

What You Need to Know about the New FAFSA



The FAFSA is getting an overhaul. Starting with the 2024-25 iteration, the primary application for college financial aid will have new questions, new rules, and new terminology. This is all thanks to the FAFSA Simplification Act, which aims to make the application simpler for the millions of students who submit it every year. Here's what you need to know about how the form is changing.

A Later Start

Traditionally, the FAFSA becomes available every October for families to apply for the following year's financial aid. Due to the vast amount of decreed changes, the Department of Education won't have it ready until sometime in December 2023 (they have yet to provide an exact date).

Contributors

Everyone who needs to report information on the FAFSA is called a contributor, a new term. Each contributor needs an FSA ID (basically a username and password) in order to log in to the application and complete the appropriate section. All contributors will have their own sections that can only be accessed and completed by them. There is one exclusion: if two contributors are married to each other and filed a joint return, only one contributor needs to secure an FSA ID and complete the FAFSA. The last contributor completing a section of the FAFSA will be permitted to submit the application.

FSA ID

The FSA ID username and password can be set up anytime on the Federal Student Aid website. You cannot set up an FSA ID and complete the FAFSA on the same day, so it's important to get an FSA ID at least a few days before starting the FAFSA. You can get your FSA ID at any time, so put it on your to-do list now. Parents without an SSN will be able to get an FSA ID by providing answers to a series of knowledge-based questions drawn from that person's credit report.

Divorced/Separated Parents

If parents are divorced or separated, only one parent will need to report information on the FAFSA (along with that parent's current spouse, if there is one). The parent who completes the FAFSA should be the one who provided more financial support for the student over the previous 12 months (even if the student doesn't live with that parent). If neither parent provided support in the past year, the parent who provided more financial support in the most recent year that the student received financial support should complete the FAFSA. If equal support was given by both parents, the parent with the higher income or assets should complete the FAFSA.

IRS Consent

The FAFSA collects the income information of every contributor on the application by pulling it directly from the federal tax forms on file with the IRS. Each contributor will therefore need to provide consent for the IRS to electronically send tax data over to the FAFSA. Even if a person did not file a U.S. tax return, that person will need to provide consent for the FAFSA to verify there is no tax return on file with the IRS. A student cannot receive financial aid until every contributor has provided consent.

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Assets

As usual, the FAFSA will ask for each contributor to report the value of cash, savings, and checking accounts, investments, and businesses and farms. New this year, every business and farm owner will need to report the business/farm value. If the parent(s) has income under \$60,000, neither the parent(s) nor the student will need to report assets. 529 accounts still count as parent assets, but parents will only need to report the value of a 529 account for the student, and no longer need to report the value of 529 accounts for any other children. And new this year, withdrawals from 529 accounts owned by grandparents or other relatives will never need to be reported.

Family Size

Similar to previous years, the FAFSA will ask for the number of people in the family. The form will make an assumption of that answer based on the number of filers and dependents on the parent(s)' tax return. If that number is not accurate (and the FAFSA won't display the number to refresh your memory), you'll have the opportunity to manually enter a different number.

20 Schools

Students will now be able to list up to 20 colleges on the FAFSA who will receive the FAFSA data (previously the number was 10).

EFC = SAI

The FAFSA calculates a number for every student based on the information submitted on the form. That number is supposed to represent the family's financial strength and ability to pay for college. Schools use it to determine each student's eligibility for financial aid. That number was previously called the Expected Family Contribution (EFC). It's now referred to as the Student Aid Index (SAI).

SAR = FSS

After submitting the FAFSA, a student will receive a FAFSA Submission Summary (FSS). Previously called the Student Aid Report (SAR) the FSS compiles all of the information submitted on the FAFSA and also provides the student's SAI.

Provisional Independent Status

Students who don't qualify as independent but aren't able to provide their parent(s)' information on the FAFSA due to unusual circumstances can still submit the application and will be given provisional independent status. Any student with this status will likely need to provide additional information to the college to verify this status and be declared officially independent.

Incomplete FAFSA

Any incomplete FAFSA will expire and disappear after 45 days, which means the form will need to be restarted after those 45 days have passed. Contributors who have not completed their sections will receive a reminder every 7 days to do so.