



On Course | January 31, 2024 | Volume 24, #1

Welcome. We at Compass Planning continue to appreciate your support. Thank you.

Lauren Melendez of NBC10 Boston recently [interviewed me](#) about the newly revised Free Application for Federal Student Aid form, better known as FAFSA®. This month, we're outlining key information that prospective and current students and their parents need to know. Because the last update by the U.S. Department of Education happened in the 80s, the changes are causing some problems, as you might expect.

If you missed our series on retirement, you can still access the issues. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you would like assistance planning for college and understanding how FAFSA will affect you, we are here to help you stay *On Course!*



Jennifer Lane, CFP



Completing the FAFSA regardless of what you expect the results to be is a good idea and a good learning experience for your student. Be sure your child fills out the FAFSA with information you provide. Modern life is a process of paperwork, and it's time your student is exposed to it.

Get more tips in Jennifer's book

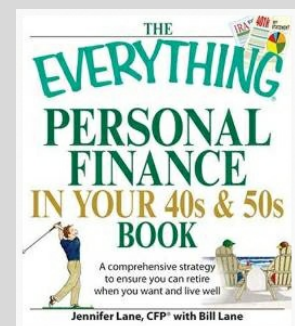
Free Application for Federal Student Aid

Updated for 2024-2025

Colleges and career schools use the FAFSA® form to determine how much financial aid students are eligible to receive, which could include grants, scholarships, work-study funds, and loans.

Why the update

- Almost everyone who attends college uses the FAFSA to apply for



federal financial aid. The long and complicated form is daunting and has challenged students and parents alike for years.

- The last time the Department of Education (DOE) did such a large update was in the 80s. The objective for this revision is to make it easier for students and parents to apply, to encourage more students to go to college, and to provide more lower income students with [Pell Grants](#).
- Note that the FAFSA normally is available in October. Because of the revamp, the FAFSA online application became fully active only in early January. According to [StudentAid.gov](#), the schools will receive their FAFSA eligibility information starting in late January 2024. The sooner you can complete it, the better.

Key changes

- The IRS will load financial information directly into the form, eliminating tax questions.
- The form has fewer questions and the ability to send the form to 20 institutions.
- The Expected Family Contribution changes to the Student Aid Index and has a different formula that, among other things, removes the benefit for families with multiple students in college.

Inflation and income problems

- The DOE failed to update the price index on the new form, which may lower the amount of aid some students will receive. The application kept the inflation level from April of 2020 rather than April of 2023, which is about 18 percent less than it would have been with the 2023 amount.
- The legislature wanted the DOE to ignore about 20 percent of income, which did not happen, seriously affecting the amount of student aid that a student might be eligible for.
- The most likely affected are the middle income students. The update focuses more on very low income students so they should not be seriously affected. The upper income students have likely saved for college so it should not affect them as much.
- Middle income families might be looking at calculations that include \$6,000-10,000 more income, which can result in another \$3,000-4,000 that the student will be responsible for.
- It may be the case that many middle income families will have to supplement with private loans.

What to do

- Even if you think your student is unlikely to get aid, complete the FAFSA anyway. You might be surprised.
- Keep a watchful eye for FAFSA deadlines through the individual websites of the schools you are interested in.
- Because the colleges and universities make financial aid decisions based on the FAFSA as well as other internal information and objectives, we don't yet know what they will do.
- The most important thing your student can do is keep in communication with the financial aid office. Remember that student requests for information will inundate the office, so be understanding of the pressure they are under as you continue to stay in touch.
- It is always worth asking, just in a kind and nice way.
- One possibility of help is that the Biden administration will continue to focus on reducing student loan debt relief as well.

Helpful Websites

[Federal Student Aid](#)

[FAFSA Application](#)

[Federal Student Aid Estimator](#)

[Soft Launch of the 2024–25 FAFSA® Form](#)

[What's Changed for the 2024–25 FAFSA® Form?](#)

Below are links to Jennifer's frequent contributions to financial planning articles.

- **!!New!! NBC10 Boston interviewed Jennifer to learn about college financial aid and the new FAFSA form. Click [here](#) to watch.**
- Jennifer contributed to an article for **USA Today** on managing credit card debt. Click [here](#) to read **Debt snowball vs. debt avalanche: The best way to pay off credit card debt.**
- NBC Boston turned to Jennifer for advice and tips on what to do if you win big in the lottery. Click [here](#) to watch or read the segment.
- Jennifer contributed to a WBUR Radio Boston segment, **How to Look Before You Leap into the "Great Resignation."** Click [here](#) to listen.
- NBC10 consumer investigative reporter Leslie Gaydos interviewed Jennifer for savings tips. For a great video, **How to Save \$1,000 in 5 Months**, click [here](#). For the written article, click [here](#).
- Jennifer contributed to a timely article, **How to seek forbearance on your mortgage**, for **The Boston Globe**. [Read article.](#)
- If you're interested in dividend funds, Jennifer contributed to **The New York Times** article, **Dividend Funds Can Add Income, and Risk, to Your Portfolio.** [Read article.](#)
- Jennifer contributed to a **BankRate** article, **Should I combine my mortgage and student loans?** [Read article.](#)
- Need help with your 401(k) during the pandemic? Jennifer contributed to a **Boston Globe** article, **Five tips for managing a 401(k) during the pandemic's turbulence.** [Read article.](#)
- Jennifer contributed to the **Bottom Line Inc** article **Prepare your Finances for a Possible Recession.** [Read article.](#)
- Jennifer contributed to **The Wall Street Journal** article **If Saving During a Pandemic Is Hard, Here's How to Stay Motivated.** [Read article.](#)
- The **New York Times** featured Jennifer in an article titled, **Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful.** [Read article.](#)
- With a contrarian view, Jennifer contributed to an article, **People are enraged by the idea that you should have twice your salary saved by the time you're 35!** published recently by **Business Insider.** [Read article.](#)
- Moving in together? Check this article from **Business Insider**, **Five questions you and your partner should answer before taking the biggest step in your relationship.** [Read article.](#)
- **Insider** asked Jennifer to contribute to an article on old fashioned ways to manage your money, **Six money-saving tips your grandma used that are way more effective than any budgeting app.** [Read article.](#)
- Jennifer contributed to an article on **Business Insider**, **This is the best way to do your taxes online - according to experts.** [Read article.](#)
- **CNN Money's** Money Moves featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article.](#)
- Jennifer contributed to a **CNN Money** article **When is the Right Time to See a Financial Advisor?** [Read article.](#)

Compass Planning News

- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email info@compassplanning.com to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our fee-only, client-centered approach provides education and guidance for achieving financial goals and dreams.

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