



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

2020-21 REDUCED INCOME FORM
(DEPENDENT STUDENT)

(NOTE: Deadline for returning this form and 2018 tax documents to PHEAA is April 1, 2021.)

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

2020-21

If your family's 2020 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 2020-21 Pennsylvania State Grant application.

If there are other members of your family attending college during the 2020-21 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 2018 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 Box 16.

Please review the sections below and indicate which explanation(s) applies to the reason(s) your family's 2020 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, 2019).
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, 2019).
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, 2019.

[ ] 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 2020 INCOME WILL BE REDUCED AND COMPLETE THE REST OF THE FORM.



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, 2020 until December 31, 2020**. IF NONE, ENTER ZERO. Please do not give monthly amounts. **IF YOU DO NOT COMPLETE THIS FORM IN ITS ENTIRETY, OR PROVIDE THE REQUESTED 2018 TAX DOCUMENTS, THE AGENCY WILL BE UNABLE TO GIVE FURTHER CONSIDERATION TO YOUR REQUEST FOR REDUCED INCOME PROCESSING.**

**TOTAL 2020 GROSS TAXED INCOME**

	<u>Father's/Stepparent's/ Parent 1's Yearly Taxed Income</u>	<u>Mother's/Stepparent's/ Parent 2's Yearly 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 2020 <u>Gross Taxed Income</u></b>	<b>\$ _____</b>	<b>\$ _____</b>

**TOTAL 2020 UNTAXED INCOME**

	<u>Father's/Stepparent's/ Parent 1's Yearly Untaxed Income</u>	<u>Mother's/Stepparent's/ Parent 2's Yearly 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 or pension distributions	\$ _____	\$ _____
6. Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits)	\$ _____	\$ _____
7. Veterans' non-education benefits such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC) and/or VA Educational Work-Study allowances	\$ _____	\$ _____
8. Other untaxed income not reported elsewhere, such as workers' compensation, disability, etc. Do not report Social Security benefits	\$ _____	\$ _____
<b>Total 2020 <u>Untaxed Income</u></b>	<b>\$ _____</b>	<b>\$ _____</b>

**NOTE:** YOU MUST NOTIFY STATE GRANT AND SPECIAL PROGRAMS AT PHEAA IMMEDIATELY OF ANY INCREASE IN YOUR INITIAL 2020 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 CONTAIN A PARENTAL SIGNATURE IN ORDER TO 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 Parent/Stepparent \_\_\_\_\_ Date \_\_\_\_\_ Signature of Student \_\_\_\_\_ 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. 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 2018 U.S. Income Tax Return is available. This includes all supporting forms, schedules and 2018 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 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 2018 or if your family had received a pension or IRA distribution (Form 1040, line 4a). 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, 2021 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 2018 and 2020 U.S. Income Tax returns once available but no later than April 1, 2021. As long as this information is received prior to April 1, 2021, PHEAA will give further review to your 2020-21 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 2018 and (c) the total gross overtime wages, regular earnings, and/or bonuses to be received during the 2020 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, 2020 or until your family is able to provide an estimate that includes all income that may be received from their employer from January 1, 2020 until December 31, 2020.

### What if my parent is disabled after January 1, 2020?

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)' 2020 income.

### What if the income reduction occurred after October 31, 2020?

You should complete this form and mail it back to us along with completed copies of the 2018 and 2020 U.S. Income Tax returns once available but no later than April 1, 2021. As long as this information is received prior to April 1, 2021, PHEAA will give further review to your 2020-21 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 parent(s)/stepparent's 2018 and (if requested the 2020) 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 Box 16. If your parent(s)/stepparent 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 year being requested or if your family had received a pension distribution.
- 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 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(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 2020?
- If your parent(s)/stepparent's 2018 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 2018 and such had not been rolled over, be sure to provide an explanation if another distribution will be taken in 2020 and report such under Taxable portion of pension, annuities, and 401(K) and/or IRA distributions.
- Have you provided all income received during 2020 prior to the date the reduction took place?
- Have you provided all Severance Pay your parent(s)/stepparent will receive during 2020?
- If your parent(s)/stepparent are eligible to receive unemployment compensation during 2018, have you provided the total amount they anticipate they will receive during 2020? 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 2020 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 and provided a parental signature? 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 2020-21 STATE GRANT APPLICATION.
- If this form is not received prior to December 31, 2020 you will need to provide a complete copy of your parent(s)' 2020 U.S. Income Tax return (as filed with the IRS) along with this form. This information must be received prior to April 1, 2021.
- 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.