



Questions and Answers for
Using the Education Award and Managing Student Loans
Wednesday, December 19, 2012

Accrual

Where do you request interest accrual payments? You may request an interest accrual payment online at my.americorps.gov once you have completed your full term of service and your education award balance appears on your account.

Paying for multiple loans

I have 2 different loans, Stafford and Perkins loan. Can I use half the education award for my Stafford loan and half the education award for my Perkins loan? You may use your education award towards any qualified student loan. For a list of qualifying loans please visit edaward.org.

Equipment purchases

So if I need a laptop and the only way I could purchase it would be with my education award, I would need to be enrolled in school? Yes, you must be enrolled in a Title IV institution in order to use the award for any expense.

Forbearance

Can you explain why it is ever more beneficial to forbear on federal loans rather than making faithful income-based repayments of \$0? The reason forbearance could be more beneficial is due to the interest your loans accrue. If you are on IBR your payment amounts may be as low as \$0 but interest on your loan would still accrue. By entering into forbearance your loan payments would be \$0 and the interest accrued on your loan during service would be paid by CNCS. Interest payments are considered taxable income for the year in which the payment was made on your behalf.

I am completing grad school part-time while serving. My loans are automatically put into deferment because of my active student status. Can I have them put into forbearance while still a student so CNCS will pay the interest? If you are earning an education award, then yes you can still go into forbearance for your existing loan debt. Being enrolled in school while serving does not impact your eligibility for forbearance.

Does the additional interest paid during forbearance apply to federal direct grad school loans? Interest payments may be applied to any loan placed in forbearance. This includes loans for undergraduate and graduate studies.

Does the Corporation pay for all interest accrued during the entire service term, or just the interest accrued during forbearance? I have been serving for 4 months but have only been in forbearance for a few weeks. CNCS pays for all interest accrued during your forbearance period. Contact your lender to see if the forbearance period will be applied retroactively to your start date.



Income Based Repayment

Is there interest involved with Income Based Payments? What are the downfalls for this? It sounds great. The IBR program addresses interest on loans for a limited period. For more information on how IBR works please visit studentaid.ed.gov and follow the links for IBR. Regarding your service with VISTA, we recommend that you seek the IBR program's lower monthly payment as well as loan forbearance for your service term.

Does income based repayment also take into consideration a spouse's income, or only the borrower's? The IBR monthly payment amount is based on your annual Adjusted Gross Income (AGI) and family size. For more information on how IBR works please visit studentaid.ed.gov and follow the links for IBR.

Multiple years of service and extended service

I already have an education award from a previous AmeriCorps service year. My loans from undergrad are in forbearance, but I'm starting grad school in the fall. Would you recommend using it to pay loans or saving it to pay future educational expenses? The award is flexible and can be used now or any time prior to the end of the seven year eligibility period. You will need to weigh the benefits of using your Ed Award to make your loan payments while you're in grad school, paying your loan off sooner, or managing the future cost of school. Everyone's personal finances are different, which is why the award remains flexible to suit your needs.

This my 2nd year of VISTA, and I want to use my first Ed Award to pay off loans this year since I'm in a low tax bracket with my 2nd term of service. However, if I use them now, the Ed Award will only be paying down interest -can I get around this? If you place your loan in forbearance, the interest accrued on your loan while in forbearance will be paid by CNCS at the completion of your service term. You will need to speak to your lender as to how they might apply your Ed Award payments to your existing principal.

No one seems to know much about benefits when you end your year and then extend past that (for when the job didn't get done). I just want to know if I can only get the cash option or if I can earn the Ed Award in a 3 mo. Extension. An extension is any additional service period that is less than one year. While on extension you are only eligible to receive the cash stipend. Forbearance on any loans you hold will also expire at the end of the full year of service since you must have the education award to receive forbearance. Speak to your lender about deferment options while on extension.

Perkins Loans

Can you consolidate Perkins loans balances into your Federal Direct loans? Loan consolidation can vary by the lender. You will need to speak to your lender about loan consolidation options.



Private Loans

So, if I asked to have my loans deferred during service and none of them were accepted, is the educational award worth choosing? Since it doesn't assist with many private loans. That depends on what you want to do with the award. If you do not intend to use your education award for future education expenses, I recommend taking another look at the cash stipend.

What if my Federal Stafford loans are consolidated with my private loans through my private lender? Not sure what the question is here. If it is about the impact on use of the education award you should consult with your lender to confirm what they will and won't accept.

If I put my private loan into deferment, do you recommend paying the interest on the loan principal as the service year progresses since CNCS does not pay for that interest? It depends on how you want to manage your loan debt. If you are able to make interest-only payments and find it beneficial to do so that may be worthwhile. Please consult with your lender prior to making any changes to your loan management plan.

Public Service Loan Forgiveness

For the Public Service Loan Forgiveness program -- does that mean you have to be actively paying your loans? Because most loans after 120 payments are fulfilled. The payments need to be made in 120 installments. Each month in forbearance counts towards the 120 installment total for PSLF. Those who participate in income-based repayment (IBR) could see their repayment period extend beyond 120 months. Outside of that you will need to contact the PSLF program (www.studentaid.ed.gov/publicservice).

For the public forgiveness does teaching at a university count as well or just the public school district? Employment at a nonprofit, tax-exempt organization, school or university qualifies for PSLF. See <https://studentaid.ed.gov/sites/default/files/public-service-loan-forgiveness.pdf> for further details.

Can you apply past service in AmeriCorps to PSLF retroactively?

Full-time AmeriCorps service after October 1, 2007 qualifies for PSLF. You will need to obtain and submit official certification of employment, as well as records of your loan payments. See the Employment Certification form (<http://www.studentaid.ed.gov/sites/default/files/public-service-employment-certification-form.pdf>) for more details.

If you decide to go to grad school full time after your VISTA year, would that make PSLF have to start over? The ten years of public service employment does not need to be consecutive. Visit the PSLF website (www.studentaid.ed.gov/publicservice) for further details.

Do payments that I already made on my student loans count towards the 120 payments needed for the PSLF? Payments made after October 1, 2007, while in qualifying full-time public service employment count towards the 120 required payments for PSLF.



Do we have to work in one place for the PSLF? No. As long as you are working full-time in a qualified public service position, changes between positions should not impact your eligibility. You will need to provide certification of employment for each employer. The PSLF recommends that you obtain and submit certification shortly after leaving an employer. See the [Employment Certification form](#) for specifics.

With the 120 payments for the PSLF, does that mean 1 payment a month for 10 years or could I make 2 payments a months if I chose for 5 years and then have the rest of my loans forgiven? The program is designed around making 120 on-time monthly installments for the full amount due each month. You will also need to complete ten years of public service employment to qualify.

Taxes

Since I have will have two Ed awards, can I use \$599 of each of them per year and avoid taxes, or can I only use \$599 total from both awards? If you use \$600 or more of Ed Award in any year, it is considered taxable income, regardless of whether it comes from one or multiple awards. Be aware that if you use only \$599 of your Ed Award per year, you will not use the full amount of \$5,550 before the award expires (seven years from service completion).

Would the award count toward the EIC credit on taxes? Yes, the EIC takes into account all income earned during the tax year for which you're applying for EIC. Income will include any amount of the Education Award used or loan interest paid on a loan in forbearance during the tax year. These amounts are reported on a 1099R form that is posted to your account in My AmeriCorps.

Do you have to fill out a specific tax form for the year you use your ed award? Yes. You will have a 1099-R form posted to your profile at my.americorps.gov by Jan 31st for the tax year you use the award in. That form will need to be filed with your 1040 tax form.

Does my monthly VISTA living allowance count as my 'gross income' when it comes times for taxes? Yes. Your living allowance counts towards your gross income and will be listed on your W-2. Federal income tax has been withheld from your monthly payments, but state income tax has not.

You say that the money from the education award is taxable for income; if we use it for school couldn't that money be tax deductible since it is being used for education? The award is taxable as income for the amount you use during the tax year. Any additional deductions are separate from the education award.

Is the benefit that covers the interest from the forbearance time taxed at the end of your service year? Yes. Interest accrual payments are also taxed for the year we make the payment to your lender. The taxable amount will be listed on a separate 1099 R form which will be posted to your my.americorps.gov profile by January 31st each year.



Timing

The Ed Award expires 7 years after receiving it or 7 years after ending service with AmeriCorps, in which during the final term the financial stipend was chosen? The Education Award expires seven years from the end of your service term in which you earned it. You are eligible to use it at any time during that seven-year period.

My loan is deferred right now. When should I notify my lender about Education Award? If you want to enter into forbearance I recommend you submit a request immediately so you can take advantage of the interest accrual payment we offer.

During my first term of VISTA I found the time gap between the interest payment and ed award was about 6 weeks. I will be exiting VISTA this year and want to know how to close that gap so I can pay off what is left without added interest. The education award and the interest accrual payments are both available at the same time after you complete your service. To make sure there is no gap in processing you should submit your interest accrual payment and education award requests online at the same time.

I just extended my service. Will my ed award still be paid when my first year of service ends or will it be delayed? Your education award should be available immediately after completing the full year of service. If you cannot access it online please contact the National Service Hotline at 800 942 2677 for assistance.

Could you please tell me what the average processing time for the Ed. Award and interest payment is? There is no average because payments are processed by your lenders. Once you submit a request online the request is instantly available for the lender or institution to review. If you need a specific turn-around time on any request please follow up with the lender or institution once the requests are submitted.

What Qualifies?

If you take online classes and purchase a laptop, will you be reimbursed at the end of your term for the classes and laptop? No. You need to coordinate any purchases with your institution prior to making a purchase with the award. The award will be processed through your institution.

I'd love to do an internship abroad with a non-profit organization. Can I use the education award for it? The education award may be used with any Title IV institution. A Title IV school is an institution that processes U.S. federal student aid. You will need to verify that the internship is being conducted through a Title IV institution.

Can I use my Education Award to make payments on a Parent Plus Loan in my mother's name that was used to pay for my education? The Education Award cannot be used to pay for PLUS loans.



I saw that Global Service Corps offers some interesting internships. How to go about using the Education Award for an internship abroad? You should contact Global Service Corps and find out if they are a Title IV institution. They must be Title IV in order to accept the education award.

I have both unsubsidized and subsidized loans with one lender. How does the Education Award Work with this? Loans that are consolidated under Federal Direct Loans will be able to use the education award. You will need to consult your lender prior to consolidation.

Does the additional interest paid accrued during forbearance apply to federal direct grad school loans? Yes, all Federal Direct loans can receive interest accrual payments.

Will the 120 consecutive payment requirement be waived for AmeriCorps members (for our year of service)? Months spent in AmeriCorps service under forbearance does count toward the 120 required payments for Public Service Loan Forgiveness, provided you use your Ed Award to make a lump-sum payment to your lender at the end of your VISTA term.

I'm going to grad school after my year of service. How do I fill out FAFSA with my "living allowance" and how do I fill out my taxes with my "living allowance"? You will have a W2 provided via your my AmeriCorps account by Jan 31st of each year that you can use to establish your income.

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Does AmeriCorps allow us to waive our fee for taking the GRE? GRE fee waivers may be awarded based on income. Please follow up with the Educational Testing Service (www.ets.org) to see if you qualify for an income based waiver.

Will the Education Award effect Social Security Income? The Education Award is taxed as income for the amount it is used in the year you use it. A 1099-R will be provided summarizing all of the applicable taxes.

I've had a hard time getting my university to accept my award from last year. Any tips on getting them to accept it? Any Title IV Institution should be able to accept the award. You may need to discuss the status of your award payment with the registrar's office at your university.

Are Stafford and Perkins loans both types of Federal Direct loans? If not, what is the difference between these three types of loans? There are Federal Stafford and Perkins loans. For more information on the differences please visit the Department of Education's website at ed.gov.