



## Segal AmeriCorps Education Award

<http://www.nationalservice.gov/programs/ameri-corps/segal-ameri-corps-education-award>

Segal AmeriCorps Education Awards -- named after Eli Segal, one of the pioneers of the national service movement and the first CEO of CNCS -- are a post-service benefit received by AmeriCorps members, including those supported through AmeriCorps VISTA and AmeriCorps NCCC.

Upon successful completion of a term of service, members are eligible to receive a Segal AmeriCorps Education Award, which may be used only to pay college costs or to repay student loans. Members may earn up to two awards and have seven years to use this benefit. Since the inception of AmeriCorps in 1994, more than 800,000 alumni have earned more than \$2.4 billion in education awards.

The award, which was designed to encourage AmeriCorps alumni to seek postsecondary education opportunities, serves as a powerful recruitment tool for individuals to join AmeriCorps. Studies show that AmeriCorps alumni, with their commitment to service, also make excellent students. A growing number of higher education institutions, in order to encourage AmeriCorps alumni to enroll in their institutions, are “matching” the education award with scholarships and / or academic credits.

### Amount, Eligibility, and Limitations

Beginning with terms of service that were supported with 2010 funds, the amount of a full-time education award is equivalent to the maximum value of the Pell Grant for the award year in which the term of service is funded. Prior to this time, the amount of an education award had remained the same since the AmeriCorps program began. Because AmeriCorps State and National programs are funded on a different schedule than VISTA and NCCC, VISTA and NCCC members will be eligible for the new amount sooner than AmeriCorps State and National members. As a reference, the amount of a Pell grant for the 2012 fiscal year is \$5,550. Members should check with their program or project sponsor to confirm the amount of the award for which they are eligible.

Because the maximum amount of the Pell Grant can change every year, the amount of a full-time award can change in the future. However, once a member earns an award, the dollar value of that award will not increase. For all programs, award amounts for part-time terms of service vary based upon the length of the required term of service. Payments made from Segal AmeriCorps Education Awards are considered taxable income in the year that the Corporation makes the payment to the school or loan holder. A member serving in a full-time term of service is required to complete the service within 12 months.

## **Eligibility**

You are eligible for a Segal AmeriCorps Education Award if you successfully complete your term of service in accordance with your member contract with one of the following approved AmeriCorps programs:

- AmeriCorps State and National
- AmeriCorps VISTA
- AmeriCorps NCCC
- Alternative to the Segal AmeriCorps Education Award

As an alternative to the Segal AmeriCorps Education Award, AmeriCorps VISTA members may choose to take a post-service cash stipend.

Only AmeriCorps VISTA alumni who choose the stipend and have student loans may be eligible for up to 15% cancellation on certain types of loans. To determine what student loans may be eligible for cancellation and to receive forms, contact the U.S. Department of Education at 1-800-433-3243. AmeriCorps VISTA members who choose the education award may not claim a partial cancellation.

## **Award Limitations**

Currently, the maximum numbers of terms that you can serve in each AmeriCorps program are:

- four for AmeriCorps State and National
- five for VISTAs
- two for NCCC

Full-time, half-time, reduced half-time, quarter time, and minimum time terms of service each count as one term of service.

Generally, if you are released for cause before completing your term of service and do not receive an education award, that term of service counts as one of your terms. The Trust does not make payments to anyone 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 award's original expiration date (seven years from the date the award was earned). For general information on how withdrawing from school may affect your student financial aid, ask your financial aid counselor or refer to the U.S. Department of

Education's Federal Student Aid Handbook.

Under certain circumstances, you can use the education award to study outside the U.S. Contact the National Service Hotline 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.

### **Award Transfers**

The Serve America Act allows for the transfer of AmeriCorps State and National and Silver Service education awards under certain conditions. Basically, the person who earned the award has to have been at least 55 years old when they began the term of service and the person to whom the award is transferred has to be the transferring individual's child, grandchild, or foster child.

To transfer an award, an individual must:

- have earned an education award in an AmeriCorps State and National or a Silver Scholar term of service;
- have been at least 55 years of age before beginning the term of service for which the award is attached;
- have begun this term of service on or after October 1, 2009;
- transfer the award before the original expiration date;
- designate all or a portion of the unused award for the transfer; and
- complete the on-line forms authorizing the transfer, which includes providing information and certifying eligibility to make the transfer.

### **Taxes**

Remember, the IRS has determined that payments made from an education award are considered to be included in a member's taxable income in the year the payment is made to the school or loan holder. Interest payments are also considered taxable. This increase in your income could affect your tax liability for that year..

The Segal AmeriCorps Education Award, unlike most other forms of scholarships and fellowships, is subject to federal tax in the year the payment is made. It is considered taxable income regardless of whether it's used for current educational expenses or to repay a qualified student loan. When and how much of the education award you redeem may have an impact on your overall income tax responsibility.

If you use the entire amount of your education award in one calendar year, you must include the entire amount as income on your taxes for that year. 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. Interest that is paid on qualified students loans is also subject to income taxes in the year it is made to the loan holder.

The Trust **DOES NOT** deduct taxes from your education award or interest payments. If your education award and interest payments total more than \$600 in a calendar year, in January of the following year, CNCS will 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 payments are listed together on the 1099 form.

### **Using Your Segal Education Award**

After successfully completing your AmeriCorps term of service, you are eligible to receive a Segal AmeriCorps Education Award. You can use your Segal AmeriCorps Education Award to repay qualified student loans and to pay certain education costs at qualified institutions of higher education and training programs. You may use your education award to both repay qualified student loans and to pay for current education expenses. You can access the entire award or part of it until the total amount has been used or the award expires. You can use your award within seven years of completing your term of service.

Under certain conditions, education awards can be transferred to specific family members. Basically, the person who earned the award must have been at least 55 years of age in an AmeriCorps State or National Program when he or she began the term of service and the recipient of the award has to be the transferring individual's child, stepchild, foster child, grandchild, or step-grandchild. Visit the [Frequently Asked Questions](#) page for more information on transferring awards.

#### **Use the Education Award to 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 Segal AmeriCorps Education Award to repay a student loan made to you by a state agency, including state institutions of higher education.

Segal AmeriCorps Education Awards cannot be used to repay any other type of loan, even if the loan was obtained for educational purposes. You can use your Segal AmeriCorps Education Award to repay defaulted student loans as long as the loans meet the definition of *qualified student loan*.

## Use the Education Award to Pay Current Educational Expenses at a Qualified School

Qualified schools are higher educational institutions that currently participate in the Department of Education's Title IV student aid programs (referred to as Title IV schools). This category includes most post-secondary colleges, universities, and technical schools.

The education award can also be used for programs of education, apprenticeship, or on the job training that have been approved for educational benefits under the Montgomery GI Bill and the Post 9/11 G.I. Bill. For the purpose of the education award, these are referred to as G.I. Bill approved programs. See the paragraph on G.I. Bill approved programs below, for further explanation.

Educational expenses that can be paid include:

The "Cost of Attendance" (COA) for a degree- or certificate-granting program of study at a Title IV school. The COA may include tuition, books and supplies, transportation, room and board, and other expenses. Each Title IV school's financial aid office determines their students' COA based upon standard U.S. Department of Education guidance.

Educational expenses for non-degree courses, such as continuing education courses or workshops offered by Title IV schools. Educational expenses that can be paid normally include tuition & fees, books, and supplies, as determined by the school's administrative office.

Courses or training programs authorized under the Montgomery G.I. Bill and the Post 9/11 G.I. Bill. These courses and programs have been approved by the Department of Veterans Affairs for GI Bill educational benefits. The educational institutions or training establishments that offer these courses and training programs will have a VA-approved Certifying Official who can determine eligible expenses.

If the G.I. Bill approved programs are offered by institutions that are Title IV schools, expenses can be determined by either the institution's Financial Aid Office or the VA-approved Certifying Official.

Current educational expenses are expenses that were incurred after you became an AmeriCorps member. Educational expenses that pre-date your AmeriCorps service are not considered "current". If you took out a qualified student loan to pay for the expenses before you entered AmeriCorps, you can use your education award to repay that loan. But you cannot use the award to repay an old debt to a school, such as for an outstanding tuition bill that you incurred before you entered AmeriCorps.

### **GI-Approved Programs**

An education award can now be used at programs of education, apprenticeship, or on the job training that have been approved by the Secretary of Veterans Affairs under the Montgomery G.I. Bill and the Post 9/11 G.I. Bill. If the GI-Bill approved program is offered by a Title IV

school, any AmeriCorps alumni can use their award to pay for current educational expenses.

However, if the GI Bill approved program is offered by an institution that is not also a Title IV school, then special rules apply. We use the term **GI-Only** for these programs. The rules for these GI-Only programs are based upon the date the education award was certified (approved) by an authorized program staff and whether the AmeriCorps alumnus is a veteran.

These are the rules governing GI-Only programs—GI bill approved programs that are offered by institutions which are not Title IV schools:

A Segal AmeriCorps Education Award certified on December 23, 2011, and later, can be used if the member is a veteran.

An education award certified between October 1, 2009, and December 22, 2011, can be used by both veterans and non-veterans.

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

#### **Additional Information About Your Segal AmeriCorps Education Award**

<http://www.nationalservice.gov/programs/americorps/segal-ameri-corps-education-award>

**Amount, Eligibility, and Limitations**

**Postponing Student Loan Payments and Getting Interest Paid**

**Tax Implications**

**FAQs**

#### **How to request payments online from your *My AmeriCorps* Account**

Accessing and managing your Segal AmeriCorps Education Award has never been easier. **My AmeriCorps** provides a one-stop shop for AmeriCorps 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, request for a forbearance, and, most importantly, easily make payments to your educational or financial institution.

After you have completed your service and received notification of the availability of your award, you can begin to use your education award. Go into your account in **My AmeriCorps**. In your home page, under "My Education Award" click on the "Create Education Award Payment Request" link to bring up the screen to request the payment. Follow the instructions and complete the form. You will select the purpose of the payment (loan or current educational expenses), the amount of the payment, and identify the holder of your student loan. When you click on "submit", a notice will be sent electronically to your educational or loan institution. A record of your request will appear in your account home page.

The school or loan holder will complete their portion of the form and return it electronically to CNCS. They will fill in the amount for which you are eligible if the request is for current

educational expenses or they will provide the payoff amount and loan type if the request is for a student loan. The institution will certify the accuracy of the information and submit it to CNCS for payment.

When you request a payment, the *Available Balance* will be adjusted by the amount of the request. Once the payment is disbursed, the *Award Balance* will be adjusted by the amount disbursed. All payment requests that are not acted upon will be cancelled after 90 days and your *Available Balance* and *Award Balance* will be adjusted accordingly.

If for some reason the institution denies the request for payment, they should have entered comments explaining the reason for the denial.

If your school or loan company has not registered in **My AmeriCorps**, they will not be on the list of institutions in the system. After you do a search and your institution does not appear on the list, click on the “Not Found” link. The next screen will ask you to enter as much information as you know about the school or loan company. You will need to enter information in each of the asterisked fields and then submit the form. These requests may be processed manually and can take several weeks to complete.

### **The Importance of Using My AmeriCorps**

In order to prevent a delay in the processing of Segal AmeriCorps Education Award payments, individuals must request payments electronically using the on-line system, **My AmeriCorps**. This is a secure, user-friendly and fast method for requesting payments to be remitted to qualified schools or loan holders. It also provides electronic records of payments requested and there are no forms to mail.

The Corporation for National and Community Service cannot guarantee the prompt and accurate processing of requests for payments using paper forms. Payments requested by paper can take up to six months or more for processing and are less secure.

It is fast and easy to access your National Service Participant account in **My AmeriCorps**. To register, go to <https://my.americorps.gov/mp/login.do> and click on “Register to create a new Member/Alum account.” Then, follow the instructions.

### **Financial Aid**

Determining the amount of financial aid for which a student is eligible can be a complicated process. The rules governing financial aid may contain terms that are hard to understand. Financial Aid Officers are trained to keep up with the ever-changing rules and legislation affecting federal student aid. Your school’s Financial Aid Office can assist you in planning your financial aid over your college years.

Below we are providing some basic guidance in making the most of your education award

during your educational experience. We are also providing important information that you can pass on to Financial Aid Counselor which may help when he or she advises you on when and how to use your education award.

If you intend to apply for student financial aid as well as use your education award, payments from your education award, interest payments on your student loans and the living allowance you received during your service can affect your eligibility for some student aid in the school year after the payments were made.

Under certain circumstances, your education award, living allowance, and Trust payments on accrued interest 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.

Many schools will require you to fill out the Free Application for Federal Student Aid (commonly known as FAFSA) if you use your education award, even if you do not intend to apply for financial aid. The FAFSA can be completed online. If you are required to complete this form, complete it early and correctly. *A section of the form asks about your income reported to the IRS from the previous year. If you used your education award in the previous year, had interest payments made by AmeriCorps, or received a living allowance, be sure to include those amounts on the line where it asks for AmeriCorps benefits (awards, living allowances and interest payments)". This can give you a lower adjusted gross income and help you receive a better financial aid package.*

### **Information You Can Give to Your Financial Aid Counselor**

*Dear Financial Aid Officer:*

*We are providing this information to assist you in understanding the relationships between AmeriCorps and FAFSA. An AmeriCorps member receives three types of benefits that are relevant to completing the FAFSA:*

***Living Allowance:*** *AmeriCorps members may receive a living allowance to cover living expenses during their term of service.*

***Segal AmeriCorps Education Award:*** *After successfully completing a term of service, AmeriCorps members who are enrolled in the National Service Trust are eligible to receive an education award. The education award can be used to pay education costs at qualified institutions of higher education or training, or to repay qualified student loans. Members can use any portion of their education award and a member has up to seven years after his or her term of service has ended to claim the award.*

***Payment of interest on loans:*** The Corporation for National and Community Service pays interest on postponed qualified student loans for AmeriCorps members who successfully complete their term of service.

*The member may also be earning Federal Work-Study wages for serving in an AmeriCorps project. All of these benefits should be included on the "income exclusion worksheet" of the FAFSA.*

*With respect to the education award and interest payment, the IRS has determined that these payments are subject to income taxes in the calendar years in which the payments are made. That taxable amount is reported on a 1099 form. When the student files a FAFSA for the following year, the amount of the Segal AmeriCorps Education Award paid in the base year and included in that year's AGI, is to be excluded from the need analysis calculation. In most cases, the entire education award amount that was paid is taxable, so the entire amount that was paid is included in the AGI. Thus the filer is to report the entire amount that was paid, not just the amount in excess of tuition, fees, books, and supplies.*

*When students use their education awards as a resource, it may reduce their eligibility for campus-based aid. Financial aid offices must consider the Segal AmeriCorps Education Award as a resource, or funds that you have available toward your cost of attendance, when considering your eligibility for campus-based aid. This includes the Federal Supplemental Educational Opportunity Grant (SEOG), the Federal Work-Study Program, and Perkins Loans. (See 34 C.F.R. § 673.5(c).)*

*AmeriCorps VISTA members have some additional benefits. Whether they have elected the education award or the stipend, AmeriCorps VISTA members may be eligible for other types of loan postponements. Those who choose the stipend are also uniquely eligible for partial cancellation of Perkins loans.*

