



State Grant and Special Programs
Phone: 1-800-692-7392 Fax: 717-720-3786
P.O. Box 8157 Harrisburg, PA 17105-8157

2012-13 REDUCED INCOME FORM
(DEPENDENT STUDENT)

(NOTE: Deadline for returning this form and 2011 tax documents to PHEAA is April 1, 2013.)

Print Student's Name

Student's Social Security Number grid

Student's Social Security Number

OR

Student's Account Number grid

Student's Account Number

2012-13

If your family's 2012 income has been reduced, you should complete this form and return it to PHEAA, P.O. Box 8157, Harrisburg, PA 17105-8157 for further consideration of your 2012-13 Pennsylvania State Grant application.

If there are other members of your family attending college during the 2012-13 academic year, and they have applied for Pennsylvania State Grant aid, list their social security number(s) or account number(s) here.

PHEAA requires a complete copy of your parent(s)/stepparent 2011 U.S. INCOME TAX RETURN with all supporting forms, schedules and Wage and Tax Statements (W-2 Forms). Each W-2 Form must contain figures in Box 1 and either Box 16 or Box 18.

Please review the sections below and indicate which explanation(s) applies to the reason(s) your family's 2012 income will be reduced. If you check boxes B, C, D, or E, you must complete Sections F and G.

A. [ ] Death of Parent/Stepparent (death must have occurred ON OR AFTER January 1, 2011).
Date: (Month/Day/Year) Relationship to Student:

\* If you checked "A" above, you must simply sign and return to PHEAA. You do not need to complete the remainder of the form.

B. [ ] Permanent and total (unable to work again) disability of parent, or stepparent (must have occurred ON OR AFTER January 1, 2011).
Date: (Month/Day/Year) Relationship to Student:

C. Parent(s) and/or stepparent has retired; been unemployed for at least two full months or has experienced a change in employment status which will result in an income reduction ON OR AFTER January 1, 2011.

[ ] Father/Stepfather Date: (Month/Day/Year) [ ] Mother/Stepmother Date: (Month/Day/Year)

D. [ ] Sources of untaxed income, as reportable on the Free Application for Federal Student Aid (FAFSA), has ceased or been reduced.
Date: (Month/Day/Year)

E. [ ] Other
Date: (Month/Day/Year)



F. COMPLETION REQUIRED: YOU MUST PROVIDE AN EXPLANATION DETAILING ALL REASONS AND DATE(S) YOUR FAMILY'S 2012 INCOME WILL BE REDUCED AND COMPLETE THE REST OF THE FORM. FAILURE TO PROPERLY COMPLETE THIS QUESTION WILL RESULT IN THE FORM BEING RETURNED TO YOU.

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G. Complete both of the sections (Gross Taxed and Untaxed) below with income (prior to exemptions, adjustments or deductions) your family expects to receive from January 1, 2012 until December 31, 2012. IF NONE, ENTER ZERO. Please do not give monthly amounts. **IF YOU DO NOT COMPLETE THIS FORM IN ITS ENTIRETY, OR PROVIDE THE REQUESTED 2011 TAX DOCUMENTS, THE AGENCY WILL BE UNABLE TO GIVE FURTHER CONSIDERATION TO YOUR REQUEST FOR REDUCED INCOME PROCESSING.**

**TOTAL 2012 GROSS TAXED INCOME**

	Father's/Stepfather's Yearly <u>Taxed Income</u>	Mother's/Stepmother's Yearly <u>Taxed Income</u>
1. Wages, salaries, tips	\$ _____	\$ _____
2. Severance pay	\$ _____	\$ _____
3. Taxable portions of pensions, annuities, 401(K), and/or IRA distributions	\$ _____	\$ _____
4. Taxable portions of interest and dividend income	\$ _____	\$ _____
5. Business or farm income	\$ _____	\$ _____
6. Capital gains	\$ _____	\$ _____
7. Income received from rents after expenses paid for mortgage interest, taxes, and insurance	\$ _____	\$ _____
8. Alimony which will be received	\$ _____	\$ _____
9. Unemployment Compensation (State and/or SUB)	\$ _____	\$ _____
10. Taxable portions of all Social Security benefits received	\$ _____	\$ _____
11. Any other taxed income	\$ _____	\$ _____
<b>Total 2012 <u>Gross Taxed</u> Income</b>	<b>\$ _____</b>	<b>\$ _____</b>

**TOTAL 2012 UNTAXED INCOME**

	Father's/Stepfather's Yearly <u>Untaxed Income</u>	Mother's/Stepmother's Yearly <u>Untaxed Income</u>
1. Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts which would be reported on the W-2 forms in Boxes 12a through 12d, codes D, E, F, G, H, and S	\$ _____	\$ _____
2. IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans	\$ _____	\$ _____
3. Child support received for all children	\$ _____	\$ _____
4. Tax exempt interest income	\$ _____	\$ _____
5. Untaxed portions of IRA distributions	\$ _____	\$ _____
6. Untaxed portions of pensions	\$ _____	\$ _____
7. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits)	\$ _____	\$ _____
8. Veterans' noneducation benefits such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances	\$ _____	\$ _____
9. Other untaxed income not reported elsewhere, such as workers compensation, disability, etc.	\$ _____	\$ _____
10. Money received, or paid on your family's behalf (e.g., bills, living/college expenses, etc.) not reported elsewhere on this form	\$ _____	\$ _____
<b>Total 2012 <u>Untaxed</u> Income</b>	<b>\$ _____</b>	<b>\$ _____</b>

**NOTE:** YOU MUST NOTIFY STATE GRANT AND SPECIAL PROGRAMS AT PHEAA IMMEDIATELY OF ANY INCREASE IN YOUR INITIAL 2012 INCOME ESTIMATE. FAILURE TO IMMEDIATELY NOTIFY PHEAA OF ANY INCREASE TO YOUR FAMILY'S INCOME MAY RESULT IN REPAYMENT OF ANY STATE GRANTS FOR WHICH YOU OR OTHER MEMBERS OF YOUR FAMILY WERE NOT ENTITLED.

THE PENALTY FOR SUBMISSION OF FRAUDULENT INFORMATION ON THIS FORM MAY BE REPAYMENT OF TRIPLE ANY AMOUNT OF MONEY RECEIVED PLUS A FINE AND/OR IMPRISONMENT.

Signature of Parent/Stepparent \_\_\_\_\_ Date \_\_\_\_\_ Signature of Student \_\_\_\_\_ Date \_\_\_\_\_





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## Frequently Asked Questions Reduced Income Review

### What if I cannot provide a copy of my parent(s)/stepparent's taxes at this time?

You should keep the enclosed form and return it once a complete copy of your parent(s)/stepparent's 2011 U.S. Income Tax Return is available. This includes all supporting forms, schedules and 2011 W-2 Forms. If your parent(s)/stepparent have an interest in a corporation and/or partnership, you also need to submit copies of the most recent U.S. Partnership and/or Corporate Tax Return(s), including the completed balance sheet(s) and K-1 schedule(s). The Agency will not process the Special Consideration form until all the tax information is received.

### What if my parent(s)/stepparent have filed an extension and will not have their taxes completed until after the term starts? Will the Agency still be able to extend special consideration for a term that has already started or has been completed?

Yes. As long as the information is received prior to April 1, 2013 the Agency will be able to extend special consideration to your application for the entire academic year, as long as you meet all the requirements.

### What if a parent/stepparent is self-employed and is experiencing a reduction in income?

If the only reason for the reduction is due to self-employed earnings decreasing then unless the business has closed, this is not an acceptable reason at this time since self-employment earnings can be subject to significant fluctuation throughout the year. If your parent(s)/stepparent was self-employed and is no longer employed due to economic conditions or a natural disaster, please submit a copy of their final Partnership and/or Corporate return(s). If they did not file Corporate or Partnership returns, please provide documentation to verify that their business is no longer in operation. You should complete this form and mail it back to us along with a completed copy of the 2011 and 2012 U.S. Income Tax returns once available but no later than April 1, 2013. As long as this information is received prior to April 1, 2013, PHEAA will give further review to your 2012-13 State Grant application.

### What if my parent(s)/stepparent will have a decrease in overtime earnings, regular earnings, and/or bonuses?

You must submit a signed statement from your parent's/stepparent's employer verifying the following data: (a) the date the overtime, regular earnings, and/or bonuses ceased or were reduced (b) the total amount of gross overtime, regular earnings, and/or bonuses received during 2011 and (c) the total gross overtime wages, regular earnings, and/or bonuses to be received during the 2012 tax year.

### What if the income reduction occurred after October 31, 2012?

You should complete this form and mail it back to us along with completed copies the 2011 and 2012 U.S. Income Tax returns once available but no later than April 1, 2013. As long as this information is received prior to April 1, 2013, PHEAA will give further review to your 2012-13 State Grant application.

### I have already supplied my school with this information. Do I need to submit this information to both State Grant and Special Programs and the school?

Yes. The schools and State Grant and Special Programs have different policies for what is acceptable and both process the information accordingly.

**BEFORE RETURNING THE REDUCED INCOME FORM PLEASE VERIFY THE FOLLOWING. IF YOU FAIL TO PROVIDE ALL OF THE INFORMATION THE FORM WILL BE RETURNED AND THE AGENCY WILL BE UNABLE TO GIVE ANY FURTHER CONSIDERATION UNTIL EVERYTHING IS RECEIVED AND PROPERLY COMPLETED.**

- Have you enclosed a complete copy of your parent(s)/stepparent's 2011 and (if requested the 2012) U.S. Income Tax Return with all supporting forms, schedules and Wage and Tax Statements (W-2 Forms)? Each W-2 Form must contain figures in Box 1 and either Box 16 or Box 18. If your parent(s)/stepparent have an interest in a corporation and/or partnership, you also need to submit copies of the most recent U.S. Partnership and/or Corporate Tax Return(s), including the completed balance sheet(s) and K-1 schedule(s).
- Have you waited for at least two full months since the change in employment has occurred?

- Compare the income reported on the Special Consideration form with the income/distribution(s) on your parent(s)/stepparent's tax return and other untaxed income. Have you provided reason(s) and date(s) for ALL reductions that your family will have during 2012?
- If your parent(s)/stepparent's 2011 U.S. Income Tax return reflects a distribution that was "Rolled Over" into another QUALIFIED RETIREMENT ACCOUNT you should submit documentation from your family's financial institution to verify the amount and date when the rollover took place.
- If your parent(s)/stepparent had taken an IRA and/or pension or annuity distribution in 2011 and such had not been rolled over, be sure to provide an explanation if another distribution will be taken in 2012 and report such on line 3 (Taxable portion of pension, annuities, and 401(K) and/or IRA distributions section G).
- Have you provided all income received during 2012 prior to the date the reduction took place?
- Have you provided all Severance Pay your parent(s)/stepparent will receive during 2012?
- If your parent(s)/stepparent are eligible to receive unemployment compensation during 2012, have you provided the total amount they anticipate they will receive during 2012? If they are not eligible to receive unemployment compensation be sure to note on the form the reason why they are not eligible.
- Have you provided an estimate of all of the 2012 income for the entire year? Partial year amounts cannot be accepted. If your family is unable to provide a full-year estimate at this time, hold the form until such a time when an accurate full year estimate can be provided.
- Have you answered every question in section G on the form? IF YOUR ANSWER IS NONE YOU MUST ENTER ZEROS. IF ANY QUESTION IS LEFT BLANK THIS FORM WILL BE RETURNED.