

APPENDIX A

Education award information



Education awards are provided from a special account in the United States Treasury called the National Service Trust. This Trust is managed by the Corporation for National and Community Service. Education awards are subject to income taxes in the year they are used.

WHAT HAPPENS WHEN YOU COMPLETE YOUR SERVICE?

When you complete your term of AmeriCorps service, the director of your project (or for AmeriCorps*VISTA members, the Corporation State Office) will notify the Trust that you have successfully completed service. The Corporation will send you a *Voucher and Payment Request* form and instructions for completing the voucher.

You may then present the voucher to your loan holder or the school you plan to attend.

The loan holder or school will complete a portion of the voucher and send it to the Corporation for payment. Payments will be made directly to the loan holder or school, not to you. The Corporation will notify you that a payment has been made and send you a new voucher showing any balance in your Trust account.

You should receive your voucher from the Corporation within 14 days of the Trust receiving notification from your project that you have completed your term of service. The voucher will be sent to the address that you furnish on your end-of-term paperwork. It is important that you keep the National Service Trust informed of any changes to that address during the seven years you are eligible to use the award.

ABOUT YOUR EDUCATION AWARD

You can divide the amount of your education award and use it any way you want, as long as it is used for authorized expenditures. 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. The education award must be used within seven years of the completion of your service. You may apply for an extension if, during the seven-year period, you perform another term of service in an approved AmeriCorps position or if you were unavoidably prevented from using the award.

Participants in certain AmeriCorps programs may elect not to receive the education award but to take a post-service stipend

instead. AmeriCorps*VISTA members may choose either a stipend check or an education award—but not both. All other AmeriCorps members are only eligible for an education award from the Trust. AmeriCorps*VISTA members who have chosen a stipend will receive a prorated portion of that stipend based on their length of service, regardless of their reason for leaving.

PAYMENT OF ACCRUED INTEREST

If you successfully complete your term of service and have obtained forbearance, the Trust will pay all (for full-time members) or a portion (for part-time members) of the interest that accrues on your loans while you are serving. Since these are benefits above and beyond your education award, interest payments will not be deducted from the amount of your award. The Trust cannot pay any interest accrued during the period if you do not successfully complete your term of service. However, although generally you cannot have any interest paid by the Trust if you don't complete a full term of service, it may be paid under other federal regulations. Your lender will be able to tell you whether your student loan qualifies for another type of deferment or forbearance.

You should request from your loan holder a bill or statement showing the total amount of interest that accrued during your postponement period (your service period). A form to request this information will be made available to you through your project or you can ask

your loan company for this information by calling on its toll-free line. The notice from the loan company should include the beginning and ending dates upon which this total was based. You may have this bill or statement sent directly to the National Service Trust or preferably mailed to yourself. If it is sent to you, you should make a photocopy for your records and mail the original to the Trust. The Trust will pay the interest when it has: 1) verification from your project that you have successfully completed your term of service; and 2) the bill or statement showing the total amount of interest that accrued during the term of service.

COMMON QUESTIONS AND ANSWERS

What do I need to do to get the education award?

You must successfully complete your term of service. Then, within 14 days of receiving the End-of-Term Form from your project, the Trust will send you a voucher and letter that you should take to the school or your lender. The payment will be sent directly to the school or lender; it does not go to you.

How many education awards can I receive?

Two. You may receive one award for your first and second terms of service. Both terms can be for full-time, part-time, or reduced part-time terms or they can be for two different types of terms.

How long do I have to use my education award?

You must use the award within seven years of the date you complete your service. You may apply for an extension of this time period if you were performing another term of service in an approved AmeriCorps program or if you were unavoidably prevented from using the award during the period. You must apply for an extension before the end of the seven-year period.

What can I use my education award for?

Awards can be used:

- ▶ to repay existing or future qualified educational loans; and
- ▶ to pay for the cost of attending a qualified institution of higher education or an approved School-to-Work program, as defined by the U.S. Departments of Education and Labor.

The award isn't limited to one loan or one school. It can be used to help pay several qualified loans or to pay the costs of attendance at several educational institutions, or to pay for a combination of loans and schools.

What expenses are considered part of the "cost of attending" a qualified school?

The U.S. Department of Education has defined the term "costs of attendance" to mean tuition, normal fees, and required material, equipment, and supplies. In addition, each educational institution establishes allowances for

room and board, books, supplies, transportation, and miscellaneous personal expenses. These expenses, too, are included in the cost of attendance. See your school's financial aid office for the expenses covered in the cost of attendance for your academic program.

If I have already paid for some of these expenses out of my own pocket, can the check be sent to me?

By law, the Trust can send checks only to qualified schools and loan holders. Checks cannot be sent to others, such as landlords or mortgage companies. However, your school can reimburse you for expenses included in the "cost of attendance" that you paid for yourself. See your financial aid office for more information on how your school handles reimbursements and disbursements.

What kinds of schools can I attend using the awards?

You may attend an institution of higher education (including certain vocational programs) as defined in section 481(a) of the Higher Education Act of 1965, as amended (20 USC 1088(a)). This includes most institutions of higher education (including graduate and professional programs), as well as some vocational schools. The school must have in effect a Title IV Program Participation Agreement with the U.S. Department of Education. If in doubt, you should check with the institution prior to making definite plans. The institution's financial aid office will know if they

meet this requirement. Ask the financial aid office if the school is a Title IV school.

What kinds of loans can I pay off using the awards?

A qualified student loan means any loan made, insured, or guaranteed pursuant to Title IV of the Higher Education Act of 1965 (20 USC 1070 et seq.), other than a loan made to a parent of a student pursuant to section 428B of the Act; and any loan made pursuant to Title VII or VIII of the Public Service Health Act (42 USC 292a et seq.). Recent legislation includes loans made directly to members by the Alaska Commission on Postsecondary Education. These citations should be on your loan papers. Your lender will be able to tell you if the loan is covered. Some of the more common qualified students loans are Perkins, Stafford, William D. Ford, and federal consolidation loans.

If you are unsure whether the school or the loan qualifies, ask the school or lender. Get written confirmation if there is any question.

Is it true that some schools match education awards?

Some colleges and universities may match your education award. Ask your school's financial aid office about this possibility. Go to www.lifetimeofservice.org/?Education to get information about schools offering the education award match. Please note that this website information may not be comprehensive.

Can an education award be used to study outside the United States?

You may use the education award to attend many schools outside the United States. Generally, if Stafford loans are available to attend the school, it is a school where you can use the education award. Also, many qualified U.S. postsecondary institutions offer educational opportunities abroad. Before you enroll in a school abroad, you should check to see if the school qualifies. The Trust office can provide you with additional information.

Will the education award affect my eligibility for other student financial aid?

The education award will not be taken into account in determining eligibility for any federal student aid. The Corporation has no jurisdiction over whether state or private universities—or private scholarship funds—will take it into account in determining eligibility for institutional aid; however, the Corporation has requested that institutions not do so.

Can cash be taken instead of an education award?

It depends upon the program in which you are participating. Members in AmeriCorps[®]VISTA must select either a post-service stipend or an education award. They are asked to indicate whether they want a check for the post-service stipend instead of the award. Other AmeriCorps members are eligible only for a cash payment if the option is provided by the local project with non-federal monies. If in

doubt, you should ask your project director if this applies to you.

What happens if I withdraw from the school or fail to complete my period of enrollment for which the award has been used?

The school must have a fair and equitable refund policy that complies with the Higher Education Act of 1965, as amended. If there is any refund owed and returned to the Corporation, the amount will be credited to your “account” in the Trust, and can be used by you, within seven years of your completion of service.

Will I have to pay taxes on my education award?

According to the IRS, in most cases awards are subject to income taxes in the calendar year in which they are used. The Corporation will deduct no taxes, but it will send you a Form 1099 to be used in preparing your income tax return.

Is my award transferable? For example, if I am unable to use it, can I transfer the award to another individual?

No. Only AmeriCorps members are eligible for education awards. You may not transfer it to a relative or any other individual under any circumstance.

What if I have other questions?

General Questions: The National Service Trust has a toll-free number. Call 1-888-507-5962, or e-mail edawardvoucher@cns.gov to report an address change, request a duplicate voucher, or find out about policies and procedures regarding the education award or forbearance.

Specific Questions: If you have specific questions about your award, a payment, or your forbearance request, call (202) 606-5000, x347.

Address:

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