



Using Your Segal-AmeriCorps Education Award

to Repay Student Loans and Pay for Educational Expenses – 02/19

Using Your Award

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Whether you are currently earning a Segal AmeriCorps Education Award or you have already earned an award by completing a term of national service, it is important to be familiar with the rules governing **how you can use it.**



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This presentation describes how you can use your award . . .

- to pay your current educational expenses at eligible educational institutions



&

- to repay your qualified student loans



General Rules

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- You can use your education award to pay for current educational expenses at an eligible institution, to repay qualified student loans, or to do both.
- You can use your award all at one time or you can use it in increments until it is used up or expires.
- Generally, the award is available to you to use for 7 years from the date you complete your term of national service.
- You should become familiar with the laws, rules, & procedures to access your award.



Your award is held in an account in the U.S. Treasury called the National Service Trust Fund. It is ready for you to use after you successfully complete your service.

The Office of the National Service Trust is part of the federal agency Corporation for National and Community Service (CNCS). It administers the education award and is commonly referred to as “the Trust.”

Pay Educational Expenses

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You can use your education award to pay for
current
educational expenses at
eligible educational institutions.

Each of these terms has a specific meaning.

What types of “educational institutions”?

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You can use your education award to pay for educational expenses when you are enrolled at “**eligible educational institutions**”.

Also, you may be eligible to use your education award to pay for educational expenses when you are enrolled in courses that are approved under the Montgomery and post 9/11 G.I. Bills.



Eligible Educational Institutions

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Schools that are *eligible* to receive education award payments are institutions of higher education that currently participate in the U.S. Department of Education's Title IV student aid programs.

They includes most colleges, junior colleges, and universities, as well as many trade and technical schools.



Title IV??? How can I tell?

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By participating in the federal government's student aid programs, these "Title IV schools" can offer federal student aid to their students. Examples of common types of student aid they may offer include Direct Loans, Perkins Loans, and Pell Grants.

The U.S. Department of Education's FAFSA web site lists approved Title IV educational institutions. And you can ask a school's Financial Aid Office if they offer federal student aid.

Note: You do not have to receive federal student aid in order to use your award--the "Title IV" designation just means that the school is eligible to receive your education award payments.



You can use your education award at Title IV schools to attend both:

➤ Certificate and degree programs

&

➤ Non-degree courses and programs, such as offered by a Title IV school's Continuing Education or Adult Education Office

What **expenses** can the award be used to pay at Title IV schools?



Educational expenses *for degree and certificate-granting courses* . . .

Your allowable **educational expenses** are based upon the school's *Cost of Attendance* (COA) computation. The COA is the school's determination of expenses for enrollment at the school.

- Every Title IV school calculates each student's COA using the U.S. Department of Education's rules and guidance. The COA is the standard for establishing a student's financial need and financial aid eligibility.
- A student's COA may include tuition and fees, books and supplies, room and board, transportation, and other expenses, as determined by the school for that particular student and based upon his or her program of study.

Allowable Educational Expenses at Title IV schools for non-degree programs

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Educational expenses *for courses and programs such as adult and continuing education classes . . .*



Your allowable educational expenses are determined by the institution's appropriate administrative office for the course or program, such as Continuing Education or Lifelong Learning.

These expenses include tuition and fees normally assessed a student by the institution for a course or program of study, as well as costs for rental or purchase of any books or supplies required of all students in the same course of study.



You also may be able to use an education award that you've earned to attend courses and educational programs that are approved by the Secretary of Veterans Affairs under the Montgomery and Post 9/11 G.I. Bills.

But there are specific rules that apply

A Title IV school that also offers GI-Bill approved educational programs

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If the school is both a Title IV school **and** it offers programs approved by the G.I. Bills, you can use your education award to pay for your approved educational expenses. No special rules apply.



This is because it's a Title IV school and education awards can be used at all Title IV schools!



The Rules

If the educational course or program has been approved under the G.I. Bills **but it is not offered by a Title IV school**, there are restrictions that apply.

These courses and programs are referred to as *GI-Only programs*.

- An education award certified (approved) on December 23, 2011, and later, can be used for *GI-Only courses or programs* **only if the member is a veteran**.
- An education award certified between October 1, 2009, and December 22, 2011, can be used for *GI-Only courses or programs* by **both veterans and non-veterans**.



Also,

No education award that was certified prior to October 1, 2009, can be used to attend GI-Only Programs, even if the member is a veteran.

Expenses at GI-Only educational programs

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Your allowable **educational expenses** for *GI-Only educational programs* can be determined by the Veterans Affairs-approved Certifying Official at the educational institution.

Note: If the “GI Bill-approved” program is offered through a Title IV school, your allowable educational expenses can be determined by either the Title IV school’s VA-Certifying Official or the school’s Financial Aid Office.

What are considered *current* educational expenses?

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Current educational expenses are defined as:

Expenses that you incurred after you began serving in AmeriCorps. In other words, the award cannot be used to pay for an old tuition bill that dates back before you started your AmeriCorps service.

As an example, if you started your AmeriCorps service on January 4th of 2018, you could not use your award to pay a bill for classes you began taking in September 2017.



You can use your education award to repay *qualified student loans*.

By law, the education award can be used to repay only:

- Loans backed by the federal government under Title IV of the Higher Education Act (except PLUS Loans to parents of students)
- Loans under Titles VII or VIII of the Public Health Service Act
- Loans made by a state agency, including state institutions of higher education

Examples of Qualified Federal Student Loans

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Some examples of the types of federal student loans you can use your education award to repay include:

Federal Student Loans: Stafford Loans - Primary Care Loans - William D. Ford Direct Loans - Perkins Loans - Federal Consolidated Loans - Supplemental Loans for Students – Health Profession Student Loans - Health Education Assistance Loans - Nursing Student Loans

Examples of Qualified State Agency Student Loans

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State agency student loans are loans that were made, insured, or guaranteed by state agencies.

They include loans made by state colleges and universities.



Private Loans are not “qualified”

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Student loans from private lenders are not considered qualified student loans (for the purpose of using an education award) and therefore cannot be repaid using your award.



Unsure of Your Loan Types?

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Contact your loan servicer or the institution to which you make payments to find out if your loan is eligible for a payment from your education award.

Postpone paying on your \$tudent loans

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If you currently have student loans, you may be eligible to postpone the repayment of them until after you've completed your AmeriCorps service.



With many student loans, the interest on the loan will continue to accrue (increase) during your service period. But you can request that your loan holder postpone the repayments during your service period.



Repaying Your Loans While You Serve

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Most federally-guaranteed student loans are eligible for **forbearance**, which is one type of a *temporary postponement* of the repayment of your loan while you are serving.

If your loan does not qualify for forbearance based on your AmeriCorps service, you may be eligible for another type of postponement. You should contact your loan holder to find out what you qualify for.

The Trust will pay interest

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The Trust will pay all or a portion of the interest that accrued on your qualified student loan while it was in forbearance during your service.

- The Trust can only make an interest payment **after** you successfully complete a term of service and earn your education award.
- The portion the Trust pays is determined by the type of service (full or part time) and the length of service. For example, a member who serves in a full-time service position, completes the term of service within 12 months, and receives an education award will have 100% of the interest paid that accrued on the loan during his or her service.

You need to request forbearance

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In order to receive a forbearance on the repayment of your qualified student loan, you must request it from your loan holder.

The easiest and fastest way to do this is online, using your account in *My AmeriCorps*. But you may also complete a paper form and have it signed by a certifying official with your program

Request Forbearance Online

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If your loan holder is registered to process loan payments online through **My AmeriCorps**, you can request a forbearance using your account.

1. Log into your **Home** page, then click on *Forbearance Request*.
2. When the *Forbearance Request* screen appears, select the appropriate term of service. Then click on *Submit*.
3. In the *Search Institutions* screen, search for your loan holder. Select your loan holder or enter the required information if the institution is not already in the system. Click on *Submit*.
4. On the final screen, make sure the information is correct then click on *Submit*.
5. You will get a response from your loan holder either approving the forbearance or denying it. If it is denied, they are required to give you the reason.

Request Forbearance Using a Form

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If your loan holder is not registered to use My AmeriCorps, you can still print a copy of the form *Forbearance Request for National Service* from your account in My AmeriCorps.

Fill out the form, print it, and follow the instructions on the form to submit it.

Taxes and Your Education Award

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- The IRS has determined that **ALL** payments made from your education award are considered taxable income and should be included in your tax returns. Payments paid by the Trust for interest that accrued during your service period are also considered taxable income.
- These payments are included as income in the calendar year the payment was actually made. If the payment was requested late December 2019 and the payment was made in early January 2020, it will be considered 2020 income.

More Tax Information

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- In January of every year, the Trust mails out *1099 MISC* forms to individuals who have had payments totaling \$600 or more made from their accounts during the previous calendar year. This form includes both education award and interest payments for the tax year.
- Payments of less than \$600 during the year are still considered taxable by the IRS but notices are not mailed.
- You can also go into your account in [My AmeriCorps](#) and print out your own IRS Form 1099 for the year to use for your tax calculations.

Transfer an Award

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The Serve America Act also allows, under specific conditions, the transfer of education awards.

To be eligible to transfer your award, you must have earned it by successfully completing a term of service in an AmeriCorps State and National program. Also, you must have been at least 55 years old at the start of the award's service period; and the award must be transferred go to your child, step-child, foster-child, grand-child or step-grandchild.

There are many rules that apply specifically to transferred awards. You can find them on the [Transfer Your Education Award](#) web pages. Those web pages also explain how you can transfer your eligible award online using your account in *My AmeriCorps*.

For More Information

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If you have additional questions on using an education award, you can find more detailed information on the [Segal AmeriCorps Education Award home page](#), located on the CNCS web site.

You can also find answers about education awards in the [Frequently Asked Questions](#), also online