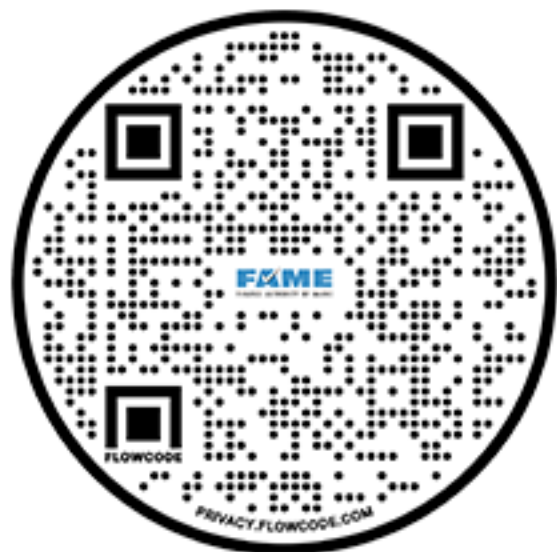


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Out With the Old, In With the New

August 15, 2023
FAME Summer Training

PRESENTED BY

Maria MacDougal, College Access Counselor

- Better FAFSA, New Vocabulary!
- Broad Changes for 2024-25
 - FSA ID
 - Roles-based
 - Contributors and parents
 - Goodbye, DRT
 - Asset updates
- Takeaways!



Better FAFSA, New Vocabulary!

- The alphabet soup of FAFSA/financial aid is changing
 - Some changes are more relevant to students/families.
 - Some changes are more relevant to Financial Aid Offices/processing.





Better FAFSA, New Vocab

2023-24 and Prior FAFSA Terms

Expected Family Contribution
EFC

IRS Data Retrieval Tool (IRS
DRT)

Student Aid Report (SAR)

Simplified Needs Test

Household Size

Parent(s)

*New

*New

NEW/Updated FAFSA Terms

• Student Aid Index (SAI)

• Direct Data Exchange (DDX)

FAFSA Submission Summary (FSS)

Applicant Exempt from Reporting Assets (AERA)

Family Size

Contributor

Consent

Federal Tax Information (FTI)



Better FAFSA, New Vocab

Student Aid Index (SAI)

The Student Aid Index (SAI) replaces the Expected Family Contribution (EFC).

The Direct Data Exchange (DDX)

The Direct Data Exchange (DDX) replaces the IRS Data Retrieval Tool (DRT) and includes increased security provisions.

Contributors

A new term referring to anyone required to provide consent on the FAFSA. Possible contributors include the student, parent, other parent, and student spouse.

Consent

Contributor(s) **must** provide consent to use their information to match with IRS, allow IRS to disclose their *federal tax information (FTI)*, the ED to use their FTI and redisclose their FTI to schools and organizations.



Better FAFSA, New Vocab

Family Size

Family size replaces household size and is pulled directly from the tax return but is updateable within the FAFSA.

FAFSA Submission Summary (FSS)

Summary of FAFSA information that replaces the Student Aid Report.

Applicant Exempt from Reporting Assets (AERA)

Replaces the Simplified Needs Test and refers to applicants receiving federal benefits and/or meeting income threshold



Broad changes
effective with 2024-25
FAFSA in December



FSA ID Related

An FSA ID will be **required** for anyone trying to access the FAFSA.

NO option to access FAFSA using the student's demographics.

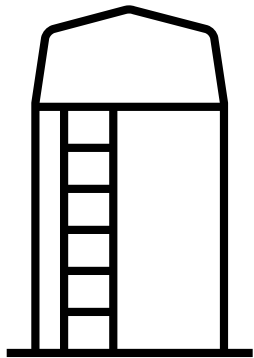
Married filing joint tax filers will only need **one of the tax filers** will have to have an FSA ID.

When parents are married and **filing separately** or biological parents are **not married but living together**, **both parents** will need to have their own FSA ID.

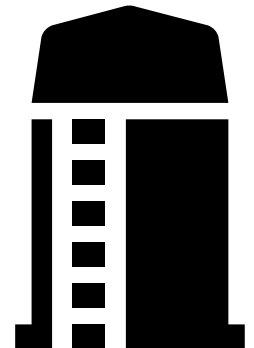
- An FSA ID will **need to be matched with SSA** (plan for match to take up to a week) **before** it can be used.
- **Every time** an FSA ID is used, two-step verification will be required.
 - There **MUST** be a verified email address associated with the FSA ID.
- Individuals **without an SSN** will be able to create an FSA ID.
 - Identity matched against TransUnion info

2024-25 FAFSA is a *Roles-Based* application

Students will log in and see **only** student-related questions.



Contributing parent(s) will log in and see **only** parent-related questions.



A **contributor** is anyone required to provide consent on the FAFSA (we'll get to consent later!)

- Student is **always** a contributor
- Dependent students:
 - one parent is always a contributor
 - other parent if taxes not filed jointly/don't live together (more to come on parents!)
- Student's spouse if taxes filed separately

- Contributors are **invited** to complete the FAFSA
 - Student will need to identify their contributors and invite them to complete their section of the FAFSA.
 - Student must provide parent's legal name, DOB, SSN, and email address; **these must match the parent FSA ID.**
 - **IF parent starts the process, they will invite the student.**



The screenshot shows the FAFSA 2024-25 interface for Student Raya Tran. The progress bar at the top indicates five steps: 1. Personal Circumstances (active), 2. Demographics, 3. Financials, 4. Colleges, and 5. Signature. The main heading is 'Tell Us About Your Parents'. A green box contains the text: 'On the FAFSA® form, your "Parent" is your legal (biological or adoptive) parent or stepparent who supports you financially.' Below this, a question asks 'Are your parents married to each other?' with radio button options for 'Yes' (selected) and 'No'. A blue box below the question states: 'You will need to provide information for your parents. Based on your answers in this section, you'll need to provide information about both of your parents on your FAFSA form. You can invite your parents to your form so they can complete their required sections.' At the bottom are 'Previous' and 'Continue' buttons.

Parent Wizard asks questions to help determine who to invite

- Includes definition of parent
- Asks if parents are married
 - If not married, do they live together?
 - If not, pick a parent (text to determine which).
- The **parent who provides the greater portion of the student's financial support** will be responsible for completing the FAFSA.
 - This could be a parent the student does/did **not** live with!



STUDENTS: Create Your Federal Student Aid Account (FSA ID)

When you set up Student Aid's onl Security number create your FSA I

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Student I

Email Address: _

Password: ____

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parent "contributor" on the FAFSA:
If your biological or adoptive parents are married, or if they aren't married but live in the same household, both parents will be contributors. If your biological or adoptive parents are divorced, separated, or never married and don't live in the same household, the parent who provides the majority of your financial support will be a contributor. If that parent is currently married, their spouse will also be a contributor.

Independent Students: If you are married, your spouse's information will be required on the FAFSA, and they'll be a "contributor."

To make completing your FAFSA easier, make a note of the required information for each "contributor."

Contributor Information (if required)

Dependent Students: Parent ("contributor") information will be required on the FAFSA. Here's how to determine who is a parent "contributor" on the FAFSA:

If your biological or adoptive parents are married, or if they aren't married but live in the same household, both parents will be contributors. If your biological or adoptive parents are divorced, separated, or never married and don't live in the same household, the parent who provides the majority of your financial support will be a contributor. If that parent is currently married, their spouse will also be a contributor.

Independent Students: If you are married, your spouse's information will be required on the FAFSA

To make completing your FAFSA easier, make a note of the required information for each "contributor."

Legal First Name: _____

Legal Last Name: _____

Date of Birth: _____

Email Address: _____

Contributor 2

Legal First Name: _____

Legal Last Name: _____

Date of Birth: _____

Email Address: _____



PARENTS: Create Your Federal Student Aid Account (FSA ID)

to Federal their Social rent completing a

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Contributor 1

Legal First Name: _____

Legal Last Name: _____

Date of Birth: _____

Email Address: _____

Contributor 2

Legal First Name: _____

Legal Last Name: _____

Date of Birth: _____

Email Address: _____

access your ed once. To Generate a New

Who Needs an FSA ID?

All students need an FSA ID. If a student is considered dependent on the FAFSA, parent information will be needed. Here's how to determine when a parent (or parents) will need an FSA ID:

- When parents are married and file a joint tax return, only the parent completing the FAFSA needs an FSA ID. However, there is no downside to both parents creating an FSA ID and then either parent can complete the FAFSA.
- If parents are married and file separately, or if biological parents live together but aren't married, both parents MUST have their own FSA ID.
- If the student's biological or adoptive parents are divorced, the parent who provides the most financial support will be required to complete the FAFSA and will need an FSA ID. If that parent is remarried, their spouse's information will also be required on the FAFSA, and they may also need an FSA ID.

Bottom line: If in doubt, create an FSA ID. There is no downside to having one. We recommend using a separate FSA ID worksheet for each individual.

Goodbye, DRT!

- Pesky IRS Retrieval Tool (DRT) GONE!
- Contributors must now provide *consent* to have *FTI* from IRS shared with FSA using *DDX* and sent to schools.
- Prompts for consent appear early in student and parent sections and consent is imperative.



Provide Consent or Be Ineligible for Federal Student Aid

Summary

Your consent is needed to retrieve and disclose federal tax information (FTI). With your consent, we can obtain tax return information automatically from the IRS to help you complete the FAFSA[®] form. If you don't provide consent, you will not be eligible for federal student aid, including grants and loans. You must provide consent even if you didn't file a U.S. federal tax return or any tax return at all.

- Get your 2022 tax return information for the 2024-25 FAFSA form.
- Tax return information is required to complete the FAFSA form.
- FTI is used to determine your eligibility for federal student aid.

Under penalty of law, I certify that I am the individual associated with the FSA ID log-in credentials used to access the FAFSA form to provide the necessary approval and consent for the disclosure and use of my federal tax information (FTI) from the U.S. Department of the Treasury. By accepting below, I approve and consent to:

- The U.S. Department of Education to disclose my Social Security number, last name, and date of birth to the U.S. Department of the Treasury in order to obtain my FTI only for the purpose of determining the eligibility for, and the amount of, federal student aid for myself or of others for which I participated and shared my FTI by a program authorized under subpart 1 of Part A, Part C, or Part D of Title IV of the *Higher Education Act of 1965*, as amended.
- The use of my FTI by U.S. Department of Education officials and contractors (as defined in 26 U.S.C. § 6103(d)(13)), only for the purpose of determining the eligibility for, and amount of, federal student aid for myself or of others for which I participated and shared my FTI by a program authorized under Title IV of the *Higher Education Act of 1965*, as amended.
- The U.S. Department of Education to redisclose my FTI received from the U.S. Department of the Treasury, pursuant to 26 U.S.C 6103(d)(13)(D)(iii), which includes:
 - institutions of higher education participating in the federal student aid programs authorized under the *Higher Education Act of 1965*, as amended;
 - state higher education agencies; and
 - scholarship organizations designated prior to Dec. 19, 2019, by the Secretary of Education.
- The use of my FTI for the application, award, and administration of student aid awarded by the federal government, institutions of higher education, state higher education agencies, and designated scholarship organizations.
- The redisclosure of my FTI to any future 2024-25 FAFSA forms for which I elect to participate (e.g., if I elect to participate in my child's FAFSA form or to complete my own FAFSA form after participating in another FAFSA form). My FTI will be redisclosed to these additional applications upon my affirmation to participate. I understand that I may decline an invitation to participate, which will prevent the transfer of my FTI to that FAFSA form.

Consent

This page informs the student about consent and their federal tax information. By providing consent, the student/parent's federal tax information is transferred from the IRS directly into the FTI module connected to the FAFSA where the SAI is calculated. The student /parent selects "Approve" to provide consent and is taken to the next page.



Goodbye, DRT!

- Consent **MUST** be granted (even for non-tax filers) to be eligible for aid.
 - Even if taxes have not been filed at the time of completing the FAFSA, check the consent box!
- FTI will not be seen on the FAFSA by any contributors or on FSS
- Very limited scenarios for entering tax info manually
- Most untaxed income info removed from formula.

Reportable Assets

Updates to reportable assets:

- Child Support received is now reported as parent asset
 - Last completed tax year
- **Business/Farm no longer exempt**

Many families are exempt from having to report assets.

FAFSA[®] FORM 2024-25 Parent of Raya Tran Save FAFSA Menu

Demographics Financials Signature

Annual Child Support Received
Enter total amount received in child support for the last complete calendar year.

\$ 0 .00

Parent Assets

Current Total of Cash, Savings, and Checking Accounts
Don't include student financial aid

\$ 10,000 .00

Current Net Worth of Businesses and Investment Farms
Enter the net worth of your businesses or for-profit agricultural operations. Net worth is the value of your businesses or farms minus any debts owed against them.

\$ 0 .00

Current Net Worth of Investments, Including Real Estate
Don't include the home you live in. Net worth is the value of your investments minus any debts owed against them.

\$ 5,000 .00

Previous Continue

Key Take Aways

- ✓ Get FSA IDs early! Students and **parents won't be able to obtain an FSA ID and complete a FAFSA in one sitting.**
- ✓ Everyone needs to consent as student will be **ineligible for federal aid** unless they do.
- ✓ The Direct Data Exchange will make the FAFSA easier to complete but **increases security requirements**, specifically related to FSA IDs.
- ✓ Roles-based form will require **students and parents to work together** to complete FAFSA (two-factor verification and initiation to contribute).



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