45,131). Below this, a message states: "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." A "Learn More" button is present. The "Shop For Schools" section is active, showing a search bar and a list of schools. Two schools are displayed: Northwestern University and Stanford University. For Northwestern University, the sticker price is \$86,128 and the net cost (Year 1) is \$81,155. For Stanford University, the sticker price is \$81,265 and the net cost (Year 1) is \$48,716. There is also a button to "Add School".

Category	Value
Federal EFC	\$52,000
Institutional EFC	\$82,000
Consensus EFC	\$58,000
1 Year College Pre-Approval™	\$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](#)

Shop For Schools

School	Sticker Price	Your Net Cost (Year 1)
Northwestern University	\$86,128	\$81,155
Stanford University	\$81,265	\$48,716

[Add School](#)

© College Aid Pro - All Rights Reserved.

32

Which families will be most impacted?



- 1 Two-household families - divorced/separated
- 2 Families who will have kids starting college together (multiples)
- 3 Families who already had one child in college starting in the 2023-2024 school year or earlier
- 4 Parents who are small business owners
- 5 Low-income families

© College Aid Pro - All Rights Reserved.

33

NEXT STEPS

Keep the ball rolling!

Talk with CAP about how we can support you.

Click **HERE**

34



College Aid Pro™

OUR MISSION

TO [END THE STUDENT DEBT CRISIS](#) BY
EMPOWERING FAMILIES TO [SHOP SMARTER FOR COLLEGE](#)