

Federal Financial Aid

Presented by your friendly colleagues at the
Indiana Student Financial Aid Association (ISFAA)



Counselor Workshops 2025

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Topics of Discussion

- ♦ Federal Student Aid Account (FSA ID)
- ♦ FAFSA 2026-27
- ♦ OB3 – One Big Beautiful Bill Act
- ♦ Avoiding Bumps in the Road



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Federal Student Aid Account

FSA ID



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FSA ID Required

Create account at: studentaid.gov

- Account required & unique to each person/contributor
 - Student
 - Parent 1
 - Parent 2 (if applicable)
- FSA ID is required to sign in & complete the FAFSA due to the consent requirement



Create an Account

Whether you're a student, parent, or borrower, you'll need to create your own account to manage the student loan journey.

[Get Started](#)

Already have an account? [Log In](#)

What You Can Use Your Account For

- Filling out the Free Application for Federal Student aid (FAFSA®) form
- Signing your Master Promissory Note (MPN)
- Applying for repayment plans
- Completing loan counseling
- Using the Public Service Loan Forgiveness (PSLF) tool

What You'll Need

- Social Security number
- Your own mobile phone number and/or email address

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FSA ID – with SSN

Real-time match with Social Security Administration

- SSN confirmed immediately
- No delay in FAFSA access
 - Can start the FAFSA right after creating an FSA ID
 - Provide consent
 - Sign & submit the form



Your Account Was Successfully Created

What's Next?

Your Information Was Successfully Verified
Your account has successfully been created and your personal information has been verified with the Social Security Administration (SSA).

Remember to Save Your Backup Code
Your backup code lets you access your account in the event that you cannot use any other two-step verification method.

Your Backup Code is:

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FSA ID – no SSN

Parent Contributor(s) without an SSN must still create an account (FSA ID)

- Select the option “What if I don’t have a Social Security Number” and check the box
- Will get a warning box to confirm no SSN
- Finish FSA ID creation
- Can immediately complete their contributor portion of the FAFSA

Note:
Students without an SSN still can’t file the FAFSA



Warning: You must enter an SSN if you have one

If you create an account without a Social Security number (SSN) when you actually have one, you can be prevented from completing or contributing to a FAFSA form. You can also experience delays in receiving your identity and be prevented from contributing to other applications on studentaid.gov.

You should only continue creating an account without an SSN if you do not have an SSN and one of the following statements is true for you:

- I am a citizen of the [United States](#) and need to complete the FAFSA® form online.
- I am a parent or spouse of a student who is applying for aid, and I do not have an SSN.

[I don't have an SSN](#) [I do have an SSN](#)

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Two-Factor Authentication



- Authentication required when first created & each time account accessed.
 - ✦ Text
 - ✦ Email
 - ✦ Authenticator App
- Reminders:
 - ✦ Used to retrieve forgotten usernames or to reset passwords.
 - ✦ Students should **NOT** use school email address.



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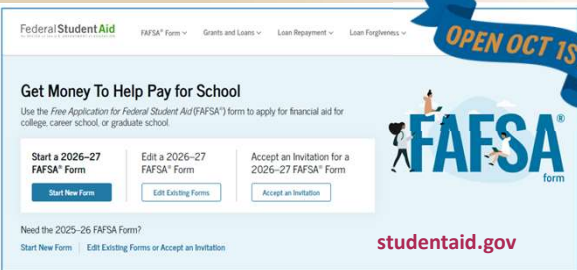
FAFSA 2026-27



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FAFSA 2026-27



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FAFSA Reminders, Upgrades & Changes

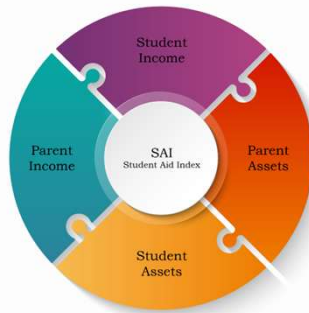
- SAI (Student Aid Index) & Pell Grant
- Consent is required for aid eligibility
- Best way to start the FAFSA
- Who is a parent?
- Contributor invitation is new & improved
- FADDX – what is it and is it working?
- Assets – what is included this year?
- Foreign income exclusion becomes inclusion

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SAI

- Ranges from:
 - ◆ -1500 to 999999
- Index used by the college to determine the financial aid offer
 - ◆ No longer directly determines Federal Pell Grant eligibility



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Federal Pell Grant

Pell for dependent students is determined based on:

- ◆ Whether the parent(s) filed a federal income tax return
- ◆ The Adjusted Gross Income (AGI) of the parent(s) is less than or equal to a percentage of the poverty guidelines
 - ◆ Based on marital status, family size & state of legal residence

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Pellionaire No Longer





One Big Beautiful Bill changed Pell eligibility

- Student with SAI > 2 times max Pell no longer eligible
- ✦ Current max Pell Grant is \$7,395
- ✦ SAI over \$14,790 not eligible

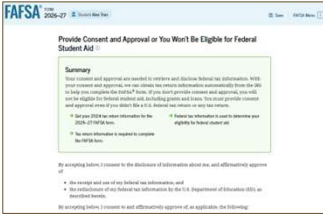
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Consent is **REQUIRED**

Regardless of whether the student and/or parent(s) filed taxes, consent is **required** for everyone!

- ✦ NO consent = NO federal or state financial aid eligibility
- ✦ FAFSA will reject & no SAI will be calculated

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Starting the FAFSA

Strongly encourage the student to start the FAFSA

- ✦ Smooth and clean process
 - ✦ Student invites parent contributor who completes their section & invites any further contributors as needed
 - ✦ Each contributor provides their own required information (including consent), signs & submits their individual section
 - ✦ Last contributor submits the form

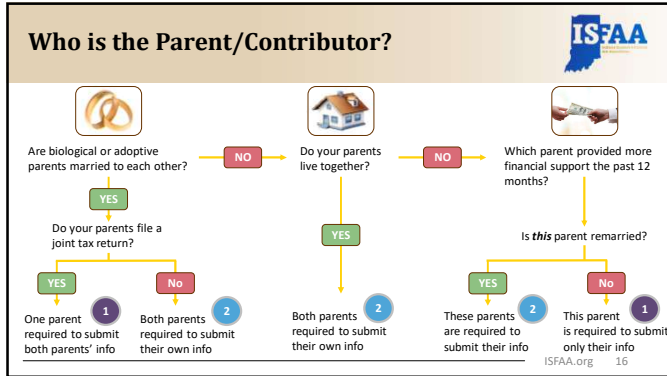
Note: While a student or parent can enter information for the other person, it is **NOT** encouraged due to consent requirement.



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Invite Parent Contributor

NEW & IMPROVED

Invitation process simplified!

- Student simply enters an email account for parent contributor
 - Only needs to invite one contributor.
 - Email does NOT have to match the contributor's FSA ID information.

Invite Your Parent to This FAFSA® Form

To determine your student aid eligibility, we need more information on your household financial situation. You'll need to invite a contributor to provide this information.

As a dependent student, you need to invite a legal parent as a contributor. You only need to invite one parent. We may ask them to invite their spouse or partner.

[Who counts as a parent on the FAFSA form?](#)

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Parent Access

Contributor receives invite email

- Accept invitation
- Log in using FSA ID
- Enter invitation code
- Confirm agreement to share information on student's FAFSA

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FADDX

Future Act Direct Data Exchange (FADDX)

- 2024 tax information pulled directly from IRS by U.S. Department of Education behind the scenes

FAFSA 2024-25

We're securely importing your information.

Do not leave this page while your information is being imported into your application.

Importing

2024 TAX INFORMATION

Reminders

- Process run even if no taxes filed
- May see message below if no tax info found
- Requires manual entry of any tax or income information

⚠ Sorry, data could not be retrieved. Select "Continue" to proceed.

We were unable to retrieve your financial information from the IRS, so you'll need to enter it yourself in the Financial section.

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Assets

Clarification of what counts and what can be excluded

- Child support received in the last complete calendar year
- Cash, savings & checking
- Net worth of investments
 - Real estate **other than** the primary residence of the family
 - Education savings/529 plans still counted as parental asset but **ONLY** if the account is designated for the student
 - EXCLUDE:** retirement accounts: 401(k), 403(b), pensions, IRA's, etc.
 - EXCLUDE:** value of life insurance

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Assets

Clarification of what counts and what can be excluded

- Net worth of a business or investment farms
 - EXCLUDE:** net worth of a family-owned business with 100 or fewer full-time equivalent employees
 - EXCLUDE:** net worth of farm on which the family resides

REINSTATED FOR 2026-27

Note:

Net worth is the current value or market value minus the debt related to that asset

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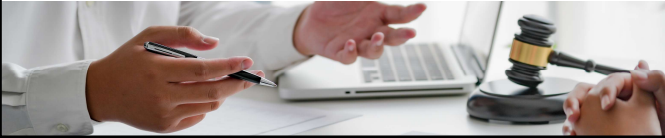
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Foreign Income Exclusion



Change for 2026-27

- Foreign income exclusion on FAFSA now added to adjusted gross income (AGI) in determining Pell grant eligibility.
 - Part of the One Big Beautiful Bill Act
 - Previously college financial aid offices had to determine whether to include.



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One Big Beautiful Bill Act

OB3 Impact on Financial Aid Programs



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OB3 – Just for Fun



OB3 – Known as Obi-Three

- Backstory
 - OB3 was constructed in the waning years of the Clone Wars by a group of Jedi engineers as an “Observer-class” droid, meant to safeguard Jedi history and assist with galactic exploration. After Order 66, OB3 went into hiding, wandering the galaxy and quietly gathering lost Jedi knowledge.
 - By the era of the New Republic, OB3 had become a mysterious figure: a droid carrying secrets of the Jedi Order, sought by both remnants of the Empire and Force-sensitive wanderers.



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OB3 – Just for Fun

OB3 – Interesting traits

- ✦ Appearance
 - ◆ Optical lenses that switch between the analytic (blue) and combat mode (red).
 - ◆ Etched characters along the chest plating, translating to “Knowledge is the path.”
- ✦ Personality
 - ◆ Has a dry, sarcastic wit
 - ◆ Occasionally misquotes Jedi wisdom, creating unintentional humor.
 - ◆ Catchphrase: “Probability suggests you’ll regret this decision.”



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Negotiated Rulemaking (Neg Reg)



Negotiated Rulemaking Process

- ✦ U.S. Department of Education negotiates with affected interest groups on proposed regulations
- ✦ Two possible outcomes
 - ◆ Consensus: the rule is implemented as it was negotiated.
 - ◆ No consensus: the government agency determines the final rule

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Two Neg Reg Committees

Reimagining and Improving Student Education (RISE) committee

- ✦ Considering the changes to the federal student loan programs
 - ◆ Phase out of Graduate PLUS Loan program
 - ◆ Parent PLUS Loan annual (\$20K) & aggregate (\$65K) limit changes
 - ◆ Graduate & professional student annual (\$20.5K/\$50K) & aggregate (\$100K/\$200K) limit changes
 - ◆ Federal loan lifetime limits
 - ◆ Allowance for institutions to lower loan limits at the program level
 - ◆ Loan proration based on student enrollment status if less than full-time
 - ◆ New standard & new income-based repayment plans
 - ◆ Adjustments to loan rehabilitation, deferment and forbearance options

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Two Neg Reg Committees



Accountability in Higher Education & Access through Demand-Driven Workforce Pell (AHEAD) committee

- Considering institutional & program accountability, Pell Grant program, & other changes to Title IV programs
 - Institutional accountability regarding academic program earning outcomes
 - Program eligibility requirements for new Workforce Pell Grant
 - Review Pell Grant eligibility
 - Student with other scholarships/grants that cover their cost of attendance
 - Students with high SAI that exceeds twice the maximum Pell Grant award
 - Inclusion of foreign tax exclusion in AGI

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End Results? **TBD**



The outcomes & impact won't be known for a while

- Steps after the committees complete negotiations
 - U.S. Department of Education publishes a proposed rule
 - Public allowed to provide comments
 - Department reviews comments & publishes final rule
 - Timing of final rule determines when the regulations go into effect

DEVELOPS RULE

PROPOSED RULE

PUBLIC COMMENT

FINAL RULE

Negotiated rulemaking committee develops consensus proposed rule

Agency publishes proposed rule in the Federal Register

Agency holds public comment period

Agency publishes final rule in the Federal Register

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Avoiding Bumps in the Road



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Avoid Bumps in the Road



- **Unsubsidized loan question**
 - ✦ Only answer yes if parent(s) unwilling to provide info & no unusual circumstances exist
 - ✦ “Yes” answer means student eligible for an unsubsidized student loan only
- **Encourage families to have their tax info available when filing**
 - ✦ If FADDX doesn’t find information, then taxes will need entered manually
 - ✦ Incorrect or missing tax information can delay processing by colleges

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Avoid Bumps in the Road



- **Only enter tax information manually if required**
 - ✦ Manually entered data supersedes the IRS transferred data, which can cause conflicting information & processing delays.
- **Have homeless or unusual circumstances documentation ready**
 - ✦ Student will be given a provisional independent status but will need to work with college financial aid office for appropriate documentation
- **Accurate family size is important**
 - ✦ Assumed based on 2024 tax exemptions; if different enter it on the FAFSA
 - ✦ May get selected for verification, but better to have it accurate

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Avoid Bumps in the Road



- **Encourage student to track FAFSA status under “My Activity” tab**
 - ✦ Student can log into studentaid.gov site to confirm required contributors have completed and submitted their section
 - ✦ Confirming submission ensures deadlines are met & maximizes eligibility for scholarships & grants
 - ✦ Review the FAFSA Submission Summary to see if there are any errors or issues once the application is processed
- **Ask questions!**
 - ✦ If unsure about any part of the FAFSA or financial aid process, simply ask!

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Questions?



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