

Congratulations to the Class of 2024 – the year that will be known as the biggest debacle in college financial aid history. The Free Application for Federal Student Aid received a major overhaul for the 2024-2025 school year. The Class of 2024 certainly had their share of delays- many are still waiting to receive their financial aid award letter. Returning college students may have even longer to wait – and many are receiving surprising news that the aid they received in previous years has changed drastically.

The FAFSA renewal process for continuing students used to be simple - essentially renewing their aid with any updates to income and assets. This year, many returning students have had to practically re-file their FAFSA from scratch - thanks to new requirements such as two-parent verification. The parent responsible for submitting the FAFSA in cases of divorce or separation has changed. Financial information was previously needed from the parent(s) the student had lived with the most in the previous 12 months. With the new FAFSA, financial information will be required from the parent(s) who provided the most financial support to the student. Some students have had to get a parent involved that wasn't part of the application in the past – causing confusion for many families.

The tax verification process is much quicker with the new FAFSA updates – however, it is very difficult to verify what information did transfer to the school. Many families have had to reach out to the financial aid office if they had to make any corrections to the data.

Families have also been surprised to learn that the value of family farms and family owned small businesses are now being taken into consideration in the financial aid calculation. If the family farm includes the principal place of residence, applicants should determine the total net value of all farm assets and subtract the net value of their principal residence to determine the final value of their farm assets.

The FAFSA used to provide the student with their Expected Family Contribution (EFC) – that has been changed to the Student Aid Index(SAI). The SAI is used to determine financial aid eligibility and also determines if a student qualifies for the Michigan Achievement Scholarship. A student will be awarded the scholarship if their SAI is \$30,000 or less.

Due to the many changes to the FAFSA this year, many students have discovered that they will not qualify for the scholarship. Those who qualify could receive: Up to \$2,750 if they attend a Michigan community college, per year, up to three years; up to \$4,000 if they attend a Michigan private college or university, per year, up to five years; and, up to \$5,500 if they attend a Michigan public university or are enrolled in a baccalaureate degree program at a Michigan community college, per year, up to five years.

In addition to the troubles presented by the updated FAFSA form, all college students and their families are also learning that student loan interest rates will be higher this year. The interest rate for Undergraduate Direct Loans this year is 6.53%, up from 5.5% for 2023-24, Graduate Direct Loans are 8.08%, compared to 7.05% last year, Graduate PLUS Loan and Parent PLUS Loans are 9.08%, compared to 8.05%.

If a student requires a private student loan the interest rate is determined based upon the co-signer's credit score. Unfortunately we have seen double digit interest rates for the upcoming year

for some families. It is never too early, or too late to plan for college. There are many strategies that a family can put into place to help make college more affordable.

Please contact our office with any questions you may have. We will be hosting college planning workshops at the local schools again this Fall. In the meantime, we have put together other resources to help families virtually. Contact our office for more details! Take advantage of Michigan College Planning's College Planning workshops to learn more about how to reduce stress, save time and potentially money during the college planning process.

Vicki L. Beam is a college planner at Michigan College Planning located in Traverse City. She encourages questions and comments about future columns. Contact Michigan College Planning at (231)947-0203, by email at vicki@michigancollegeplanning.com and at www.michigancollegeplanning.com.