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

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Print Student's Name

Student's Account Number
OR
Student's Social Security 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 you have questions concerning this matter, please contact Agency staff toll-free at 1-800-692-7392 (TDD for hearing impaired ONLY: 1-800-654-5984). If you are unable to estimate the total income your family will receive from January 1, 2012 until December 31, 2012, at this time, keep this form until you can provide an accurate estimate.

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.

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PHEAA requires a complete copy of your (and your spouse's, if married) 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. If you (and your spouse, if married) have an interest in a corporation and/or partnership, you also need to submit copies of the most recent U.S. Partnership and/or Corporation Tax Return(s), including the completed balance sheet(s) and K-1 schedule(s). If you do not submit ALL of the requested 2011 tax documents, PHEAA will be unable to give further consideration to your request for reduced income processing.

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 Spouse (death must have occurred ON OR AFTER January 1, 2011).

Date: ________________________ (Month/Day/Year)

* 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 spouse (must have occurred ON OR AFTER January 1, 2011).

Date: ________________________ (Month/Day/Year)

C. Student and/or spouse 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.

☐ Student Date: ________________________ (Month/Day/Year) ☐ Spouse 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	Student's Yearly Taxed Income	Spouse's Yearly Taxed Income
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	$____________	$____________
Total 2012 Gross Taxed Income	$____________	$____________

TOTAL 2012 UNTAXED INCOME	Student's Yearly Untaxed Income	Spouse's Yearly Untaxed Income
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, foreign income, etc.	$____________	$____________
10. Money received, or paid on your family's behalf (e.g., bills, living/college expenses, etc.) not reported elsewhere on this form	$____________	$____________
Total 2012 Untaxed Income	$____________	$____________

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 Student Date Signature of Spouse (if married) Date

State Grant and Special Programs
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Frequently Asked Questions
Reduced Income Review

<u>What if I cannot provide a copy of my and/or my spouse's taxes at this time?</u>
You should keep the enclosed form and return it once a complete copy of your (and your spouse's, if married) 2011 U.S. Income Tax Return is available. This includes all supporting forms, schedules and 2011 W-2 Forms. If you or your spouse 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.

<u>What if my spouse or I have filed an extension and will not have our 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?</u>
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.

<u>What if my spouse or I is self-employed and is experiencing a reduction in income?</u>
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 you and/or your spouse was self-employed and are no longer employed due to economic conditions or a natural disaster, please submit a copy of your final Partnership and/or Corporate return(s). If you did not file Corporate and/or Partnership returns, please provide documentation to verify that your 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.

<u>What if my spouse or I will have a decrease in overtime earnings, regular earnings, and/or bonuses?</u>
You must submit a signed statement from your or your spouse'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.

<u>What if the income reduction occurred after October 31, 2012?</u>
You should complete this form and mail it back to us along with completed copies of your (and your spouse's, if married) 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.

<u>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?</u>
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 and/or your spouse'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 you and/or your spouse 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 on your and/or your spouse'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 and/or your spouse'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 you and/or your spouse 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 you and/or your spouse will receive during 2012?

- If you and/or your spouse are eligible to receive unemployment compensation during 2012, have you provided the total amount you anticipate you and/or your spouse will receive during 2012? If you and/or your spouse are not eligible to receive unemployment compensation be sure to note on the form the reason why you and/or your spouse 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.