Summer Income and Your Student Contribution

A Guide for Single Students with no Dependents
Outline

- Formula/Definitions
- Work Requirement
- Income/Earnings
- Taxes
- Allowances
- The SC
- Examples
Basic Formula for Determining HLS Grant

\[ G_E = COA - (BL + PC + SC) \]

Cost of Attendance: $85,000 (with SHIP) or $82,610 (no SHIP)

Base Loan = $45,000
Student Contribution (SC)

• **SC from Assets**: Determined at the time of initial application for financial aid

• **SC from Income**: Recalculated at the beginning of every academic year.

The two amounts added together are the total SC.
Work Requirement:

- Volunteer or Non-Legal Work: DOES count
- Self-Employment: Does NOT count toward the work requirement
- Academic Programs: Do NOT count toward the requirement

A minimum of 8 Full-Time documented weeks is required.
Work Requirement, Con’t

**Imputed SC:** A student contribution will be imputed if you don’t meet the minimum requirement. The imputed amount will be pro-rated for the weeks not worked. The following shows the maximum weekly amounts that will be imputed.

- 2015 2L max. = $660/week
- 2015 3L max. = $1,540/week

This amount is added to raw SC, **not** the summer income.
Exception(s): Full or partial exceptions can be made for:

- Pregnancy
- Unexpected Medical Issue(s)

Contact the office as soon as reasonably possible to discuss your particular situation.
**Income/Earnings**

**Income:** Gross pay BEFORE taxes or deductions.

You will be asked to estimate your gross weekly pay and this amount will be used in the preliminary award.

Both the Total Summer Earnings and the Gross Weekly Pay will be verified in the Fall Update process.
What Is My Gross Weekly Pay?

**Gross Weekly Pay:** Your weekly pay BEFORE taxes or deductions.

Some firms pay semi-monthly, not bi-weekly. How can you tell the difference?

- Ask your HR office
- Check the paystub (esp. the “Pay Period” start/end dates).
  - If the amount ends in a repeating decimal ($6,666.67 or $6,673.34), it’s usually semi-monthly.

**Actual Weekly Rate:** Multiply the semi-monthly amount by 24. Then divide that amount by 52. EXAMPLE:

\[
\begin{align*}
$6,666.67 \times 24 &= $160,000.08 \text{ (yearly base salary)} \\
$160,000.08 \div 52 &= $3,076.92 \text{ (weekly rate)}
\end{align*}
\]
How Much Income Will Be Used?

We cap the income at the 12 highest-paid weeks.

Example: For these 4 summer positions, given the weekly pay rates and the number of weeks worked at each job, we will use only $36,540 of the total $48,540 earned.

- 2 weeks @ $3,080 (we use 2 of 2 weeks)
- 5 weeks @ $3,070 (we use 5 of 5 weeks)
- 3 weeks @ $3,010 (we use 3 of 3 weeks)
- 6 weeks @ $3,000 (we use 2 of 6 weeks)
Other than Wages, What Counts as Income?

The following are also treated as Income:

- Housing Assistance/Reimbursement
- Travel Assistance/Reimbursement

These amounts are added to either Additional Income or Untaxed Income (based on how they’re reported) and are used in the Update calculation of the Student Contribution (SC).
Taxes

**Withholding:** Tax is typically withheld at an annual rate

**Adjustments:** Some employers will adjust for part-year/summer employees.
- Check with your employer’s HR office
- IRS Publication 505 can be of help
- We are not able to assist you with this
Allowances protect part of the summer income to cover certain additional expenses.

Summer Living Allowance (SLA):
• Automatically built in to every HLS student’s calculation
• Incorporates higher living allowance than is given during the academic year
Allowances, Con’t

Except for the SLA, documentation is required for ALL allowances.

Additional summer income allowances can include:

City Tax
- If deducted on paystub
- Note: does not include DC tax
Allowances, Con’t

Car Rental

- For students working in cities without reasonable public transport
- Only for the time during which student is working
- Summer 2015 allowance is capped at $1,500

Unexpected Medical Expenses

- Only for medically necessary care (i.e., not elective or cosmetic)
Allowances cannot be made for

- Summer moving expenses
- Work wardrobe
- Food expenses
- Summer Rent
  - No allowances for two rent payments
  - If you cannot sublet your apartment for the summer, you will be responsible for both rent payments
Worksheet for Single Student Contribution

Total夏令营总收入（最高12周） $________
Less (A) - 预计联邦税（欠缴，未扣除） $________
Less (B) - 预计州税（欠缴，未扣除） $________
Less (C) - FICA（总收入的7.65%） $________
Less (D) - $7,600 HLS夏令营生活补贴 -$________
-----------------
Equals 可用收入 = $________
Times (E) - 90%
$________
-----------------
Equals 预计学生收入 = $________
Plus (F) - 33% of Assets
+ $________
-----------------
Equals 总预计学生贡献 $________
Online Summer Income Calculator

www.law.harvard.edu/apps/sfs/calculators/sc-calculator/
Examples of the SC Calculation

The Examples assume the following:

- Single student, no children
- Working in Massachusetts
- No SC from Assets
- An assessed PC of $10,000 (for all but Example 4)
- Student has not waived the Student Health Insurance Program (SHIP)
  - For grant recipient who do waive the SHIP, the HLS grant amount is decreased by the amount of the billed insurance, leading to an effective $0 change in the grant (i.e., lower term bill means a lower grant).
Example 1
Single Student, Small Private Firm

<table>
<thead>
<tr>
<th></th>
<th>Gross Income</th>
<th>$18,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Income</strong></td>
<td>$18,000</td>
<td></td>
</tr>
<tr>
<td><strong>Federal</strong></td>
<td>$785</td>
<td></td>
</tr>
<tr>
<td><strong>State Tax</strong></td>
<td>$720</td>
<td></td>
</tr>
<tr>
<td><strong>FICA</strong></td>
<td>$1,377</td>
<td></td>
</tr>
<tr>
<td><strong>SLA</strong></td>
<td>-</td>
<td>$7,600</td>
</tr>
<tr>
<td><strong>Available income</strong></td>
<td>$7,518</td>
<td></td>
</tr>
</tbody>
</table>

\[
G_E = COA - (BL+PC+SC)
\]

\[
COA = $85,000\]

- **BL** $45,000
- **PC** $10,000
- **SC** $6,770

\[
Available income = $7,518 \times 90% = $6,770 \text{ (rounded)}
\]

- **Student Contribution (SC)** = $6,770 + 33\% of assets

*If waiving SHIP, the budget and grant decrease accordingly.*
### Example 2
Single Student in Public Interest Job

<table>
<thead>
<tr>
<th>Income Item</th>
<th>Amount</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>$ 5,000</td>
<td>$E = COA - (BL+PC+SC)</td>
</tr>
<tr>
<td>Federal Tax</td>
<td>$ 0</td>
<td>COA $85,000*</td>
</tr>
<tr>
<td>State Tax</td>
<td>$ 200</td>
<td>- BL $45,000</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 383</td>
<td>- PC $10,000</td>
</tr>
<tr>
<td>Living Allowance</td>
<td>$ 7,600</td>
<td>- SC $ 0</td>
</tr>
<tr>
<td>Available income</td>
<td>$ 0</td>
<td>Grant =$30,000</td>
</tr>
</tbody>
</table>

- Student contribution = $0 + 33% of assets

*If waiving SHIP, the budget and grant decrease accordingly.*
<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$36,000</th>
<th>GE = COA – (BL+PC+SC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Tax</td>
<td>$ 3,424</td>
<td>COA $85,000*</td>
</tr>
<tr>
<td>State Tax</td>
<td>$ 1,440</td>
<td>- BL $45,000</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 2,754</td>
<td>- PC $10,000</td>
</tr>
<tr>
<td>Living Allowance</td>
<td>$ 7,600</td>
<td>- SC $18,700</td>
</tr>
<tr>
<td>Available income</td>
<td>= $ 20,782</td>
<td>Grant =$11,300</td>
</tr>
<tr>
<td></td>
<td>x 90%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>= $18,700 (rounded)</td>
<td></td>
</tr>
</tbody>
</table>

- **Student Contribution** = $18,700 + 33% of assets

*If waiving SHIP, the budget and grant decrease accordingly.*
### Example 4
**Single Student Public Interest, High PC**

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$ 5,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Tax</td>
<td>$ 0</td>
</tr>
<tr>
<td>State Tax</td>
<td>$ 200</td>
</tr>
<tr>
<td>FICA</td>
<td>$ 283</td>
</tr>
<tr>
<td>Living Allowance</td>
<td>$ 7,600</td>
</tr>
<tr>
<td>Available income</td>
<td>$ 0</td>
</tr>
</tbody>
</table>

\[
G_E = COA - (BL + PC + SC)
\]

- **COA** $85,000*
- **- BL** $45,000
- **- PC** $42,000
- **- SC** $0

- **Grant** = $ 0

- **Student Contribution** = $0 + 33% of assets

*If waiving SHIP, no change*
Other Considerations

There are a few other considerations that can affect a student’s grant calculation from year to year while at HLS.

Please see our other presentations for more information.
Your Student Contribution and LIPP-eligible borrowing

Borrowing to replace your PC is LIPP-eligible-

BUT

Borrowing to replace your SC is not LIPP-eligible

• You can find your annual LIPP-eligible borrowing limit online at “MyHLS Financial Aid”

• If you have questions about LIPP eligibility, contact the LIPP staff in Student Financial services at: (lipp@law.harvard.edu)

Visit hls.harvard.edu/dept/sfs/low-income-protection-plan-lipp/
Thank You For Watching!

Contact Information

Main Office: sfs@law.harvard.edu

Last Name Starts A – K: schin@law.harvard.edu

Last Name Starts L – Z: miwoods@law.harvard.edu