FAFSA 2026-2027

Your Complete Application Guide

The Free Application for Federal Student Aid just got easier—and more complex. This guide explains the major changes, helps you maximize ald, and walks you through the application step by step.

U.S. DEPARTMENT OF EDUCATION

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PAY TO THE ORDER OF State University—Financial Aid Office

$ 8.750.00

2026-27 FAFSA Grant Award

DOLLARS

MF 262 FA+SA GRANT AWARD

AUTHORIZED FEDERALDISURSEMENT

£500000000124

WHAT'S INSIDE:

- 2026–27-FAF3A changes explained
- Step-by-step application checklist
- Student Aid Index (SAI) calculator
- Parent PLUS loan comparison chart
- State-by-state deadline table

Key Changes at a Glance

36

Questions

(down from 108+)

$0

Cost

(always free)

100

Employee Threshold

(small business exemption)

September 24, 2025

Earliest FAFSA launch ever

June 30, 2027

Federal deadline (state deadlines MUCH earlier!)

$20,000 Annual / $65,000 Lifetime

New Parent PLUS loan caps starting July 1, 2026

84%

High school seniors completing FAFSA are this much more likely to attend college immediately

What's New: Major Improvements

01

Earliest Opening Date Ever

Opened September 24, 2025, giving families more time to plan and allowing states/colleges more processing time for first-come, first-served aid programs.

02

Dramatic Simplification

Reduced from 108 to approximately 36 questions, eliminating unnecessary complexity and focusing on essential financial information only.

03

Instant Identity Verification

Students with valid Social Security numbers are verified immediately (previously took 3-5 days), allowing immediate application completion.

04

Direct Data Exchange (DDE)

Automatically imports IRS tax information, eliminates manual data entry errors, and requires explicit consent from all contributors.

05

Mobile-Friendly Design

Complete the entire application on phone or tablet with responsive design for all devices.

Critical Changes: Asset Exemptions

The Good News: The federal policy now excludes the net worth of certain illiquid operational assets, providing relief for small business and farm owners.

✅ DO NOT REPORT (Net Worth Excluded):

- Small family-owned business net worth (≤100 employees)
- Family farm net worth (where family resides)
- Family-owned commercial fishing operation net worth

❌ MUST ALWAYS REPORT (Income NEVER Excluded):

- ALL income from these businesses/farms/operations
- Owner salaries, net business profits, S-Corp distributions
- Crop/livestock sales, agricultural program payments
- Catch proceeds, contract payments, charter fees

EFC to SAI: Major Impact

The Expected Family Contribution (EFC) has been replaced by the Student Aid Index (SAI). This is NOT just a name change—the calculation formula is fundamentally different.

> 🗒 **Key SAI Features:**
>
> - Can go as low as -$1,500 (indicates maximum need)
> - Based on simplified income assessment
> - **ELIMINATES the division for multiple students in college simultaneously**

Multi-Student Impact Table:

Family Situation	Old EFC	New SAI	Impact
$15K, 1 student	$15,000	$15,000	No change
$15K, 2 students	$7,500 each	$15,000 each	**DOUBLE**
$15K, 3 students	$5,000 each	$15,000 each	TRIPLE

Parent PLUS Loan Changes

Starting July 1, 2026

New Limits:

- Annual borrowing cap: $20,000 per dependent student
- Lifetime borrowing cap: $65,000 per dependent student
- Previous borrowers (before July 1, 2026) are grandfathered

Major Risk Change:

- **New Parent PLUS loans lose ALL access to Income-Driven Repayment (IDR) plans**
- No safety net for financial hardship
- Locked into Standard Repayment Plan only
- Makes these loans significantly riskier than before
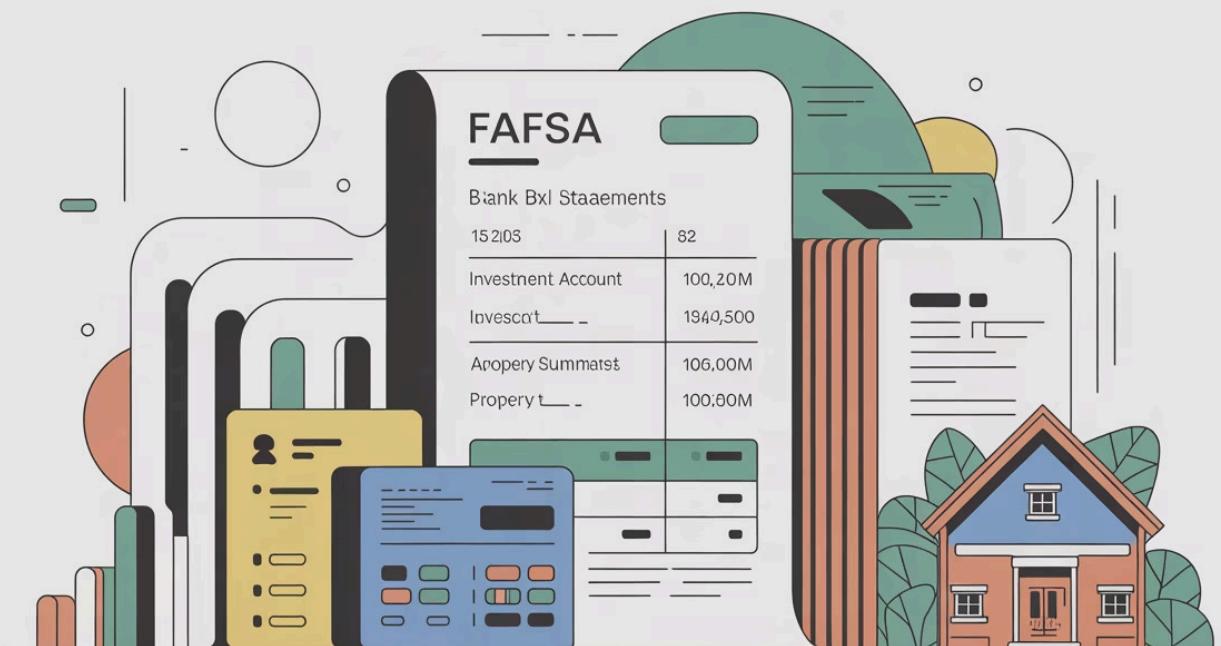
Asset vs. Income Reporting

Assets You MUST Report:

Student: Checking/savings | Investment accounts | 529 plans (if student is owner) | Trusts | Real estate (not primary residence)

Parent: Checking/savings | Investment accounts | Investment real estate | 529 plans | Trusts
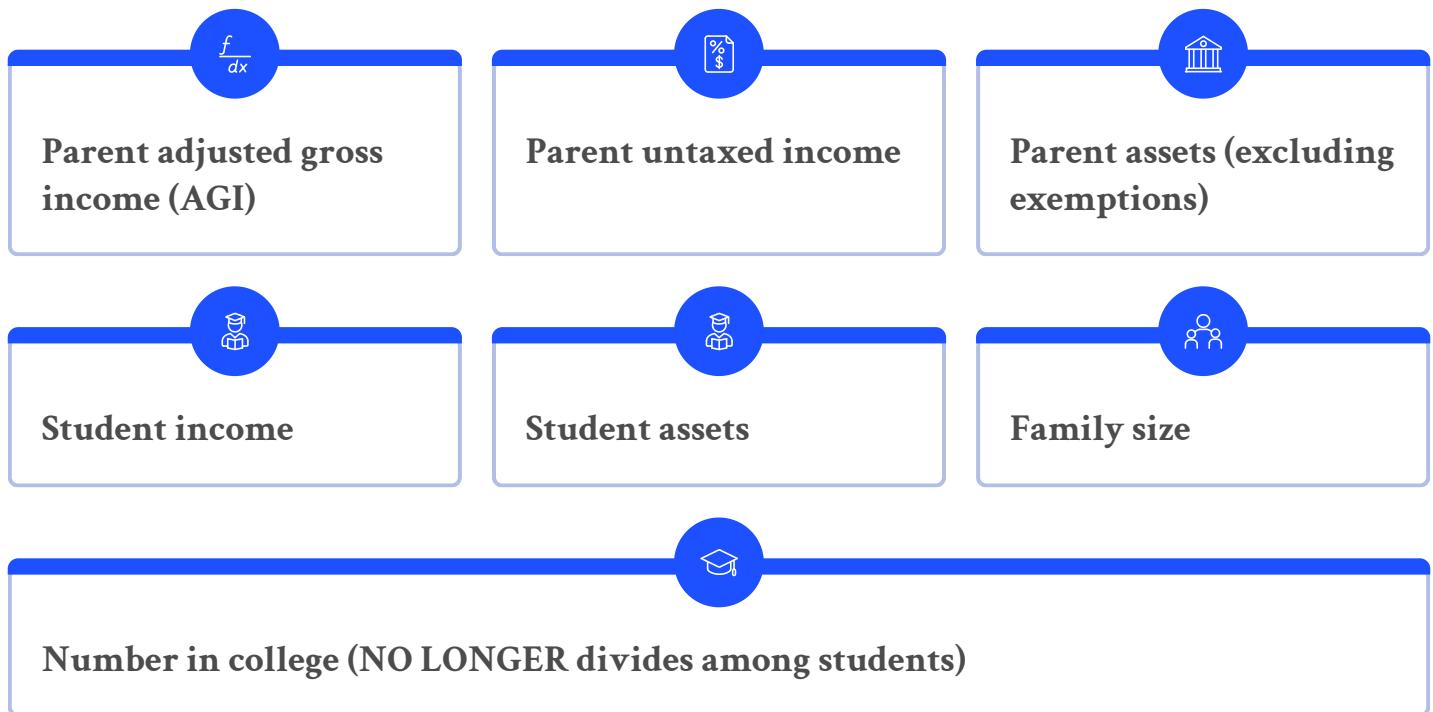
Assets You DON'T Report:

Primary residence | Retirement accounts (401k, IRA, pension) | Life insurance cash value | Qualified small businesses/farms (≤100 employees)

How SAI is Calculated

The SAI calculation considers:

Parent adjusted gross income (AGI)

Parent untaxed income

Parent assets (excluding exemptions)

Student income

Student assets

Family size

Number in college (NO LONGER divides among students)

SAI Calculation Steps

Step 1: Available Income

Parent AGI from 2024 + Untaxed income - Income Protection Allowance - Employment expense - Federal taxes paid = Available Income

Income Protection Allowance (2026-2027):

- Family of 2 (1 in college): $19,690
- Family of 3: $24,520
- Family of 4: $30,340
- Family of 5: $35,800

Step 2: Asset Contribution

Total assets - Asset Protection Allowance = Discretionary Net Worth

Discretionary Net Worth × 12% = Contribution from Assets

Asset Protection Allowance:

Age 40-44: $5,400 | Age 45-49: $9,100 | Age 50-54: $12,800 | Age 55+: $16,200

Step 3: Your SAI

Available Income × Assessment rate (22%-47%) + Asset contribution = SAI

Real-World SAI Examples

1

Single Student, Middle-Income

Family: 2 parents, 2 children (1 in college) | Parent AGI: $75,000 | Parent assets: $30,000 | **SAI: $8,500**

2

Two Students in College

Family: 2 parents, 3 children (2 in college) | Parent AGI: $75,000

- **OLD EFC:** ~$4,250 per student (divided)
- **NEW SAI:** ~$8,500 per student (NOT divided)
- **Aid Impact:** Each student loses ~$4,250

3

Three Students

Family: 2 parents, 4 children (3 in college) | Parent AGI: $120,000

- **OLD EFC:** ~$8,000 per student
- **NEW SAI:** ~$24,000 per student
- **Aid Impact:** Each student loses ~$16,000

Strategies to Optimize SAI

Timing of Income

Use 2024 tax return (Prior-Prior Year). Large bonuses or capital gains in 2024 will increase SAI.

Asset Positioning

Move student assets to parent-owned 529 plans | Pay down consumer debt before filing | Strategize timing of grandparent 529 distributions

Business Structure Review

Ensure business qualifies for asset exclusion | Verify employee count ≤100 FTE | Document family ownership

For Multi-Student Families:

- Appeal to financial aid offices with documentation
- Target schools with strong institutional aid
- Consider staggering enrollment if possible

Parent PLUS vs. Private Loans

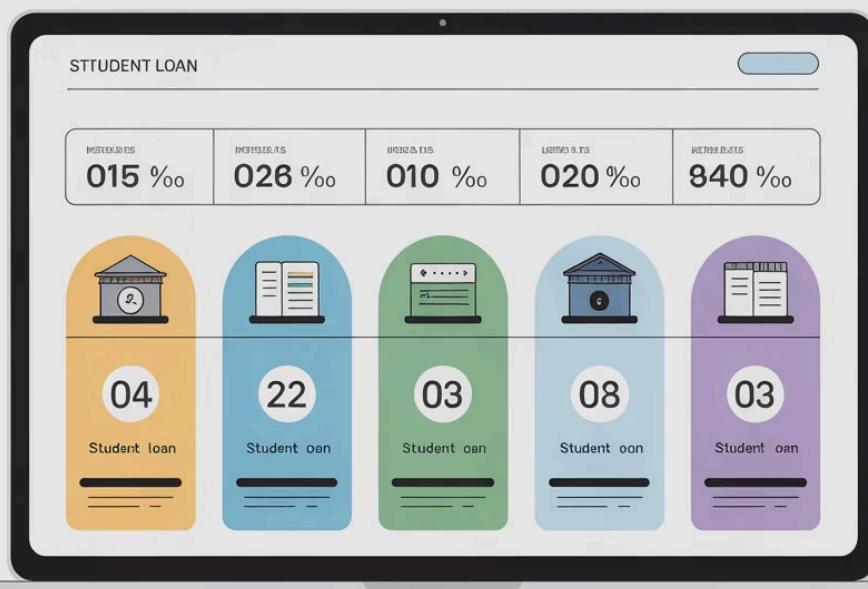| Feature	Parent PLUS (After 7/1/26)	Private Loans
Limits	$20K/year, $65K lifetime	Full cost of attendance
Interest	Fixed ~8.05%	Variable 4-12% or Fixed 5-10%
Origination Fee	4.228%	Usually $0
Credit Check	Adverse only	Full review
IDR Plans	**NOT AVAILABLE**	Not available
Repayment	10-year term	5-20 year terms
Discharge	Yes (death/disability)	Usually no
Cosigner Release	N/A	Often after 24-48 payments

When to Use Each Loan Type

Choose Parent PLUS if:

- Poor/limited credit history
- Need death/disability discharge protection
- Want federal forbearance options
- Won't borrow more than $65,000 total

Choose Private Loans if:

- Excellent credit score (720+)
- Want lower interest rates
- Need to borrow more than caps allow
- Want flexible repayment terms

Hybrid Strategy:

1. Max out federal student loans first
2. Use Parent PLUS up to caps
3. Use private loans for remaining gap

Top Private Lenders (2025-2026)

SoFi

4.99%-12.99% APR | No cosigner release

Sallie Mae

4.50%-13.95% APR | Release after 12 payments

Earnest

4.96%-13.86% APR | Release after 24 payments

College Ave

5.04%-14.99% APR | Release after 36 payments

Citizens Bank

4.96%-14.21% APR | Release after 36 payments

Rates as of Fall 2025 and subject to change. Always compare current rates.

Documents You Need

For All Applicants:

Student SSN | Student driver's license | 2024 tax returns (student and parents) | 2024 W-2s | Untaxed income records | Current bank statements | Current investment statements | Business/farm income records (if applicable)

For Parents:

Parent SSNs | Parent driver's licenses | Parent emails | Parent DOB information

For Divorced/Separated Families:

Financial info for parent who provided more support | Stepparent information | Child support records

Creating Your FSA ID

📝 **Required First Step:** Both student and parent/spouse need FSA IDs

Steps:

01

Go to studentaid.gov/fsa-id/create-account/launch

02

Enter personal information (SSN, name, DOB, email, phone)

03

Create username and password

04

Select security questions

05

Verify identity (instant if valid SSN)

06

Sign electronically

07

Save credentials securely

📝 **Important:** Never share your FSA ID | It's your legal electronic signature | Can take 1-3 days to activate

Completing FAFSA: Sections 1-4

Go to studentaid.gov or fafsa.gov

Section 1: Student Demographics

Basic information, contact info, citizenship status, state of residence

Section 2: Dependency Status

Independent if: Age 24+, married, have dependents, orphan/ward of court, emancipated minor, homeless, or veteran. Otherwise, you're dependent.

Section 3: Parent Information

If married: Both parents | If divorced: Parent who provided MORE financial support (not who you live with) | If remarried: Include stepparent

Section 4: Financial Information

Parent: 2024 AGI, taxes paid, untaxed income, current assets | Student: 2024 income, current assets

Completing FAFSA: Sections 5-7

Section 5: Direct Data Exchange Consent

CRITICAL: All contributors MUST provide consent

- Student must consent

- Each parent must consent

- Stepparent must consent (if applicable)

If someone refuses: Application CANNOT be processed | Student ineligible for federal aid | NO workaround

Section 6: School Selection

Add up to 20 colleges | Use federal school codes | Order doesn't matter

Section 7: Review and Submit

Review carefully | Make corrections | Sign with FSA ID | Submit

After Submission:

Confirmation email immediately | Submission Summary within 1-3 days | Schools receive data within 1 day | Award letters typically February-April
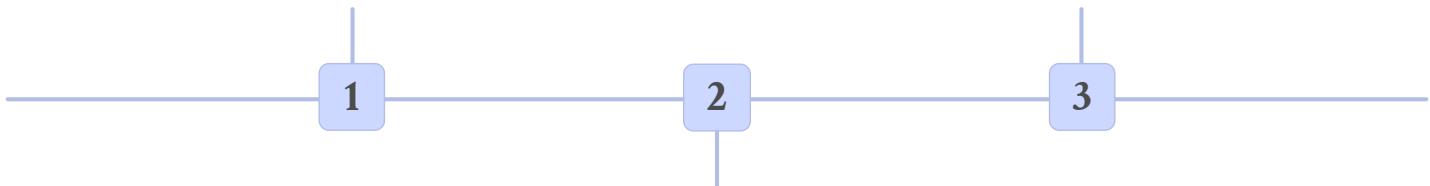
Critical State Deadlines

📄 **Federal: June 30, 2027 - TOO LATE for most aid!**

❌ **EARLY (Jan-Feb):**

Illinois (ASAP) | Tennessee (Feb 1) | Kentucky (Jan 1) | South Carolina (ASAP) | Texas (Jan 15)

✅ **SUMMER (June):**

Florida | Louisiana | Georgia | North Carolina (all June 30)

1   **2**   **3**

⚠️ **SPRING (Mar-May):**

California (Mar 2) | Iowa (Mar 1) | Kansas (Apr 1) | Maryland (Mar 1) | Minnesota (Mar 1) | Michigan (Mar 1) | Missouri (Apr 1) | Montana (Mar 1) | Oklahoma (Apr 15) | Oregon (Mar 1) | Pennsylvania (May 1) | Vermont (ASAP) | Washington (ASAP) | West Virginia (Apr 15)

College Deadlines: Private: Feb 1-Mar 1 | Public: Mar 1-Apr 1 | Community: Rolling

Apply in January if possible, no later than your state's deadline!

Common Mistakes (1-5)

1

Social Security Number Errors

Mistake: Transposed digits, using ITIN | **Solution:** Have SS card ready, double-check

2

Wrong Parent (Divorced Families)

Mistake: Reporting custodial parent | **Solution:** Report parent who provided MORE financial support

3

Missing Contributor Consent

Mistake: Not all contributors consent | **Solution:** No consent = No aid (no exceptions)

4

Reporting Excluded Assets

Mistake: Including qualified business/farm value | **Solution:** Verify business qualifies ($\leqslant$100 employees)

5

Forgetting Business Income

Mistake: Thinking excluded business = excluded income | **Solution:** Business INCOME is NEVER excluded

Common Mistakes (6-10)

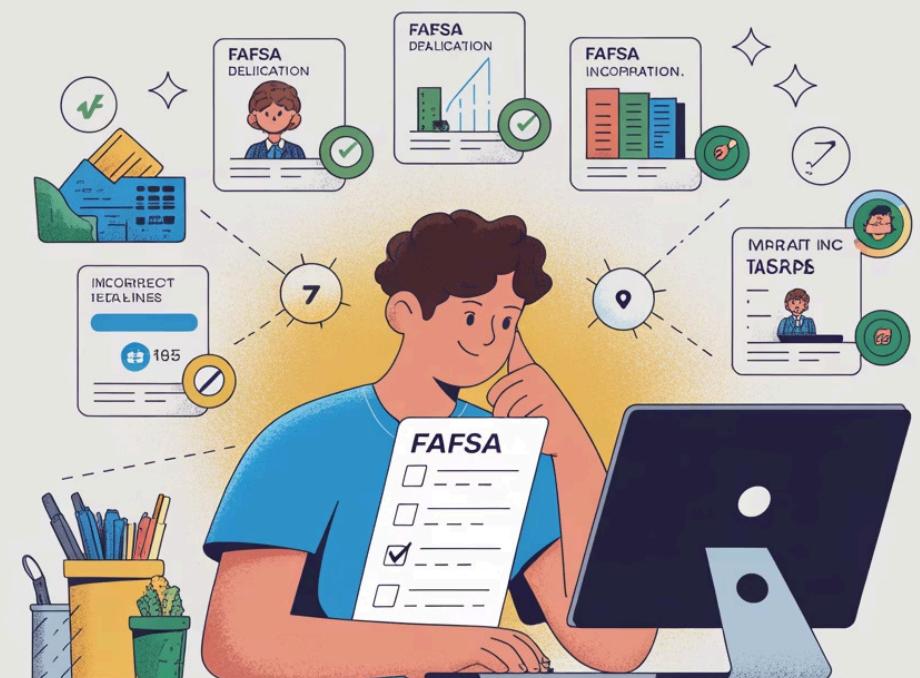| 1	**Skipping the FAFSA** **Mistake:** Assuming you won't qualify | **Solution:** ALWAYS apply
2	**Missing State Deadlines** **Mistake:** Only aware of federal deadline | **Solution:** Check your state's deadline NOW
3	**Not Saving Confirmation** **Mistake:** No record of submission | **Solution:** Save confirmation email
4	**Ignoring Verification Requests** **Mistake:** Not responding to schools | **Solution:** Check email regularly, respond immediately
5	**Not Reapplying Each Year** **Mistake:** Thinking it's one-time | **Solution:** FAFSA required EVERY year

Official Resources & Support

Federal Student Aid:

studentaid.gov or fafsa.gov | Phone: 1-800-4-FED-AID | TTY: 1-800-730-8913 | Hours: Mon-Fri 8am-11pm ET, Sat-Sun 11am-8pm ET

State Aid Agencies:

nasfaa.org/State_Financial_Aid_Programs

Free FAFSA Help (Never Pay!):

High school counselors | College access programs | Federal Student Aid Partners

Special Situations:

- Homeless: 1-800-786-2929
- Foster Care: fostercaretosuccess.org
- Veterans: 1-888-442-4551
- Disabilities: ncld.org

Identity Theft:

Disable FSA ID at studentaid.gov | Call 1-800-4-FED-AID | Report fraud: 1-800-MIS-USED

Your Action Checklist

Immediate (Do Today):

✓ Check your state's deadline

✓ Create FSA IDs

✓ Locate 2024 tax returns

✓ Verify business qualifications

✓ Set calendar reminder

This Week:

✓ Gather all Social Security cards

✓ Collect tax returns and W-2s

✓ Get bank/investment statements

✓ Compile business income records

✓ List colleges with school codes

Application (ASAP):

✓ Confirm FSA IDs active

✓ Complete FAFSA online

✓ Get ALL contributor consent

✓ Review before submitting

✓ Save confirmation

After Submission:

✓ Check for confirmation email

✓ Review Submission Summary

✓ Monitor for verification requests

✓ Compare award letters

✓ Accept/decline awards

Success Strategy

The 2026-2027 FAFSA is easier:

- Fewer questions (36 vs 108)
- Automatic tax import
- Mobile-friendly
- Instant verification

But plan carefully:

- Multi-student families see reduced aid
- Parent PLUS loans riskier after 7/1/26
- Asset exemptions help but income counts

Your Strategy:

01

Apply as early as possible (January ideal)

02

Know your state's priority deadline

03

Use SAI calculators to estimate aid

04

Compare loan options carefully

05

Appeal to schools if needed

06

Never assume you won't qualify—ALWAYS apply

📋 **Get Help:**

Federal Student Aid: 1-800-4-FED-AID | High school counselor | College financial aid offices | Free FAFSA workshops

You've got this!

Final Note

Last Updated: November 2025

Based on 2026-2027 FAFSA Simplification Act Implementation