

Important Changes Coming to the FAFSA

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If you or a loved one is looking into financial aid for college, you probably know to fill out the Free Application for Financial Student Aid. But you may not know the FAFSA is undergoing major changes in 2016 that could dictate how much aid you receive. February's Wealth Management Insights celebrates Financial Aid Awareness Month by looking at changes to the application process that prospective college students should be aware of.

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You have to apply! Even if you think you may not qualify, you should still submit the FAFSA form. If you don't apply you won't get any aid – need-based or merit.



– Susie Bauer,
529/UIT Manager, Baird

What you should know:

1. Students will be able to apply for financial aid sooner.

- In the past, the earliest you could apply for aid was January 1 of the upcoming school year. Students filling out the FAFSA before the taxes were filed would need to estimate tax return data and update their application later.
- Starting with the 2017–2018 school year, you can file for financial aid three months sooner – on October 1, 2016 – using financial information from your 2015 tax return.
- Because aid will be determined by “prior-prior” year data (2015 financial data for the 2017–2018

school year, for example), the most important years of income for determining financial aid will be between sophomore year of high school and sophomore year of college.

2. Starting with the 2016–2017 school year, colleges will no longer be able to see what other schools you're applying to.

- Students filling out the FAFSA can list up to 10 colleges to receive their financial details.
- Schools have based their decision to award aid on where they appear in that list. A college in the middle of the pack, for example, might assume it's not a top choice and decline to offer aid. ▶

- Although schools will no longer have access to the list, state agencies still will. Students applying for state aid may benefit from listing state schools first.

3. When you submit your FAFSA matters.

- Though the FAFSA submission deadline is still June 30 of the school year for which you are applying, it's typically better to apply as early as possible. Schools often award aid on a first-come, first-served basis.
- The FAFSA application date is the date of record when it comes to such factors as available assets and marital status.
- The amount of money families can shield from financial-aid determinations is shrinking. For the 2013–2014 school year, families could exclude \$36,200 from Expected Family Contribution calculations. For 2015–2016, that amount is \$28,200.

What you should do now:

Of course, filling out the FAFSA is only one piece of the puzzle when it comes to securing financial aid for college. Your Baird Financial Advisor can provide guidance on additional steps you can take to maximize college aid eligibility. ■