

Married parents; 4 in the family
 Parent AGI = \$95,000 (\$9,520 taxes)
 Student AGI = \$8,000 (\$0 taxes)

No assets; and \$50,000 parent and \$10,000 student

Formula A – Dependent Students

SAI = Parents' Contribution + Student's Contribution from Income + Student's Contribution from Assets

Parent Contribution from Income		
Parent Income Additions		
a. Parents' AGI		\$95,000
b. Parents' Deductible Payments to IRA/KEOGH/Other	+	
c. Parents' Tax-Exempt Interest Income	+	
d. Parents' Untaxed Portions of IRA Distributions (Subtract IRA rollover; if total is less than zero, enter zero)	+	
e. Parents' Untaxed Portions of Pensions (Subtract Pension rollover; if total is less than zero, enter zero)	+	
f. Parents' Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
1. Total Parent Income Additions (sum of lines a, b, c, d, e, and f)	=	\$95,000
Parent Income Offsets		
g. Parents' Taxable College Grant and Scholarship Aid (reported as income)		
h. Parents' Education Credits	+	
i. Parents' Federal Work-study (FWS)	+	
2. Total Parent Income Offsets (sum of lines g, h, and i)	=	
3. Total Parent Income (line 1 minus line 2)		
• Total Parent Income Additions – Total Parent Income Offsets		
• May be a negative number	=	\$95,000
Allowances Against Parents' Income		
4. Parents' U.S. Income Tax Paid (or Foreign Equivalent)		\$9,520
5. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1: Step 1)	+	\$1,378
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2)	+	\$5,890
6. Income Protection Allowance (Table A2)		
• Use the calculated Family Size to determine the IPA	+	\$43,870
7. Employment Expense Allowance (EEA)		
• The lesser of:		
▪ 35% of parents' combined income, OR		
▪ \$4,890	+	\$4,890

8. Total Parent Allowances Against Income (sum lines 4, 5a, 5b, 6, and 7)	=	\$65,548
Parents' Available Income (PAI)		
Total Parent Income (line 3)		\$95,000
Total Parent Allowances Against Income (line 8)	-	\$65,548
9. Parent Available Income (line 3 minus line 8) • May be a negative number	=	\$29,452

Parent Contribution from Assets		
10. Annual child support received for the last complete calendar year		
11. Cash, savings, and checking accounts	+	\$50,000
12. Net worth of current investments • Includes: time deposits, money market funds, real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits • If negative, enter zero	+	
13. Adjusted net worth of businesses and/or investment farms (Table A3) • Net worth of businesses and/or investment farms multiplied by the applicable adjustment in Table A3	+	
14. Net worth (sum of lines 10, 11, 12, and 13)	=	\$0
15. Asset Protection Allowance (APA) (Table A4)	-	
16. Asset Conversion Rate (12%)	x	0.12
17. Parent Contribution from Assets (PCA) • (Line 14 minus line 15) times line 16 • If negative, enter zero	=	\$0

Total Parent Contribution		
Parent Adjusted Available Income (PAAI)		
Parents' Available Income (line 9)		\$29,440
Parents' Contribution from Assets (line 17)	+	\$0
18. Parent Adjusted Available Income (line 9 plus line 17) • May be a negative number	=	\$29,440
Parents' Contribution		
19. Parents' Contribution (Table A5) • Adjust PAAI (line 18) using Table A5	=	\$6,834

\$8,743 - \$6,831 = \$1,912 increase in SAI

$$6,036 + 2,740 \times .29\% = 795$$

+795
6,831

$$7,573 + 3,440 \times .34\% = 1,170$$

+1,170
8,743

Student Contribution from Income		
Student Income Additions		
a. Student AGI		\$8,000
b. Student Deductible Payments to IRA/KEOGH/Other	+	
c. Student Exempt Interest Income	+	
d. Student Untaxed Portions of IRA Distributions (Subtract IRA rollover; if total is less than zero, enter zero)	+	
e. Student Untaxed Portions of Pensions (Subtract Pension rollover; if total is less than zero, enter zero)	+	
f. Student Foreign Income Exclusion (reported on U.S. Tax Return; if less than zero, enter the absolute value)	+	
20. Total Student Income Additions (sum of lines a, b, c, d, e, and f)	=	\$8,000
Student Income Offsets		
g. Student College Grant and Scholarship Aid (reported as income)		
h. Student Education Credits	+	
i. Student Federal Work-study (FWS)	+	
21. Total Student Income Offsets (sum of lines g, h, and i)	=	
22. Total Student Income (line 20 minus line 21)		
<ul style="list-style-type: none"> Total Student Income Additions – Total Student Income Offsets May be a negative number 	=	\$8,000
Allowances Against Student Income		
23. Student U.S. Income Tax Paid (or Foreign Equivalent)		\$0
24. Payroll Tax Allowance (Table A1)		
a. Medicare's Hospital Insurance (HI) Program Tax Rate (Table A1: Step 1)	+	\$116
b. Old-age, survivors, & disability insurance (OASDI) Tax Rate (Table A1: Step 2)	+	\$496
25. Income Protection Allowance	+	11,510
26. Allowance for parents' negative adjusted available income		
a. If line 18 is negative, enter line 18 as a positive number b. If line 18 is zero or positive, enter zero	+	
27. Total Student Allowances Against Income (sum lines 23, 24a, 24b, 25, and 26)	=	\$12,122
Student's Contribution from Income		
Total Student Income (line 22)		

Total Student Allowances Against Income (line 27)	-	\$12,122
28. Student Available Income (line 22 minus line 27) May be a negative number	=	-\$4,122
29. Assessment of Student Available Income	x	0.50
30. Student's Contribution from Income (line 28 times line 29) • If negative (-) set to 0 (zero)	=	\$-2,061 set to \$0

Student Contribution from Assets		
31. Cash, savings, and checking accounts		\$10,000
32. Net worth of current investments • Includes: time deposits, money market funds, real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits • If negative, enter zero	+	
33. Adjusted net worth of business and/or farm (Table A3) • Net worth of business and/or farm multiplied by the applicable adjustment in Table A3	+	
34. Net worth (sum of lines 31, 32, and 33)	=	\$0
35. Asset Conversion Rate (20%)	X	0.20
36. Student Contribution from Assets (SCA) • Line 34 times line 35 • If negative, enter zero	=	\$0

Student Aid Index (SAI)		
Parents' Contribution (line 19)		\$6,834
Student's Contribution from Income (line 30)	+	\$0
Student's Contribution from Assets (line 36)	+	\$0
37. Student Aid Index (sum of lines 19, 30, and 36) • If negative and < -1,500, adjust to -1,500 (e.g., if -2,000 set to -1,500) • If negative and >= -1,500, do not adjust (e.g., if -1,000 leave as -1,000)	=	\$6,834

If parents had no assets, SAI = 8,831

Supplementary Tables for Formula A – Dependent Students

Note for Table A1: When calculating for more than one taxpayer (e.g., *the parent and parent spouse did not file MFJ*) the following rounding rules apply: calculation should be carried to three decimal places only. Once the parent and parent spouse calculated results are added together, round to the nearest whole numbers using standard rounding rules defined.

In scenarios where spouses have filed different tax returns (e.g., *one spouse filed TFS = Single, the other TFS = MFS, etc.*), the calculation is performed individually and then the results are added together following the rounding logic noted above.

Table A1: Payroll Tax Allowance

Tax Rate Program	Tax Rate
Step 1: Medicare's Hospital Insurance (HI) Program Tax Rate	<p>If Parent filed as Single, HoH or Qualifying Surviving Spouse:</p> <ul style="list-style-type: none"> 1.45% of parent income earned from work up to \$200,000, (+) plus 2.35% of parent income earned from work over \$200,000 <p>If Parent filed as Married-Filed Joint Return (MFJ):</p> <ul style="list-style-type: none"> 1.45% of parents' combined income earned from work up to \$250,000, (+) plus 2.35% of parents' combined income earned from work over \$250,000 <p>If Parent filed as Married-Filed Separate Return (MFS):</p> <ul style="list-style-type: none"> 1.45% of parent income earned from work up to \$125,000, (+) plus 1.45% of parent spouse's income earned from work up to \$125,000, (+) plus 2.35% of parent income earned from work over \$125,000 (+) plus 2.35% of parent spouse's income earned from work over \$125,000 <p>If Dependent Student:</p> <ul style="list-style-type: none"> 1.45% of dependent student income earned from work up to \$200,000, (+) plus 2.35% of dependent student income earned from work over \$200,000. <p>For example, below is a scenario where the parent self-reported their information (e.g., <i>because they are no longer married to the same spouse</i>). However, the parent spouse is able to use their IRS FTI:</p> <p>If,</p> <p style="padding-left: 40px;">Parent TFS = MFJ and Parent IEFW = \$350,000, AND Parent Spouse TFS = MFS and Parent Spouse IEFW = \$96,000</p> <p>Then,</p> <p style="padding-left: 40px;">Parent IEFW uses the MFJ tax rate: \$250,000 x 1.45% = \$3,625 \$100,000 x 2.35% = \$2,350</p> <p style="padding-left: 40px;">\$3,625 + \$2,350 = \$5,975 for Parent Medicare Hospital Insurance (HI)</p> <p style="padding-left: 40px;">Parent Spouse IEFW uses the MFS tax rate:</p>

	$\$96,000 \times 1.45\% = \$1,392$ $\$1,392$ for Parent Spouse HI Parent HI + Parent Spouse HI = $\$5,975 + \$1,392 = \$7,367$ Parent total HI
Step 2: Old-age, survivors, and disability insurance (OASDI) Tax Rate	<p>If Parent:</p> <ul style="list-style-type: none"> For those reporting a single parental income, 6.2% of parent's total earned income up to Contributions and Benefit Base of \$160,200 for Tax Year 2023. If parent's total earned income exceeds \$160,200, then input \$9,932*. For those reporting two parental incomes or whose parents filed a joint return, 6.2% of parents total earned income up to Contributions and Benefit Base of \$320,400 for Tax Year 2023. If parents' total earned income exceeds \$320,400, then input \$19,865*. <p>If Dependent Student:</p> <ul style="list-style-type: none"> 6.2% of student's total earned income up to Contributions and Benefit Base of \$160,200 for Tax Year 2023. If the student's total earned income exceeds \$160,200, then input \$9,932*. <p>For example, below is another scenario where the parent self-reported their information (<i>e.g., because they are no longer married to the same spouse</i>). However, the parent spouse is able to use their IRS FTI:</p> <p>If,</p> <p style="padding-left: 40px;">Parent TFS = MFJ and parent IEFW = \$250,400, AND Parent Spouse TFS = Single and Parent Spouse IEFW = \$150,200</p> <p>Then,</p> <p style="padding-left: 40px;">Parent IEFW uses the MFJ tax rate: $\\$250,400 \times 6.2\% = \\$15,524.8 =$</p> <p style="padding-left: 40px;">$\\$15,524.8$ for Parent OASDI</p> <p style="padding-left: 40px;">Parent Spouse IEFW uses the non MFJ tax rate: $\\$150,200 \times 6.2\% = \\$9,312.4$</p> <p style="padding-left: 40px;">$\\$9,312.4$ for Parent Spouse OASDI</p> <p style="padding-left: 40px;">Parent OASDI + Parent Spouse OASDI = $\\$15,524.8 + \\$9,312.4 =$ $\\$24,837.2$ (apply rounding rules as noted above) = $\\$24,837$ Parent Total OASDI</p>

*Social Security's Old-Age, Survivors, and Disability Insurance (OASDI) program limits the amount of earnings subject to taxation for a given year. The same annual limit also applies when those earnings are used in a benefit computation. This limit changes each year with changes in the national average wage index. For earnings in 2023, this base is \$160,200.

The OASDI tax rate for wages paid in 2023 is set by statute at 6.2 percent for employees and employers, each. Thus, an individual with wages equal to or larger than \$160,200 would contribute \$9,932 to the OASDI program in 2023.

For more information visit: <https://www.ssa.gov/oact/cola/cbb.html>.

The following tables are based, in part, upon the April 2024 Consumer Price Index for all Urban Consumers (CPI-U).

Table A2: Income Protection Allowance

Family Size (including student)	Income Protection Allowance Amount
2	\$28,530
3	\$35,510
4	\$43,870
5	\$51,750
6	\$60,540

Note: For each additional household member, add \$6,840.

Table A3: Businesses/Investment Farms Net Worth Adjustment

If the net worth of businesses/investment farms is ____	Then the adjusted net worth is ____
Less than \$1	\$0
\$1 to \$170,000	40% of net worth of business/farm
\$170,001 to \$510,000	\$68,000 + 50% of net worth over \$170,000
\$510,001 to \$850,000	\$238,000 + 60% of net worth over \$510,000
\$850,001 or more	\$442,000 + 100% of net worth over \$850,000

Table A4: Asset Protection Allowance (Parents Only)

Age of older parent as of 12/31/2024*	Allowance if there are two parents**	Allowance if there is only one parent	Age of older parent as of 12/31/2024*	Allowance if there are two parents**	Allowance if there is only one parent
25 or less	\$0	\$0	46	\$0	\$0
26	\$0	\$0	47	\$0	\$0
27	\$0	\$0	48	\$0	\$0
28	\$0	\$0	49	\$0	\$0
29	\$0	\$0	50	\$0	\$0
30	\$0	\$0	51	\$0	\$0
31	\$0	\$0	52	\$0	\$0
32	\$0	\$0	53	\$0	\$0
33	\$0	\$0	54	\$0	\$0
34	\$0	\$0	55	\$0	\$0
35	\$0	\$0	56	\$0	\$0
36	\$0	\$0	57	\$0	\$0

Age of older parent as of 12/31/2024*	Allowance if there are two parents**	Allowance if there is only one parent	Age of older parent as of 12/31/2024*	Allowance if there are two parents**	Allowance if there is only one parent
37	\$0	\$0	58	\$0	\$0
38	\$0	\$0	59	\$0	\$0
39	\$0	\$0	60	\$0	\$0
40	\$0	\$0	61	\$0	\$0
41	\$0	\$0	62	\$0	\$0
42	\$0	\$0	63	\$0	\$0
43	\$0	\$0	64	\$0	\$0
44	\$0	\$0	65 or older	\$0	\$0
45	\$0	\$0			

* Determine the age of the older parent listed in FAFSA/FAFSA Submission Summary and # as of 12/31/2024. If no parent date of birth is provided, use age 45.

** Use the two-parent allowance when the parent indicator is married.

Table A5: Parents' Contribution from Adjusted Available Income

If the parents' AAI is ____	Then the parents' contribution from AAI is ____
Less than -\$8,300	-\$1,826
-\$8,300 to \$21,300	22% of AAI
\$21,301 to \$26,700	\$4,686 + 25% of AAI over \$21,300
\$26,701 to \$32,000	\$6,036 + 29% of AAI over \$26,700
\$32,001 to \$37,500	\$7,573 + 34% of AAI over \$32,000
\$37,501 to \$42,900	\$9,443 + 40% of AAI over \$37,500
\$42,901 or more	\$11,603 + 47% of AAI over \$42,900