

# Everything you need to know about your AmeriCorps Education Award

## Terms & Awards

These are the AmeriCorps terms offered through The Corps Network and the amount of the AmeriCorps scholarships. Partial awards, calculated by the Trust are pro-rated based on the number of hours served.

	Enrollment Type	Ed Award Amount (taxable income)
Full-time	1700 hrs	\$5,550
1 Yr. Half-time / Part-time	900 hrs	\$2,775
Reduced Half-time/Part-time	675 hrs	\$2,114
Quarter-time	450 hrs	\$1,468
Minimum-time	300 hrs	\$1,175

## Extend the 7-Year Deadline

By law, you have seven years within which to use your AmeriCorps Education Awards. The period begins the date you complete your term of service in AmeriCorps. This time limit may be extended if certain circumstances have prevented the award from being used during this time period. These circumstances can include:

- Performing another term of service in AmeriCorps or the Peace Corps during the seven year period; or
- Being unavoidably prevented from using the award during this period. Examples which may warrant extensions include serious illness or disability, military service, death of a family member, important service records being destroyed or inaccessible by the program. Any period of incarceration as a result of a conviction of a criminal offense will not be considered an unavoidable situation.

You must request the extension in writing before the end of the seven-year period. The request can be either by mail or can be made electronically. A notice will be mailed to all members prior to the end of their seven-year period reminding them of the expiration of their awards. [For further information on how to request this extension, contact the National Service Trust toll-free at 1-800-942-2677.](#)

## USING THE AMERICORPS EDUCATION AWARD

You can use your AmeriCorps Education Award in any of the following ways—or a combination of them.

### Repay Qualified Student Loans

The national service legislation defines *qualified student loan* as a loan backed by the federal government under Title IV of the Higher Education Act (except PLUS Loans to parents of students), or under Titles VII or VIII of the Public Health Service Act.

You may also use your AmeriCorps Education Award to repay a student loan made by a state agency, including state institutions of higher education. Education Awards may not be used to repay any other type of loan, even if the loan was obtained for educational purposes. You can use your Award to repay defaulted student loans as long as the loans meet the definition of *qualified student loan*.

### Pay Current Educational Expenses at a Qualified School

*Current educational expenses*, as authorized under 42 U.S.C. § 12604(c), include:

- The "Cost of Attendance" for a degree- or certificate-granting program of study at a qualified school; and
- Educational expenses for non-degree courses offered by qualified schools, such as continuing education courses.

Your school is qualified if it is a Title IV institution of higher education. This includes most colleges and universities, and includes graduate schools and many trade schools as well.

### **Pay Current Educational Expenses While Participating in an Approved School-to-Work Program**

*Current educational expenses* are those incurred after you became an AmeriCorps member. Current educational expenses are based on:

- The “Cost of Attendance” for a degree or certificate-granting program at a qualified school and
- Educational expenses for non-degree courses, such as continuing education courses offered by qualified schools.

For credit or degree courses, the cost of attendance may include tuition, books and supplies, transportation, room and board, and other expenses. Each school's financial aid office determine a student's cost of attendance based upon standard U.S. Department of Education guidance.

## **How do you get your award?**

### **My AmeriCorps Online Payment System**

Accessing and managing your Segal AmeriCorps Education Award has never been easier. My AmeriCorps provides a one-stop shop for AmeriCorps State and National, VISTA and NCCC applicants, members and alumni - presenting a wealth of information and frequently requested forms and services. By registering to use the system, you can check your award balance, access important financial forms and, most importantly, quickly and easily make payments to your educational or financial institution. The system also provides you with the ability to:

- Modify contact information (name, addresses, e-mail address)
- View and print tax statements and forms
- View and print pay statements (as applicable)

Access customized letters certifying your term of service with an AmeriCorps program

## **Loan Postponements, Interest Payments, and Financial Aid**

The Corporation is not in a position to provide advice about your income taxes or how you use your education award. However, for a discussion on how the education award may affect other financial aid and income taxes, see (30 pg document from 2001) **The Effective Education Award** by National Service Fellow Brandon Rogers.

AmeriCorps members who are earning a Segal AmeriCorps Education Award are uniquely eligible for one type of postponement of the repayment of their qualified student loan called forbearance. During this forbearance based on national service, interest continues to accrue. If you successfully complete your term of service and earn an education award, the National Service Trust will pay all or a portion of the interest that has accrued on your qualified student loans during this period. This accrued interest paid by the Trust, like the Segal AmeriCorps Education Award itself, is subject to income **taxes**.

## **Eligibility for Postponement**

AmeriCorps members enrolled in an AmeriCorps project are eligible for forbearance for most federally-backed student loans. For other types of student loans, ask your loan holder if your AmeriCorps service qualifies you for a deferment or forbearance.

To have repayment of your federal qualified student loans postponed, you must first officially enroll in an AmeriCorps project, which electronically sends enrollment information to the Trust. Then you must request a "forbearance" from your loan holder, by completing the **Forbearance Request for National Service Form** and any additional information or forms that your loan holder may require. Members can obtain the Forbearance Request Form through their program's staff. Complete one form for each of your loan holders. Since there are several types of forbearances and deferments, tell your loan holders that you are requesting loan forbearance based on your AmeriCorps service.

Submit your Forbearance Request for National Service Form (available through your program's staff) and any other information required by your loan holder to the National Service Trust, which we will process and return to your loan holder. We can certify your AmeriCorps status, but only the loan holder can determine your eligibility for forbearance. Contact your loan holder if you have not heard from them within four weeks of submitting your information to the Trust.

## **Interest Accrual Payments**

AmeriCorps members who have earned a Segal AmeriCorps Education Award are eligible to have the Trust pay up to 100% of the interest that accrued on their qualified student loan during their service. To have the Trust pay all or a portion of the interest accrued on your qualified student loans, the Trust must receive verification from your project that you have completed your service and are eligible for an award. You and your lender also must complete the **Interest Accrued During National Service Form**, which indicates the amount of interest accrued during your service period. Your loan holder sends this completed form to the Trust for payment.

The Trust **WILL NOT** pay interest on qualified student loans if you fail to complete your term of service. Exceptions will be made only if you fail to complete your term of service for compelling personal circumstances and you have earned a pro-rated award. It is up to your individual program to determine compelling personal circumstances. Examples that might be considered are a serious illness or injury, death of your immediate family member, or early closing of your project.

The Trust will only pay interest on qualified student loans, as described earlier. Ask your loan holder if your student loan qualifies for other kinds of forbearance.

## **Defaulted Loans**

Most student loans that are in default are not eligible for forbearance. If you have loans that have gone into default before you begin your AmeriCorps service, you can attempt to negotiate an arrangement with the loan holder (or collection agency) to bring the loan out of default so forbearance can be granted and interest paid.

You must correctly complete and submit to the National Service Trust the (1) **Forbearance Request for National Service Form** (available through your program's staff) at the start of your service term; and submit to your lender the (2) **Interest Accrued During National Service Form** at the end of your service term. Your project director may also make these available to you.

## **Financial Aid**

The Segal AmeriCorps Education Award, the interest the Trust may pay on your deferred qualified student loans, and the living allowance can affect your eligibility for other student financial aid in the following ways:

- Under certain circumstances, your education award, living allowance, and Trust payments on accrued student loans can be excluded from calculations determining your eligibility for student aid based on financial need. This could increase the amount of "need-based" aid for which you are eligible.
- Under different circumstances, using the education award can reduce the amount of other need-based student aid for which you are eligible.

Institutions of higher education may offer special benefits to AmeriCorps alumni, thereby increasing the benefit of the education award.

## **Tax Implications**

### **Segal AmeriCorps Education Award**

The Segal AmeriCorps Education Award, unlike most other forms of scholarships and fellowships, is subject to federal tax in the year the Trust pays the voucher. Living allowances you received during your term of service and any interest the Trust paid on qualified student loans are also subject to income taxes in the years they were paid. When and how much of the education award you redeem may have an impact on your overall income tax responsibility.

If the Trust makes a payment on qualified student loans to your school or lender for the entire amount of a full-time education award in one calendar year, you will be responsible for any income taxes owed in that calendar year on that \$4,725. If you redeem only a portion of your education award in one calendar year, you will be responsible for any taxes owed on that portion.

The interest payments we make on postponed qualified student loans are subject to income taxes in the calendar year in which the Trust makes the payments to the lender.

The Trust **DOES NOT** deduct taxes from your education award or interest payments. After the calendar year in which we paid your education award or interest payments, we send you a Form 1099 to be used in preparing your income tax return. The total sum of interest payments and the Segal AmeriCorps Education Award are listed together on the 1099 form.

### **Living Allowance**

You are responsible for any income taxes owed on any AmeriCorps living allowances you receive. The living allowance amount received in a calendar year is subject to income taxes for that calendar year. For example, if you receive half of your \$10,000 living allowance in 2009 and half in year 2010, the \$5,000 received in 2009 is subject to 2009 income taxes, and the \$5,000 received in 2010 is subject to 2010 income taxes.

### **Tax Relief**

While you are responsible for taxes on your education award and other AmeriCorps benefits, you may be eligible for other tax relief through the Taxpayer Relief Act of 1997. Issues about income taxes are very complicated. The important point to remember is that you should consider the tax consequences of any decisions you make about when and how to use your education award. Contact a tax professional or the **Internal Revenue Service** for details

## **Frequently Asked Questions**

### **What can the education award be used for?**

You can use your education award in the following ways, or a combination of them:

- to repay qualified existing or future student loans;
- to pay all or part of the current education expenses to attend a qualified institution of higher education (including certain vocational programs); or
- to pay expenses while participating in an approved school-to-work program.

### **How much are education awards for?**

See page 1 of this document for the terms/scholarship amount. *Note:* The award will be raised in Fiscal Year 2010 – to match the Pell grants.

If you serve at least 15 percent of your term and leave for compelling personal circumstances (as determined by your project director), you may be eligible for a prorated award based on the number of service hours you complete.

### **How many education awards can you receive?**

Up to two.\* You can receive an award for your first two terms of service, regardless of whether they are full-time, part-time, or reduced part-time terms. If you end a term of service early, that term may count as one of your two chances to earn an award. ***\*For Fiscal Year 2010 this will change to the equivalent of two FT terms in a lifetime.***

- You cannot transfer the education award to any other individual (55 yr olds may do this in FY10)
- The Trust does not make payments to anyone else other than qualified schools and loan holders. See your financial aid counselor for information on how they handle disbursements and reimbursements.

If you withdraw from the school at which you have used the education award, the school may be required to refund the Trust. If any refund is owed, it is credited to your education award "account," and is subject to the

seven-year time limit. For general information on how withdrawing from school may affect your student financial aid, go to U.S. Department of Education's **Student Guidebook**.

Under certain circumstances, you can use the education award to study outside the U.S. Contact the **National Service Trust** at 1-800-942-2677 for further information.

You have seven years to use the education award from the date of your completion of service. You can divide up your award and use portions of it at different times, as long as it is for authorized expenditures within the specified time period. You could, for example, apply a portion of it to existing qualified student loans, and save the remainder to pay for authorized college costs a few years down the road.

### **Which colleges and universities are "qualified institutions"?**

You can use your education award at most institutions of higher education (including graduate and professional programs), as well as some vocational schools. An institution is considered qualified for the education award if it is a Title IV school, which means it has an agreement with the U.S. Department of Education making its students eligible for at least one of the federally backed forms of financial assistance (such as Pell Grants, Perkins Loans, Stafford Loans, National Direct Loans, and Federal Consolidated Loans). To make sure the institution you want to attend is qualified, check with the financial aid office to make sure the school is a Title IV institution before you make specific plans. However, there are some exceptions to the rule so check with your school, if they are not Title IV, they may accept the ed award.

### **Can I defer student loans during my service with AmeriCorps?**

You may qualify for postponement, or forbearance, of the repayment of your loans during your service. The education award will help you pay off qualified student loans when you're finished. Contact your lender for more specific information or to confirm your loan status during AmeriCorps service.

### **Are there any loan forgiveness programs or repayment plans that I might qualify for as an AmeriCorps member?**

On September 27, 2007, President Bush signed the College Cost Reduction and Access Act of 2007 ("CCRAA") into law. In addition to other amendments to the Higher Education Act of 1965, the CCRAA created two new federal programs: a new Public Service Loan Forgiveness program and a new Income-Based Repayment plan (IBR) for the repayment of federal loans.

The Public Service Loan Forgiveness Program offers forgiveness for outstanding Federal Direct loans for those individuals who make 120 qualifying payments after October 1, 2007, while working full-time in a "public service job" as defined in the Act. The new Income-Based Repayment plan helps to make repaying education loans more affordable for low-income borrowers, such as an AmeriCorps member living on a stipend. IBR will become available in July, 2009.

On October 23, 2008, the Department of Education published a **final rule** that details the implementation of the Act. It is important to note that the final rule recognizes full time AmeriCorps service as equivalent to a public service job.

### **What types of loans can the education award repay?**

Most postsecondary loans that are backed by the federal government are qualified for repayment with an AmeriCorps education award. Also, loans that are made by state agencies, including state colleges and universities are now qualified. Your lender should be able to tell you if your loan is qualified. Qualified loans include Stafford Loans; Perkins Loans; William D. Ford Direct Loans Federal Consolidated Loans; Supplemental Loans for Students; Primary Care Loans; Nursing Student Loans; Health Education Assistance Loans; Loans issued to AmeriCorps members by the Alaska Commission on Postsecondary Education.

### **What are "current educational expenses"?**

Current educational expenses are expenses that were incurred after you became an AmeriCorps member. Current educational expenses are based on:

The "cost of attendance" for a degree or certificate-granting program at a qualified school and educational expenses for non-degree courses, such as continuing education courses offered by qualified schools. For credit or degree courses, the cost of attendance may include tuition, books and supplies, transportation,

room and board, and other expenses. Each school's financial aid office determines a student's cost of attendance based upon standard U.S. Department of Education guidance.

### **Can I use the ed award to purchase a computer?**

Possibly. Ask your school's financial aid office. While many schools allow students to do this, it is at the discretion of the financial aid office. You can use your ed award to pay for expenses contained within the school's predetermined Cost of Attendance. Some schools will allow you to increase your Cost of Attendance in a given year to help pay for supplies and equipment, such as a computer. Your best bet: simply ask what their policy is.

### **Are there Institutions that Match the Education Award?**

Go to [http://www.americorps.gov/for\\_individuals/benefits/ed\\_award\\_match.asp](http://www.americorps.gov/for_individuals/benefits/ed_award_match.asp) for the full list and map. Click on "view the list" in the box that contains the map.

### **When can you use your education award?**

You can use your education award any time after you receive your voucher -- up to seven years after the date you end your service. You can apply for an extension if:

- you are unable to use the award for some reason during that time; or
- you perform another term of service in an approved program.

To be considered for an extension, you must apply before the end of the seven year period.

### **Can I give my education award to someone else?**

Over the past few years, there has been talk of changing how the education award is processed so that a member who earns one can give it to someone else (for example, a child or a person in need). At present, it does not appear the rules will change in the foreseeable future. The simple answer is no.

### **Is the education award taxable?**

Yes. You will be taxed on your education award in the year you use it. For example, if you use all or part of your award for college in the fall of 2012, when you file your 2012 taxes, you must pay taxes on the portion of the award you used.

However, you may be able to take advantage of the Hope Scholarship Credit or the Lifelong Learning Credit. Those credits may provide you with significant tax relief. Both the Department of Education and the Internal Revenue Service have information on these tax provisions.

The Corporation for National and Community Service does not withhold taxes from the award. By the end of January the Corporation will send a 1099 Form to all AmeriCorps members who have made payments from their education awards and for whom interest payments have been made during the previous year. The 1099 Form does not need to be included in your tax return, but it reflects the amount that the National Service Trust reports to the IRS as taxable miscellaneous income.

### **Looking for your W-2?**

AmeriCorps\*State and National members will receive their W-2 from the Program or Corps in which you served.

### **Who do I contact with questions about my Award?**

Please contact the National Service Trust at **800 942 2677** or **202 606 7511**. The Trust is staffed by live operators from 8:00-6:00 EST.

For duplicate vouchers, and report a change of address, you can e-mail the Trust at [edawardvoucher@cns.gov](mailto:edawardvoucher@cns.gov).

## **Other FAQs** from CNCS website 5/09

**Where can I find training and technical assistance information?** **The Resource Center** is the Corporation's online stop for training and technical assistance. Through The Resource Center, you can access training publications, sample forms, funding notices, effective practices, and much more.  
<http://www.nationalserviceresources.org/>

**I am currently participating in AmeriCorps and have a question about my Education Award. Who should I contact?** **Do not contact The Corps Network – they do not have this information!**  
For general questions about the Education Award and student loan deferment, contact National Service Trust at 1-800-942-2677. Live operators are available from 8:00 am to -6:00 pm EST, Monday through Friday.

If you have successfully completed your AmeriCorps service, you can view your **AmeriCorps Education Award account balance** and activity online through My AmeriCorps.  
[http://www.americorps.gov/for\\_individuals/online/index.asp](http://www.americorps.gov/for_individuals/online/index.asp)

To request a copy of your AmeriCorps Education Award voucher or report a change of address, you can e-mail [edawardvoucher@cns.gov](mailto:edawardvoucher@cns.gov).

For general information on student financial assistance, you may contact your high school guidance counselor, the financial aid officer at the post-secondary institution you plan to attend, the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243), or consult the **Student Guide** issued by the U.S. Department of Education.  
[http://studentaid.ed.gov/students/publications/student\\_guide/index.html](http://studentaid.ed.gov/students/publications/student_guide/index.html)

**I'm trying to help recruit volunteers or participants to my program. Where can I order brochures or other promotional materials?** Download the **AmeriCorps Materials Request Form**.  
**I'm interested in ordering AmeriCorps gear such as T-shirts and sweatshirts. Where do I place my order?** Visit the **National Service Catalog**\* where you can purchase identity items online or download an order form.

The Corporation has developed a set of **Frequently Asked Questions** based on the Department of Education's final rule. These FAQs are designed to answer a variety of basic questions that AmeriCorps members/alumni might have based upon their individual loan status.  
<http://www.ed.gov/index.jhtml>

### **Additional Resources:**

- **US Department of Education**
- **National Association of Student Financial Aid Administrators**
- **FinAid.org**
- **EdFund.org**
- **Federal Student Aid**
- **Student Loan Borrower Assistance**
- **IBR Info**
- **Equal Justice Works**