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**2012-2013 Important Financial Aid Changes**

**Pell Grant Lifetime Eligibility Notice**

The U.S. Department of Education recently established new regulations which reduce the duration of a student’s lifetime eligibility to receive Pell Grant from 18 full-time semesters (or its equivalent) to 12 full-time semesters (or its equivalent). This provision applies to **all** Federal Pell Grant eligible students effective 2012-13.

**What does this mean to you?**

An eligible student can receive the Federal Pell Grant until the earliest of a bachelors degree or until the student has received the Federal Pell Grant for an equivalent of 12 full-time semesters. This limitation includes the percentage of Federal Pell Grant the student has received from **all** post-secondary institutions regardless of when the student began receiving aid. Since receipt of a full Federal Pell Grant annual award is equivalent to 100% (based on two (50%) full-time semesters per award year), 12 full-time semesters equates to 600%. The following is applicable to Wallace Community College:

* Each full-time semester (12 or more credits) that the student receives the Federal Pell Grant represents 50% of an annual award.
* Each three-quarter semester (9 to 11 credits) that the student receives the Federal Pell Grant represents 37.5 % of an annual award.
* Each half-time semester (6 to 8 credits) that the student receives the Federal Pell Grant represents 25% of an annual award.
* Each part-time semester (1 to 5 credits) that the student receives the Federal Pell Grant represents 12.5% of an annual award.

In mid-April, the U.S. Department of Education will begin sending e-mail messages to all 2012-13 FAFSA applicants who appear to be Pell Grant eligible and are in excess of 450% of their Pell Grant lifetime eligibility. This process will be repeated weekly until July for FAFSA filers and for filers making corrections to their FAFSA information.

**Tracking Your Lifetime Eligibility Used on NSLDS**

You can find your *Lifetime Eligibility Used* for the Federal Pell Grant by going to the web site [www.nslds.ed.gov](http://www.nslds.ed.gov) and creating a student account. The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

**The National Student Loan Data System (NSLDS)**

* Step 1: Obtain a Personal Identification Number (PIN) from the U.S. Department of Education at [www.pin.ed.gov](http://www.pin.ed.gov) or have the PIN that was used when you applied for your FAFSA. This PIN serves as your electronic signature and provides access to your personal records with the U.S. Department of Education systems.
* Step 2: Access NSLDS by going to [www.nslds.ed.gov](http://www.nslds.ed.gov). On the NSLDS screen, click on Financial Aid Review.
* Step 3: Read the privacy statement on this screen. If you agree, click **Accept** to find your Lifetime Eligibility Used. A security configuration question may or may not prompt, depending on your browser’s current security configuration If you are comfortable with your browser’s currently security configuration, click **Accept** to continue. The **Confirming Your Identity** screen will appear after you click **Accept**.
* Step 4: Enter your *Social Security* number (SSN), the *first two letters of your last name*, your *date of birth*, and your *PIN* to confirm your identity. **Keep your PIN safe and secure.**
* Step 5: View the **Financial Aid Review** screen listing your total **Lifetime Eligibility Used.** If this amount equals 600% or more, you have no remaining eligibility for Pell Grant.
* Step 6: Be sure to **LOGOFF** when your review is complete.

**Ability to Benefit**

Students who do not have a high school diploma or a recognized equivalent (GED), or do not meet the home school requirements, and who first enroll in a program of study on or after July 1, 2012, **will not** be eligible to receive Title IV student aid.

**New Verification Requirements**

The U.S. Department of Education has instituted some changes to the verification process for the 2012-13 award year. According to the U.S. Department of Education Dear Colleague Letter GEN 11-03:

*Since most applicants can quickly and easily access IRS data through the FAFSA-IRS Data Retrieval process, we no longer consider it reasonable for an institution to accept anything less reliable than IRS-supplied evidence for verification of income data. Therefore, if an applicant selected for verification, who has not successfully transferred information from the IRS, or one who did transfer the information but then changed it, the Department expects the institution to require the applicant, and if necessary the applicant’s parents, to provide an official IRS transcript of their Federal income tax information.*

**What This Means**

Students and parents can no longer submit a signed copy of their Federal tax returns as a means of confirming the income reported on the FAFSA. When completing the income sections of the FAFSA, the applicant is given the option to have this data retrieved directly from the IRS.

If applicants decide not to use the IRS data retrieval process and the application is selected for verification, the applicant and the parents will be required to submit an IRS Tax Transcript.

If the IRS tax retrieved information is changed on the FAFSA, the applicant will be required to submit an IRS Tax Transcript.

However, the IRS data can be retrieved by the applicant when a correction is made to the FAFSA. If the retrieved data is not changed, then an IRS Tax Transcript will not be required.

The IRS Data Retrieval process began on February 5, 2012. In order to determine if the applicant is eligible to use the retrieval process, the applicant must have a 2011 tax return on file with the IRS at the time of FAFSA completion.

**Tax Filers with Special Circumstances**

The IRS Tax Retrieval may not be available for the applicant in the following circumstances:

* A joint tax return was filed for 2011 and the student or the student’s parents have filed the FAFSA with a marital status of separated, divorced, or widowed.
* If the tax filer is married to someone other than the individual included on the 2011 joint tax return.
* If the parent or student was not married in 2011 but is married at the time the FAFSA is filed. The current spouse’s income must be reported on the FAFSA.
* If the parents or the student is married but filed tax returns separately.
* If an amended tax return was filed.

**Requesting an IRS Tax Transcript**

This can be done free of charge from the IRS one of three ways.

**Online Request**

* Available on the IRS website at [www.irs.gov](http://www.irs.gov).
* In the Tools section of the homepage click “Order a Return or Account Transcript.”
* Enter the tax filer‘s social security number, date of birth, street address, and zip or postal code. Use the address currently on file with the IRS. Generally, this will be the address that was listed on the latest tax return filed.
* In the Type of Transcript field, select “Tax Return Transcript” and in the Tax Year field, select “2011.”
* If successfully validated, tax filers can expect to receive a paper IRS tax return transcript at the address included in their online request, within 5 to 10 days from the time the online request was successfully transmitted to the IRS.

**Telephone Request**

* Available from the IRS by calling 1-800-908-9946.
* Tax filers must follow prompts to enter their social security number and the numbers in their street address. Generally this will be numbers of the street address that was listed on the latest tax return filed.
* Select “Option 2” to request an IRS tax return transcript and then enter “2011”.
* If successfully validated, tax filer can expect to receive a paper IRS tax return transcript at the address that was used in their telephone request within 5 to 10 days from the time the IRS receives the request.

**Paper Request Form – IRS Form 4506T-EZ**

* Use IRS Form 4506T-EZ.
* Download at [www.irs.gov](http://www.irs.gov).
* Complete lines 1 – 4, following the instructions on page 2 of the form.
* Note that line 3 should be the most current address as filed with the IRS – it is the address where the IRS Tax Return Transcript will be sent.
* If the address has recently changed, include the address listed on the latest tax return filed on Line 4.
* The tax filers (or spouse if requesting information from a joint tax return) must sign and date the form and enter their telephone number. Only one signature is required to request a transcript for a joint return.
* Mail or fax the completed IRS Form 4506T-EZ to the appropriate address (or FAX number) provided on page 2 of Form 4506T-EZ.
* Tax filers can expect to receive their transcript within 5 to 10 days from the time the IRS receives and processes their signed request. NOTE: Processing form 4506T-EZ means verifying/validating the information provided on the form. If any information does not match the IRS records, the IRS will notify the tax filer that it was not able to provide the transcript.

**Nontax Filers Selected for Verification**

For an individual that has not filed and, under IRS rules is not required to file an income tax return, a copy of IRS Form W-2 for each source of employment income received in tax year 2011 must be provided.

**Qualifying Income for Automatic Zero EFC Reduced**

Qualifying income for the Automatic Zero EFC determination has been reduced to $23,000 from the current $30,000 beginning with award year 2012-13. Auto-zero applies only to EFC calculations for dependent students (based on parent income) and independent students with dependents other than a spouse (based on the combined income of the student and spouse).