Big J's Very Brief Guides

# FAFSA and CSS Profile

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Big J Educational Consulting

# THE FAFSA AND CSS PROFILE

October 1 is the first day any student who is a U.S. citizen or eligible non-citizen can access, complete, and submit the necessary financial aid forms for the following school year. The most common of these forms is the Free Application for Federal Student Aid (FAFSA), required by every institution from any student applying for need-based financial aid.

**A second form called the CSS Profile is required by about 170 undergraduate institutions, many of them private and highly selective, though not exclusively. At these schools, the FAFSA is used to calculate eligibility for federal aid only, and the CSS Profile is used to calculate eligibility for institutional aid. A list of schools requiring the CSS Profile can be found here, but it is always best to check directly with each school's financial aid office. This guide will cover how to access and complete both of these financial aid forms.**

## 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 the student's undergraduate career. Some colleges will not consider a request for institutional aid in later years 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 at the same time, which could 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 form, and is still asked on the CSS Profile, allowing colleges to use this data in calculating *institutional aid*.

- Anyone applying for merit aid at institutions that require the FAFSA or CSS Profile for these awards. Although fewer than a handful of colleges require submission of these forms for merit aid, it is best to verify on each college's website or with the admission office if either form is required.

## WHEN TO APPLY FOR FINANCIAL AID

The deadline to submit the forms varies by institution, and each application round (e.g., Early Decision, Early Action, Regular Decision) may have its specific financial aid deadline as well. So it is crucial to check each college's website or to contact each college's financial aid office to verify their deadlines. Missing a deadline can seriously jeopardize a student's eligibility for aid. **It is the student and family's responsibility to know your deadlines.**

Since the FAFSA and CSS Profile are designed to be submitted once online listing all colleges requiring the form, it is best to submit them **prior to the student's earliest financial aid deadline.**

## THAT PESKY FINANCIAL AID QUESTION ON THE COLLEGE APPLICATION

Most college applications ask, "Do you expect to apply for need-based financial aid?" It is important that the student's answer be accurate and truthful. If you expect to apply, this box should be checked "yes." If you don't expect to apply, the box should be checked "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 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 not to play games and to let the institution know from the start whether or not the student will be applying for need-based aid.**

## THINGS TO DO BEFORE THE FAFSA IS SUBMITTED

Before the student submits their FAFSA, make sure your base year tax returns have been submitted and processed. The base year is two years prior to the year the student enrolls in college—2024 for a student enrolling in 2026. But even if you cannot submit your tax returns on time, **do not miss the financial aid deadlines at your child's colleges.**

Before a student can log in to begin their FAFSA, they will need a Federal Student Aid Identification Number (FSA ID), which can be created here. Parents will receive an invitation to complete their section once the student has entered their name and email address into the FAFSA. Each person required to enter information into the FAFSA is called a **contributor**, explained in this box:

### FAFSA Contributors

For a dependent student completing the FAFSA, the following family members will be required contributors:

- The student
- If the student's parents are married and filed their tax returns jointly, one of the two parents
- If the student's parents are married (or unmarried and living together) and filed their taxes individually, both parents
- If the parents are divorced or separated, the single parent who has contributed more financially to the student during the prior 12 months
- If the parent contributor is remarried and filing their taxes individually, both the parent and the stepparent

**Important:** If a contributor does not have a Social Security number, they can still complete their portion of the FAFSA.

## DIVORCED OR SEPARATED PARENTS

If the biological or legal parents are divorced or separated (and not remarried), the parent who contributed more to the student financially during the prior 12 months is the exclusive parent contributor, and the other parent is ignored by the FAFSA. This is an important improvement over the previous FAFSA that stipulated the "custodial parent," defined as the parent with whom the student spent more time during the prior 12 months, was the parent who needed to report their financial information on the FAFSA. This created a giant loophole that shielded many wealthy parents from reporting income and assets.

## FAFSA ACCESS TO FEDERAL TAX INFORMATION

The FAFSA will download the family's tax returns using a tool called the FUTURE Act direct data exchange (FA-DDX). The student and all contributors must provide their consent and approval to enable this download into the FAFSA. Providing consent even applies to contributors who don't have a Social Security Number, who didn't file their tax returns, or who filed taxes outside the U.S.

There are several instances in which manual entry of tax information will still be required:

- Foreign earned income exclusion amounts
- Individuals who were married and filed jointly with the IRS  but who are no longer married when completing the FAFSA, or who have remarried
- Individuals who only file foreign tax returns

## STUDENT AID INDEX (SAI)

The Student Aid Index (SAI) is the single number produced at the end of the pages-long FAFSA formula that sits beneath the form's interface. It is this number that determines the student's eligibility for federal aid and eligibility for institutional aid at colleges that don't use a separate institutional form like the CSS Profile.

Here's how it works. Suppose a student has learned that their SAI is $30,000. One of the schools on her list is Big J University, which is not a CSS Profile school, has a total annual cost of attendance (COA includes tuition, fees, room & board, books, and personal expenses) of $80,000, and historically meets 100% of demonstrated need. What is the approximate financial aid award this student will receive at Big J University?

| | |
|---|---|
| **Need** | **= COA - SAI** |
| Student's need at Big J U | = $80,000 - $30,000 |
| | = $50,000 |
| Financial aid award | = $50,000 x 100% |
| | = $50,000 |

Her financial aid award at Big J U will look something like this:

$5,500 - federal student loans (maximum for a 1st year student)
$3,000 - campus employment (approximation of campus job earnings)
$41,500 - institutional grants and scholarships
$50,000

## FAFSA SUBMISSION SUMMARY

The FAFSA Submission Summary is generated after the student's FAFSA is processed. It contains the student's SAI and will be shared with the student and each institution listed on the FAFSA, but not with the parent/s. **Parents, be sure to learn this number from your child!**

## DIVISION BY NUMBER OF SIBLINGS IN COLLEGE

One of the most criticized changes to the new FAFSA unveiled in 2024-2025 concerns the number of siblings in college. The old federal methodology divided the parent assessment by the total number of siblings in college. In other words, if a student had an Expected Family Contribution (called EFC, the precursor of the current Student Aid Index) of $30,000 and a sibling decided to attend college as well, each sibling would have an EFC of $15,000, keeping the total cost of college to the family roughly the same. That rule is gone, significantly increasing the potential financial burden on families with multiple children in college.

But there is some good news here. First, this change to the FAFSA applies to federal aid only (i.e., Pell Grants, SEOG grants, and federal direct loans), not institutional grants and scholarships, often the largest source of aid. The FAFSA form still asks the question about the number of siblings in college, even though it is no longer a factor in the underlying federal aid methodology, so colleges will still see this information, and they are free to dispense institutional aid however they please. Some colleges—primarily those who use the CSS Profile in addition to the FAFSA—will continue to take the number of siblings in college into account in the calculation of institutional aid, though it may require an appeal of the initial award.

## GRANDPARENT 529 SAVINGS PLANS

Another significant change to the new FAFSA is that it no longer asks the following question:

> *Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form. This includes money that is received from a parent or other person whose financial information is not reported on this form and is not part of a legal child support agreement.*

With this question now eliminated from the FAFSA, there is no financial aid penalty for grandparents or others contributing to the student's college costs. **However, the CSS Profile does continue to ask this question about contributions from non-parents, and this could impact a student's aid eligibility.**

## LIST OF COLLEGES IS BIGGER

In past years, a student could enter only ten colleges on the FAFSA. The new form has doubled in size to 20. If the student's list is longer than 20, they can log back in to their FAFSA after it's been processed (usually within 2-3 days of submission), delete the requisite number of schools, and add the additional schools. In-state schools should be entered in the top positions on the list to guarantee eligibility for state financial aid.

## SOME OF THE CHANGES TO FAFSA ASSET REPORTING

- The annual amount of child support received—previously calculated as income in the needs formula—is now reported as a parent asset. This is a positive change for child support recipients since parent assets are penalized at a much lower rate than income.

- Contributors are asked to report the net worth of all family-owned businesses and farms, regardless of the number of employees. This aligns the FAFSA and CSS Profile.

## CSS PROFILE

The list of institutions that require submission of the CSS Profile for institutional need-based aid can be found here, but it is always best to verify with the college itself.

For current high school seniors or transfer students expecting to attend college in the 2026-2027 school year, the CSS Profile can be accessed and submitted at https://cssprofile.collegeboard.org/ beginning October 1, 2025.

## LOGGING IN TO THE CSS PROFILE

We recommend that the student or parent log in using the student's College Board account.

The CSS Profile belongs to the student, though often an adult will complete it on the student's behalf. It is more complex and invasive than the FAFSA, and will take more time to complete.

Unlike the FAFSA, each biological parent and stepparent needs to be listed on the CSS Profile. In cases of separation or divorce, the noncustodial parent will usually be sent a link to complete their own CSS Profile. Neither parent will see the other's financial information.

## COMMON MISTAKES WHILE COMPLETING THE FAFSA AND CSS PROFILE

- 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. Student assets are assessed at a much higher rate (20% by the FAFSA and 25% by the CSS Profile) than parent assets (5.64% by the FAFSA and 5% by the CSS Profile).

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

## WHAT ABOUT EARLY DECISION AND EARLY ACTION APPLICANTS?

Early Decision and Early Action college application deadlines have remained largely unchanged from past years, typically October 15, November 1, or November 15. Since the FAFSA and CSS Profile are designed to submit once online listing all colleges to which the student is applying for aid, best practice is to submit these forms prior to the earliest deadline on the student's list.

## BORROWING FEDERAL STUDENT LOANS

Families who are 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 about fifty institutions—most of them highly selective—that have replaced these loans with institutional grants in their financial aid awards.

For dependent undergraduate students, the annual loan limits are $5,500 for freshmen, $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 who plan to borrow federal undergraduate loans for the 2025-2026 school year, the interest rate is 6.39% and the fee about 1%. With its built-in protections and low cost, these federal loans are the best option for students who need to borrow to help meet college costs.

Borrowing the 4-year maximum of $27,000 will not be too large a burden for a young college graduate to repay, even at a starting salary of as little as $35,000 per year. At this income level, even if the interest rate remains this high for the next four years, loan repayments over the 10-year term would represent less than 8% of monthly pre-tax earnings if parents pay the monthly interest on the unsubsidized portion of the loan. Those who are sure they will not be applying for need-based financial aid but who nonetheless want to take advantage of the low interest federal student loan program will need to file the FAFSA to initiate the process. To avoid the appearance of applying for need-based financial aid, and to make it clear that your child is a "non-need" applicant who may be advantaged in the admission process, we recommend these steps:

1. The student should indicate on the college application that they do not expect to apply for need-based aid.

2. The student should not submit the FAFSA prior to any institution's deadline.

3. By May 1, be sure to deposit at the school where the student will enroll.

4. In May, your child should file the FAFSA listing the one school where they will enroll.

5. Once your child's FAFSA is processed (usually 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 instructions on how to complete the process, which will provide the loan servicer plenty of time to originate and disburse the loan to the institution prior to August's registration deadline.

## STILL NEED HELP?

It is important to know that the FAFSA Simplification Act prohibits any third party such as a CPA or financial aid advisor from charging a fee to assist with FAFSA preparation. However, general guidance on completing the FAFSA can certainly be included in a larger package of college counseling or financial aid advising.

The FAFSA and CSS Profile forms have embedded explanations for most questions. If these explanations are insufficient, the FAFSA toll-free number is 800-433-3243. The CSS Profile domestic help line is 844-202-0524.

**Submitting financial aid forms correctly and on time will guarantee that a student will maximize their chances of receiving financial assistance.**