

EDUCATION AWARD FREQUENTLY ASKED QUESTIONS

How long do I have before my Education Award expires?

Your Education Award is valid for 7 years, effective the date your service ends.

How do I access my Education Award if my maiden name has changed?

Contact the National Service Trust at 1- (888) 507-5962 or edawardvoucher@cns.gov to request an update of your name in the National Trust records.

How do I request another copy of my Education Award if it has been lost or if I never received one?

If you have questions about the status of your Education Award or need another copy, contact the National Service Trust at 1- (888) 507-5962 or edawardvoucher@cns.gov. Operators are available Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time.

How long do I have to wait to receive my Education Award voucher?

Once you have sent in all your exit paperwork, you should expect your Education Award voucher to be available electronically within 6-8 weeks. You may check your account at *My AmeriCorps* to see if it has arrived sooner.

What student loans qualify?

A “qualified student loan” is any federally-backed student loan that is in your name. Additionally, any loan made directly to you by the Alaska Commission on Postsecondary Education is qualified. If you are unsure, ask your lending institution.

Does the Education Award come to me or does it go directly to the Financial Aid office of my school?

Notification of your Education Award comes to your *My AmeriCorps* page. It is your responsibility to follow the steps to process your Award. You decide whether your Education Award should go to your Financial Aid office. Online payments are not made automatically – you must initiate them.

Do I have to complete a FASFA form in order to use my Education Award?

No, completing a FASFA form is not required; however, completing the FAFSA form is required in order to receive any additional financial aid for which you may qualify.

Does the National Service Trust pay the interest accrued during my term of service?

Yes, but only for Federal Student loans that you placed into forbearance status at the beginning of your term of service. As a part-time AmeriCorps member, the National Service Trust will pay a percentage based on the hours served. You must put your loans into forbearance at the start of your term and complete an Interest Accrual Benefit Request at the end of your term. However, if your student loans are already in deferment and are not accruing interest, the National Service Trust will not pay anything.

How many Education Awards can I earn?

You can earn a maximum of two Education Awards in your lifetime, regardless of the type of AmeriCorps program or combination of programs you enroll in (e.g. VISTA, NCCC, State, National, part- or full-time, etc.)

Where can I find a listing of schools that accept the Education Award?

Visit nces.ed.gov/ipeds/cool. Enter your choices in the appropriate fields. Most importantly, check the “Title IV participating” box.

Will the school I attend match or supplement the Education Award?

Visit www.lifetimeofservice.org to see a list of schools that match or supplement the Education Award.

Will my Education Award affect my financial aid award?

The Ed Award will appear as a “resource” only in the year that you spend it, so it is highly recommended that you consult with your campus’s Financial Aid Office prior to spending your Award if you are concerned that it may affect your financial aid eligibility. The Education Award should NOT be listed on the FAFSA for those years in which it is not being spent. For more information, visit: americorps.gov/pdf/effective_ed_award_rogers.pdf.

I recently consolidated my loan. Can I use my Education Award to pay the principle on one of my smaller loans instead of dividing the award to pay my monthly amount on the loan?

It depends. Typically, lenders will apply the Education Award to the interest and payments, rather than principle. You will need to contact your lender to request that your Education Award be applied to the principle only.

Are there disadvantages to consolidating my student loans before the end of my year of service?

There can be some disadvantages to consolidating your loans before the end of your service year.

1. Consolidation Lenders won't necessarily accept the Interest Accrual Benefit Request, thus making you responsible for payment of accrued interest.
2. Some consolidation lenders do not offer forbearance to National Service participants. In order to decrease complications, postpone consolidation until after you've completed your term of service. Wait until after the interest is paid, then consolidate.

If I am using the Education Award to pay for loans, is it better to A) use the Award all at once or B) use it monthly when my loan payments are due?

It depends. Remember that the Education Award is taxable. This means if you use it all at once, you will be taxed all at once. To help distribute the tax burden over more than one year, you can choose to use your Education Award over a period of several years. Also, if you are planning on going back to school, it is sometimes better to keep a little bit in case you need it in the future for the cost of attendance at a Title IV school.

Should I figure out my taxes before I use my Education Award to ensure that I don't get bumped into a higher tax bracket?

You won't be able to reduce the total taxes you pay when using your Education Award, but you can reduce the large tax bill by redeeming your Education Award in multiple disbursements. You do this by using part of it before the end of the calendar year (which corresponds to the tax year), and use the other part(s) after the beginning of the subsequent year. If you still have questions about how the Education Award will affect your taxes you should consult a CPA.

Is there a way to receive a tax break?

There are certain tax breaks you can now get for education expenses. This is a great benefit. There is information on the AmeriCorps website at:

www.americorps.gov/for_individuals/benefits/benefits_ed_award_taxes.asp.

Are taxes taken directly from the Education Award or am I responsible for making the payment at tax time?

The tax is not automatically deducted from the Education Award. You are responsible for covering this cost. Education Award funds can only be used for the cost of attendance at a Title IV school or repayment of prior loans. You must use other income sources to pay any tax burden.

How will the award affect reporting on my income tax return?

You will get a 1099 at the end of the year for any amount of your Award that you use.

Is there an overseas equivalent to Title IV schools?

No. Since the Title IV is United States Federal Code there is not an overseas equivalent. However, there are many foreign schools that are eligible to receive Title IV funds such as Stafford Loans and Pell grants. Search for a complete list at www.fafsa.ed.gov/FOTWWebApp/FSLookupServlet.

I want to use my Education Award to enroll in an intensive Spanish program in Central or South America. How do I go about doing this?

If you are currently enrolled at a Title IV school in the United States you can enroll in a study abroad program, especially if your school has a consortium agreement with an intensive language program in South America. Make sure the school abroad is Title IV. You can also enter into an internship agreement with a current school. If the school is Title IV, then typically you can use your Education Award there. For a list of foreign schools that accept Title IV funding visit: www.fafsa.ed.gov/FOTWWebApp/FSLookupServlet. Select the search option, and then select *foreign country* when prompted to enter a state.

Can the institution include travel in its cost and reimburse me if I study overseas?

Yes, travel is normally a cost of attendance expense if enrollment status is at least half time or greater.

Can I use my Education Award to take non-conventional courses such as Silversmithing/Jewelry, Yoga Classes, Rock-Climbing and/or Kaplan etc?

You can use your Education Award to enroll in 'non-conventional' courses so long as the courses are offered through a Title IV institution.

How do I know if I can use my Education Award for taking continuing education certificate program courses online at a particular institution of higher education?

You have to check with the school and verify that the class you take is a regular class, and not what they call a 'recreation education' course. Also, make sure the school has Title IV status.

May I tap into the Education Award prior to beginning school and, if not, can I rely on the Award to help me ASAP or as soon as I'm through with my service?

You cannot 'tap into' the Education Award, however some schools are willing to offer students a credit if they have proof of the Education Award voucher. BE ABSOLUTELY SURE that if you do this, you have shown them the most recent amount of funds left in your Education Award and that you fully intend to take the classes you sign up for. If you allow the school to offer you a credit and then drop out of school before the payment arrives (or even after, for that matter), you will owe those funds back to the school.

Is the Education Award similar to a Pell Grant? Can I use my Education Award for living expenses?

The Education Award is very similar to the Pell Grant in that it can be used for anything defined as cost of attendance. Cost of attendance typically includes tuition, room and board, books, and miscellaneous expenses. However, to be eligible for costs other than tuition, you generally have to be enrolled at least half time or greater.

My handbook says I can use my Education Award for transportation expenses-does that mean I can make my car payment with it?

No. When transportation expenses are calculated as part of the Cost of Attendance, transportation is referring to gas, bus tickets, and other minor monthly expenses used to get around.

Can I use the Education Award to pay for books? How exactly can I use my Education Award to pay for books?

Yes, you can. Books typically fall in the "cost of attendance" category. When you receive your Education Award, speak with your Financial Aid Officer so s/he can complete the Financial Aid Office section online.

What about using a loan to get in school and receiving a refund for the overage because the Education Award did not come in on time? I start my courses in 2 weeks and my loan was processed last week, but I want to use my Education Award this semester/quarter.

Many students do select to take out loans, rather than pay tuition; however, remember your Education Award can only be used to repay eligible student loans such as Stafford, Perkins, or Consolidation loans.

What if I have no 'prior costs' and receive a merit-based scholarship, how should I apply my Education Award?

While you may not have prior costs, it's likely that your cost of attendance is still rather high due to room, board, etc. However, if you have a huge scholarship, using your Education Award may wind up reducing your other aid. Always apply for all the financial aid that you can, and be sure to apply early and on time (before February in most cases.) If part of your financial aid package is a grant you do not need to repay, using your Education Award may take the place of that grant. In this case, it may be best to take out a loan, use the grant from the school, and use the Education Award to pay off the loan.

Once you receive your Award letter, make sure your Education Award does not reduce your other aid. Talk with the financial aid officer at your school and verify that your Education Award will not place you into an Over-Award status. (Over-Award: When your total financial aid exceeds your cost of attendance.)

Remember that you have 7 years to use your Education Award. You may choose not to use it now if it will result in loss of aid. To find out how to maximize the value of your Education Award visit:

www.onechildleftbehind.com/edaward.html and open the *Handout* link under *Education Award Handout*.

I am funding Graduate School on my own. Is it better to use the Education Award to pay off college loans or finance Graduate School?

It depends. As a graduate student you won't receive Pell grants or SEOG. There are other forms of financial aid for graduate students such as assistantships, fellowships, and other awards that do not need to be repaid. For more information, visit www.finaid.org. Most graduate students will not lose other aid by using the Education Award. Consider using part of the Education Award to cover current expenses and part for prior loans. Every case is different. Consult with your Financial Aid Officer.

How do I know that the National Service Trust has paid the interest on my loan during the deferment period?

Contact the National Service Trust at (888) 507-5962 or epayments@americorps.gov. Also register for a PIN and password and check online at <https://my.americorps.gov/mp/login.do>.

If I don't plan on going back to school, and I don't have any student loans to pay back, can my Education Award be refunded to me as cash?

No, you cannot have the Education Award refunded to you as cash.

Is legislation being considered that would enable the Education Award to be used for the start-up business costs?

No.

Is there legislation being passed to make the Education Award tax exempt?

No, there is no legislation pending to make the Education Award exempt from taxes. Congress decided this is an issue for the IRS and the congressional committee that oversees taxes.

What are some other useful links regarding effective use of my Education Award?

www.onechildleftbehind.com/edaward.html

www.americorps.gov/for_individuals/alumni/education_award.asp

www.nationalservicerresources.org/filemanager/download/447/rogers.pdf