2015-16 REDUCED INCOME FORM
(DEPENDENT STUDENT)

(Note: Deadline for returning this form and 2014 tax documents to PHEAA is April 1, 2016.)

If your family's 2015 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 2015-16 Pennsylvania State Grant application. If you have questions concerning this matter, please contact Agency staff toll-free at 1-800-692-7392 (TTY: Dial 711 for hearing impaired). If you are unable to estimate the total income your family will receive from January 1, 2015 until December 31, 2015, at this time, keep this form until you can provide an accurate estimate however the latest deadline for submission is April 1, 2016. If submitting after December 31, 2015 then please also include a copy of the 2015 tax information.

If there are other members of your family attending college during the 2015-16 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(s)' 2014 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 Corporation Tax Return(s), including the completed balance sheet(s) and K-1 schedule(s). If you do not submit ALL of the requested 2014 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 2015 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, 2014).
   Date: ______________________ (Month/Day/Year)  Relationship to Student: ______________________
   * If you checked "A" above, you must simply sign and return to PHEAA along with the requested tax information. 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, 2014).
   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, 2014.
   ☐ Father/Stepparent/Parent 1's Date: ______________________ (Month/Day/Year)
   ☐ Mother/Stepparent/Parent 2's 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 2015 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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PHEAA conducts its student loan servicing operations commercially as American Education Services and for federally-owned loans as FedLoan Servicing.
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, 2016 until December 31, 2016. If none, enter zero. Please do not give monthly amounts. If you do not complete this form in its entirety, or provide the requested 2014 tax documents, the agency will be unable to give further consideration to your request for reduced income processing.

**TOTAL 2016 GROSS 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 2015 Gross Taxed Income

**TOTAL 2015 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' non-education 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. Do not report Social Security benefits  
10. Money received, or paid on your family's behalf (e.g., bills, living/college expenses, etc.) not reported elsewhere on this form

Total 2015 Untaxed Income

**NOTE:** You must notify state grant and special programs at PHEAA immediately of any increase in your initial 2015 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.

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Signature of Parent/Stepparent  
Date

Signature of Student  
Date

PHEAA conducts its student loan servicing operations commercially as American Education Services and for federally-owned loans as FedLoan Servicing.
Frequently Asked Questions

Before returning the reduced income form please read this FAQ and all of the instructions on the form. If you fail to provide all of the information the form will be returned. The agency will also take the necessary steps to prevent any further processing of your state grant application and could result in delaying funds that you may be eligible to receive from being disbursed to your school.

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 2014 U.S. Income Tax Return is available. This includes all supporting forms, schedules and 2014 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). You must also provide copies of all 1099 Forms received for all family members who received Social Security during 2014 or if your family had received a pension distribution (Form 1040, line 16A or Form 1040A, line 12A) or an IRA distribution (Form 1040, line 15A or Form 1040A, line 11A). 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, 2016 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 is 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 2014 and 2015 U.S. Income Tax returns once available but no later than April 1, 2016. As long as this information is received prior to April 1, 2016, PHEAA will give further review to your 2015-16 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 2014 and (c) the total gross overtime wages, regular earnings, and/or bonuses to be received during the 2015 tax year.

What if my parent was not permanently laid off?
When a parent has seasonal employment, is a union laborer, works at a school, is employed on a temporary basis, etc. and they are only temporarily unemployed your family should not complete the reduced income form until after October 1, 2015 or until your family is able to provide an estimate that includes all income that may be received from their employer from January 1, 2015 until December 31, 2015.

What if my parent is disabled after January 1, 2014?
Your parent must be totally and permanently disabled (unable to ever work again in any capacity). If they are only on temporary disability the agency will consider them as unemployed and not disabled. You must provide a letter from your parent’s physician explaining the prognosis as it relates to them ever being employed in any capacity in the future and the date they became disabled. If the letter does not clearly state that your parent will not be able to be employed again in any capacity the agency will be unable to grant recent disability consideration. However, the agency may be able to process your application based on an approved reduction in your parent(s’) 2015 income.

What if the income reduction occurred after October 31, 2015?
You should complete this form and mail it back to us along with completed copies of the 2014 and 2015 U.S. Income Tax returns once available but no later than April 1, 2016. As long as this information is received prior to April 1, 2016, PHEAA will give further review to your 2015-16 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.
Reduced Income Instruction Sheet

- Have you enclosed a complete copy of your parent(s)'/stepparent’s 2014 and (if requested the 2015) 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). You must also provide copies of all 1099 Forms received for all family members. This is very important if anyone in your family received Social Security during the tax year being requested or if your family had received a pension distribution (Form 1040, line 16A or Form 1040A, line 10A) or an IRA distribution (Form 1040, line 15A or Form 1040A, line 11A).

- Have you reported all estimated payments to tax-deferred pension and savings plans? Check all W-2 Forms to verify if you had payments to a tax-deferred pension and/or savings plan (paid directly or withheld from earnings). Subtract the amount in Box 1 from the amount in Box 16 or Box 18 ( whichever is higher) on the W-2 Form to calculate the voluntary and involuntary amounts. This amount may or may not be provided in Boxes 12a-12d, including but not limited to codes D, E, F, G, H, or S. If you are not sure if you had contributed funds to a tax-deferred pension and/or savings plan you should contact your employer.

- 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 2015?

- If your parent(s)/stepparent’s 2014 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 2014 and such had not been rolled over, be sure to provide an explanation if another distribution will be taken in 2015 and report such under Taxable portion of pension, annuities, and 401(k) and/or IRA distributions.

- Have you provided all income received during 2015 prior to the date the reduction took place?

- Have you provided all Severance Pay your parent(s)/stepparent will receive during 2015?

- If your parent(s)/stepparent are eligible to receive unemployment compensation during 2015, have you provided the total amount they anticipate they will receive during 2015? 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 2015 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 on the form? IF YOUR ANSWER IS NONE YOU MUST ENTER ZEROS. IF ANY QUESTION IS LEFT BLANK ON THIS FORM, THE FORM WILL BE RETURNED FOR COMPLETION AND WILL DELAY THE PROCESSING OF YOUR 2015-16 STATE GRANT APPLICATION.

- If this form is not received prior to December 31, 2014 you will need to provide a complete copy of your parent(s)’ 2015 U.S. Income Tax return (as filed with the IRS) along with this form. This information must be received prior to April 1, 2016.

- If you have any questions or if you need help completing this form, PHEAA staff is available at 1-800-692-7392 (TTY: Dial 711 for hearing impaired). When calling, please be prepared to provide either your account number or your Social Security number.