

## Very Brief Guide to the FAFSA and CSS Profile\* September, 2023

October 1st has always been the first day any U.S. citizen or eligible non-citizen expecting to apply for need-based financial aid can access, complete, and submit the necessary forms. The most common of these forms is the Free Application for Federal Student Aid (FAFSA), required by every institution before need-based financial aid can be awarded. **This year, the FAFSA and federal aid methodology overhaul has delayed the 2024-2025 FAFSA release until December 2023.**

A second form, the CSS Profile, is required by about 150 undergraduate institutions. It is owned and administered by the College Board and uses an *institutional* methodology to calculate need eligibility. This form opens on October 1, 2023, for the 2024-2025 school year. Some colleges may require other forms as well.

International noncitizens are ineligible for federal aid and cannot submit the FAFSA, but many colleges are generous with institutional aid. Check with each institution to learn their required forms and deadlines—in most cases, these applicants must file either the CSS Profile or the International Student Application for Financial Assistance (ISAFSA).

### Who Should Apply for Financial Aid?

- Anyone who believes they might qualify for need-based financial aid.
- Anyone who thinks they may require financial aid at any point during their child's undergraduate career. Some colleges will not consider a request for institutional aid if the student did not submit the necessary forms when they first applied as a freshman or transfer student. Other colleges may require a waiting period of at least a full academic year for such students.
- Anyone who expects to have two or more children in college simultaneously, which may significantly lower the threshold for need-based eligibility. The FAFSA no longer uses the number of children in college as a factor in *federal* aid eligibility, but this sibling question remains on the new form. Many colleges will continue to use this data in calculating *institutional* aid, often a much more significant source of grants and scholarships.
- Anyone applying for merit aid at institutions that require the FAFSA or CSS Profile for these awards. Although most institutions do not require submission of these forms for merit aid, it is necessary to verify on each college's website or with the admission office that administers merit aid whether these forms are required.
- The deadline to submit the forms varies by institution. It is necessary to check each college's website or with the financial aid office to verify their deadline. Missing a financial aid deadline can seriously jeopardize a student's eligibility for aid.

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- For those planning to apply during the Early Decision or Early Action rounds, financial aid deadlines are usually November 1 or 15. **Know your deadlines.**
- Since these forms are designed to be submitted once listing all colleges requiring the form, it is crucial that they are submitted **before the student's earliest financial aid deadline.**

### **First Steps**

- Make sure your 2022 federal tax returns have been submitted and processed. But even if they have not yet been processed, it is best to submit the financial aid forms before each institution's deadline.
- The FAFSA and CSS Profile will ask detailed questions about your 2022 income, current assets, and demographic information. Have your 2022 federal tax returns, current bank statements, and records of any other assets and investments on hand.

### **FAFSA**

### **CSS Profile**

- The list of institutions that require submission of the CSS Profile for institutional need-based aid can be found online, but it is always best to verify with the college
- For current high school seniors or transfer students expecting to attend college in the 2024-2025 school year, the CSS Profile can be accessed and submitted at <https://cssprofile.collegeboard.org/> beginning October 1, 2023. Accessing the CSS Profile earlier than this date will direct you to the current year's form, not the 2024-2025 form.

### **Beginning the CSS Profile**

- The CSS Profile belongs to the student, though an adult often completes it on the student's behalf.
- It is recommended that the student or parent log in to the CSS Profile using the student's College Board account.
- Unlike the FAFSA, each biological parent and stepparent is listed on the CSS Profile. In cases of separation or divorce, the noncustodial parent will be sent a link to create their own CSS Profile. Neither parent will see the other's completed form or financial information.

### **Common Mistakes**

- A parent-owned 529 college savings plan for which the student is the beneficiary should be reported as a parent asset, not a student asset. Parent assets are assessed at 5 percent per year by the CSS Profile and 5.64 percent per year by the FAFSA. Student

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assets are assessed at 25 percent per year by the CSS Profile and 20 percent per year by the FAFSA.

- It may be confusing to figure out where to list a particular asset, but it is important not to list it twice. Doing so will reduce your child's eligibility for need-based aid.

### **After the Forms are Submitted**

- Following submission of the FAFSA, the student will see their Student Aid Index (SAI) on their confirmation page once all contributors (parent/s) have submitted their information. The parents will *not* see this information since the FAFSA is considered the student's, not the parent application. The SAI will also be included on the FAFSA Submission Summary (formerly the Student Aid Report) that will be emailed to the student.
- The Expected Family Contribution (EFC) calculated by the CSS Profile's institutional methodology will not be known to the applicant until they receive their financial aid offer from each institution.
- The SAI and EFC are the starting point for the financial aid office's calculation of federal, state, and institutional financial aid. These two numbers may be similar or significantly different because of differences in the two methodologies.
- **Important tip:** Students should forward all emails from the Department of Education and financial aid offices to their parent/s. These could include requests for further verification and documentation.

### **Financial Aid Question on the College Application**

Most college applications now ask, "Do you expect to apply for need-based financial aid?" The student's answer must be accurate and truthful. If you expect to apply, this box must be checked "yes." If you don't plan to apply, check this box "no." If the student checks "no" but does file the FAFSA, one of three things will happen over which the family has no control:

- The college contacts the student to clarify whether or not they're applying for need-based aid, inconveniencing already overworked financial aid and admission offices.
- The college doesn't contact the student and processes the forms, assuming the student *is* applying for need-based aid.
- The college doesn't contact the student and assumes the student is *not* applying for need-based aid. The student would still be eligible for federal aid (student loans, federal work-study, FSEOG, and Pell Grants) but may be ineligible for institutional grants, often the largest source of need-based aid.

It is best to answer this question accurately the first time and not play games.

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### **What About Early Decision and Early Action Applicants?**

This year's delay of the FAFSA release until December creates some complications for students applying for need-based aid in the binding Early Decision and non-binding Early Action rounds.

- Colleges that only use the FAFSA and no other institutional forms cannot package financial aid awards until they have received the applicant's Institutional Student Information Record (ISIR), the data sent to the institution after the student's FAFSA is processed. Depending upon when the family submits the FAFSA, this could be as late as January or beyond. Acceptance letters will most likely be sent on schedule in mid-to-late December, explaining that the financial aid offer will be delayed. For binding ED applicants, they will not be required to deposit until several weeks after the financial aid offer is sent to the applicant.
- Colleges that use both the FAFSA and the CSS Profile (or another institutional form) will have all the information they need to package a *provisional* offer of financial aid, but because the eventual award will likely include some form of federal aid, this offer will not yet be *official*. Similar to institutions only using the FAFSA, the deposit date for binding Early Decision students will be extended until after the applicant has been sent the official aid offer.
- **Important tip:** For families needing to compare financial aid offers before deciding where to enroll, applying in the binding Early Decision round is usually not a wise choice.

### **Borrowing Federal Student Loans**

- Families applying for need-based financial aid should understand that the annual limit of federal student loans is usually included in the financial aid award. The exceptions are a few highly selective schools with large endowments that have replaced these loans with additional institutional grants in their financial aid awards.
- For dependent undergraduate students, the annual loan limits are \$5,500 for first-year students, \$6,500 for sophomores, \$7,500 for juniors, and \$7,500 for seniors. For undergraduates requiring more than four years to complete their degree, the \$27,000 4-year undergraduate loan limit increases to \$31,000.
- For those borrowing for the 2024-2025 school year, the interest rate is 5.50%, and the fee is about 1%. With its built-in protections and low cost, federal undergraduate student loans are the best option for students who need to borrow to help meet college costs. Borrowing up to the 4-year limit of \$27,000 will not be too large a burden for young college graduates to repay, even at a starting salary of as little as \$35,000 per year. At this

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annual income level, loan repayments over the typical 10-year term would represent about 10% of monthly pre-tax earnings.

- Those who are sure they will **not** be applying for need-based financial aid but want to take advantage of the low-interest federal student loan program will still need to file the FAFSA to initiate the process. To be sure your child's college application is not put into the "applying for need-based aid" stack, I recommend these steps:
  1. The student should indicate on the college application that they do *not* expect to apply for need-based aid.
  2. By May 1, deposit at the school where the student will enroll.
  3. In May or June, after depositing, your child should file the FAFSA listing only the one school where they are enrolling.
  4. After the FAFSA is processed (1-3 days after submitting), call the financial aid office and inform them that your child plans to borrow federal student loans. They will give you further instructions for completing the process. That leaves ample time to originate and disburse the student loan to the institution before first-semester billing in August.

### **Still Need Help?**

The *Better FAFSA* released in December will not have fewer questions than previous versions, but it will be more interactive, more closely aligned with answers on tax returns, and more straightforward to complete. **Filers should remember that, by law, a third party cannot charge a fee for completing the FAFSA, though general guidance can be part of a larger college or financial aid counseling package.**

The CSS Profile released on October 1 will still be a long, invasive, and intimidating form, requiring several hours to complete, but usability has improved in the last few years.

Filers requiring further assistance can call the helpline phone numbers: 1-800-433-3243 (FAFSA) and 1-844-202-0524 (CSS Profile).

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