

WHAT DIVORCE MEDIATORS NEED TO KNOW ABOUT FAFSA CHANGES

BY ANJU D. JESSANI, MBA, APM

If your divorcing clients have children in high school, the subject of college will be on the front burner in the mediation process. You do not need to have a child in college to know that the cost of higher education has outpaced inflation. To attend Rutgers University as a New Jersey resident as a full-time student will cost you approximately \$14,500 in tuition, and \$16,000 in room and board, for a total of \$30,500 (not including fees, books, transportation, and personal expenses). Attending New York University will cost you approximately \$63,000 in tuition and \$25,000 in room and board, for a total of \$88,000. It is no wonder that the issue of college and college financial aid is an important topic for separating and divorcing clients.

Almost all colleges and universities use the FAFSA (Free Application for Federal Student Aid) to determine eligibility for federal student aid. Many private colleges and universities and some public institutions also use the CSS (College Scholarship Service) Profile to award non-federal financial aid. A few colleges and universities have their own financial aid application forms. All forms need to be updated annually. You can find the CSS

form online at

<https://cssprofile.collegeboard.org/>

and the FAFSA form at

<https://studentaid.gov/h/apply-for-aid/fafsa>.

There are no changes to the CSS rules that require that both parents to complete the form if separated or divorced. Previously, only the parent the child lived with more of the time (i.e. the custodial parent) was required to complete the FAFSA. If that parent was remarried, their new spouse's income would be included in their household income. The FAFSA rules changed starting for the 2024-2025 school year for separating and divorcing and divorced clients as follow, and the term custodial parent is no longer used.

FAFSA asks parents to first identify their marital status at the time they are completing the application; the choices are:

- Single (never married)
- Married, including common law marriage
- Remarried
- Separated (this does not include two married persons who are required to live apart—due to a job, military assignment, or similar situation beyond their control)
- Divorced
- Widowed
- Unmarried and both legal parents living together

FAFSA CONTINUED

The Office of the US Department of Education then has a decision tree to identify who now is a “contributor” and needs to complete and sign the FAFSA form. By completing and signing the FAFSA, you also provide consent to have your federal tax information transferred directly into the FAFSA form. Here are some guidelines about which parent is considered a contributor based on the above definitions:

- If parents are married and filed taxes jointly, only one parent is required to be a contributor.
- If both parents are married (not separated) and did not file taxes jointly, both parents are contributors.
- If both parents are not married to each other and live together, both parents are contributors.
- If parents are divorced, separated, or never married, and do not live together, the parent who provided more financial support during the last 12 months is the contributor.
- If both parents are divorced, separated, or never married; do not live together; and provided an exact equal amount of financial support or if both parents did not provide support, the parent with the greater income and assets is the contributor.
- If the contributing parent is now married and did not file taxes jointly with their current spouse, their spouse is also a contributor.

I used to discuss with my clients how parents with high school students might tailor their parenting plan to maximize college support; that is now in the rear-view mirror. The new FAFSA formula could be a game changer for financial aid. The student who once received aid with the custodial parent’s financials, may be deemed less needy with the contributor’s financials considered instead. A cursory review of the social media site Reddit, where people post and comment on topics, indicates that the FAFSA change has created confusion

THE NEW FAFSA FORMULA COULD BE A GAME CHANGER FOR FINANCIAL AID. THE STUDENT WHO ONCE RECEIVED AID WITH THE CUSTODIAL PARENT’S FINANCIALS, MAY BE DEEMED LESS NEEDY WITH THE CONTRIBUTOR’S FINANCIALS CONSIDERED INSTEAD.

and anger (and questions on how the US Department of Education will verify who provides more financial support); it is a game changer.

Navigating financial aid has become more complex, and I believe that we have yet to see the fallout from the FAFSA rule changes. As mediators, we do not need to become experts in subject areas including pensions, valuing a business, or financial aid, but we need a rudimentary knowledge of these areas to guide the clients, and sometimes to refer them to experts. I imagine I will be making more referrals to college financial aid specialists with the change in FAFSA rules.

About the Author:

Anju D. Jessani, MBA, APM, served as NJAPM president from 2005-2007. Her practice, Divorce with Dignity Mediation Services, established in 1997, has offices in Clinton and Hoboken. Anju also serves on the R 1:40 Economic Roster of Mediators and is the lead instructor for NJAPM’s divorce mediation training programs. Her website is www.dwdmediation.com