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

2018-19 REDUCED INCOME FORM
(INDEPENDENT STUDENT)
*(NOTE: Deadline for returning this form and **2016 tax documents** to PHEAA is April 1, 2019.)*

_____
Print Student's Name

Student's Account Number
OR
Student's Social Security Number
2018-19

If your family's 2018 income has been reduced, you should complete this form and return it to the Pennsylvania Higher Education Assistance Agency (PHEAA), P.O. Box 8157, Harrisburg, PA 17105-8157 for further consideration of your 2018-19 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, 2018 until December 31, 2018, at this time, keep this form until you can provide an accurate estimate, however the latest deadline for submission is April 1, 2019. If you are submitting the form after December 31, 2018, also include a copy of the 2018 tax information.**

If there are other members of your family attending college during the 2018-19 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 (and your spouse's, if married) 2016 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 appropriate U.S. Partnership and/or Corporation Tax Return(s), including the completed balance sheet(s) and K-1 schedule(s). If your family owns and controls more than 50% of a business and has 100 or less full-time or full-time equivalent employees, please indicate such with the correspondence you are sending. If you do not submit ALL of the requested 2016 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 2018 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, 2017).

Date: _____ (Month/Day/Year)

* If you checked "A" above, you must simply sign and return to PHEAA along with the requested tax documents. 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, 2017).

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, 2017.

☐ 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 2018 INCOME WILL BE REDUCED AND COMPLETE THE REST OF THE FORM. This includes a reason as to why no additional funds will be withdrawn from a pension, annuity, 401(k), IRA account, etc. if such had been done during 2016. FAILURE TO PROPERLY COMPLETE THIS QUESTION WILL RESULT IN THE FORM BEING RETURNED TO YOU.

_____

_____

_____

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, 2018 until December 31, 2018.** IF NONE, ENTER ZERO. Please do not give monthly amounts. **IF YOU DO NOT COMPLETE THIS FORM IN ITS ENTIRETY, OR PROVIDE THE REQUESTED 2015 TAX DOCUMENTS, THE AGENCY WILL BE UNABLE TO GIVE FURTHER CONSIDERATION TO YOUR REQUEST FOR REDUCED INCOME PROCESSING.**

TOTAL 2018 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 2018 Gross Taxed Income	$_____	$_____

TOTAL 2017 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' 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	$_____	$_____
10. Money received, or paid on your family's behalf (e.g., bills, living/college expenses, etc.) not reported elsewhere on this form	$_____	$_____
Total 2018 Untaxed Income	$_____	$_____

NOTE: YOU MUST NOTIFY STATE GRANT AND SPECIAL PROGRAMS AT PHEAA IMMEDIATELY OF ANY INCREASE IN YOUR INITIAL 2018 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. BE SURE TO COMPLETE THE ENTIRE FORM AND RETURN SUCH WITH THE REQUESTED TAX DOCUMENTS. THIS FORM MUST BE SIGNED OR IT WILL NOT BE PROCESSED.

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

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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 OR YOU MAY BE REQUIRED TO PROVIDE ADDITIONAL INFORMATION. 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 and/or my spouse's taxes at this time?
You should keep the enclosed form and return it once a complete copy of your (and your spouse's, if married) 2016 U.S. Income Tax Return is available. This includes all supporting forms, schedules and 2016 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 appropriate 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 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?
Yes. As long as the information is received prior to April 1, 2019 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 my spouse or I 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 you and/or your spouse were 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 2016 and 2018 U.S. Income Tax returns once available but no later than April 1, 2019. As long as this information is received prior to April 1, 2019, PHEAA will give further review to your 2018-19 State Grant application.

What if my spouse or I will have a decrease in overtime earnings, regular earnings, and/or bonuses?
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 2016 and (c) the total gross overtime wages, regular earnings, and/or bonuses to be received during the 2018 tax year.

What if my spouse or I was not permanently laid off?
When a person 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, 2018 or until your family is able to provide an estimate that includes all income that may be received from their employer from January 1, 2018 until December 31, 2018.

What if my spouse is disabled after January 1, 2017?
Your spouse 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 spouse'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 spouse 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 spouse's 2018 income.

What if the income reduction occurred after October 31, 2018?
You should complete this form and mail it back to us along with completed copies of your (and your spouse's, if married) 2016 and 2018 U.S. Income Tax returns once available but no later than April 1, 2019. As long as this information is received prior to April 1, 2019, PHEAA will give further review to your 2018-19 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 Form Checklist

- Have you enclosed a complete copy of your and your spouse's (if married) 2016 and (if requested the 2017) 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 appropriate 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 years being requested or if your family 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).

- 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 to submit the form?

- Compare the income reported on the Special Consideration form with the income/distribution on you 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 2018?

- If you and/or your spouse's 2016 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 2016 and such had not been rolled over, be sure to provide an explanation if another distribution will be taken in 2018 and report such under Taxable portion of pension, annuities, and 401(K) and/or IRA distributions.

- Have you provided all income received during 2018 prior to the date the reduction took place?

- Have you provided all Severance Pay you and/or your spouse will receive during 2018?

- If you and/or your spouse are eligible to receive unemployment compensation during 2016, have you provided the total amount you anticipate you and/or your spouse will receive during 2018? 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 2018 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 OR THE FORM IS NOT PROPERLY SIGNED, THE FORM WILL BE RETURNED FOR COMPLETION AND WILL DELAY THE PROCESSING OF YOUR 2018-19 STATE GRANT APPLICATION.

- If this form is not received prior to December 31, 2018, you will need to provide a copy of you (and your spouses, if married) 2018 U.S. Income Tax Return(s) (as filed with IRS) along with this form. This information must be received prior to April 1, 2019.

- 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.