



**Getting the Most Out of
your Segal AmeriCorps
Education Award**

History of the Segal AmeriCorps Education Award

- AmeriCorps was created under President Clinton in 1994.
- AmeriCorps Education Award was named after Eli Segal, first CEO of the Corporation for National and Community Service.

Corporation for
NATIONAL &
COMMUNITY
SERVICE 

The National Service Trust

- Account in the U.S. Treasury that pays for AmeriCorps Education Awards.
- Also pays interest that accrues on qualified student loans for AmeriCorps members over their service year.



My AmeriCorps Portal

- Online system for distributing AmeriCorps Education Awards.
- Access your education award online at:

My AmeriCorps Portal
<https://my.americorps.gov>





The Segal AmeriCorps Education Award can be used to repay **qualified** student loans and to pay for current educational expenses at **eligible** educational institutions.

What is a Qualified Student Loan?

A loan backed by the federal government under Title IV of the Higher Education Act or under Titles VII or VIII of the Public Health Service Act (except PLUS Loans to parents of students).

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.



Eligible Educational Institution?

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



The education award can also be used for G.I. Bill approved programs including 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.



Interest Accrual Payment



Are your student loans in forbearance during your AmeriCorps service year?

When you complete your service, the National Trust will pay the interest that accumulated on your student loan(s). These interest payments are an additional benefit to AmeriCorps members and are not subtracted from your education award balance.

Interest Accrual Payment Process



- After you successfully complete your term of service, go to your My AmeriCorps Portal & click the **Interest Accrual Request** link.
- Fill in the name of the lending school or student loan institution, city, state, & zip. Repeat for multiple loans.
- Within a few weeks, CNCS will send funds to your lender.

Education Award Basics

- Payments are made directly to the loan holder or school – not to you.
- You have 7 years to use your award.
- You can use it all at once **OR** divide it up and use portions at different times.
- Education Award payments are considered taxable income the year it is used.
- Members can earn up to the equivalent of two full education awards.
- Education awards can only be transferred to family members under certain circumstances.

Education Award Extension

- Apply for an extension prior to the your Education Award expiration date.
- Served and successfully completed **subsequent terms of service** in another approved national service position program that fell within the use period of the previous award.
- **Served in the Peace Corps or the military**, for a period of time that fell within the award usage period.
- CNCS may grant an extension for circumstances:
 - **Serious illness, injury or disability.**
 - **Death, serious illness, injury or disability of someone in your immediate family.**
 - **Natural disasters.**

My AmeriCorps Portal:

1. Click on **My Education Award**
2. Create **Award Extension Request**

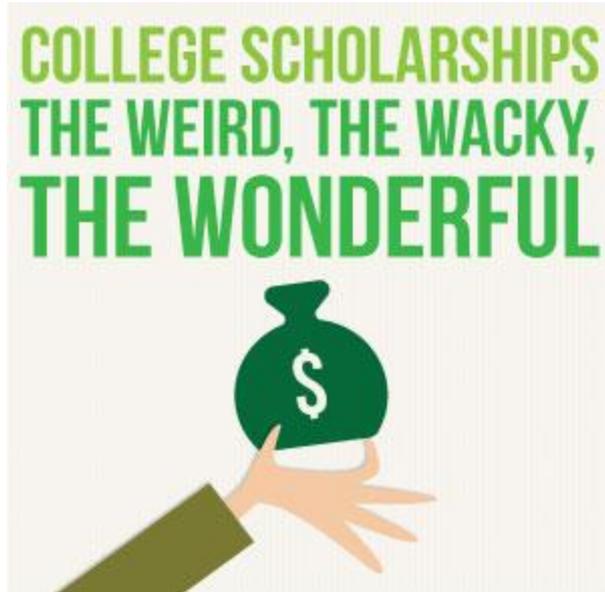


Matching Institutions

- There are currently 95 colleges and universities across the country that match the education award.
- Matching institutions give you the opportunity to double the value of your award.



Additional AmeriCorps Benefits



- Application Fees Waivers
Example: SOPHAS provides an \$120 waiver for active AmeriCorps members
- AmeriCorps Scholarships
- National Service Graduate Fellowships
- Course Credit for service experience

Outward Bound®



You can even use your AmeriCorps Education Award for an Outward Bound wilderness expedition.



Using your Education Award to Pay for School



FAFSA: Free Application for Federal Student Aid

If there is just one
message you get from
this training, it's this:
Don't forget to add your
AmeriCorps-related
earnings to the
**Additional Financial
Information** section
on your FAFSA!





Reporting your AmeriCorps living allowance, education award and interest accrual payments on the “Additional Financial Information” section will **adjust your gross annual income.**

For example, if your only source of income was your AmeriCorps living allowance, then for financial aid purposes your income is **\$0.**

Financial Aid Basics

- **Cost of Attendance (COA):** The amount it costs to attend a college or university. Includes tuition/fees, room and board, books, supplies, & transportation. It may also cover the purchase of a computer.
- You can use your education award for any cost that can be determined as Cost of Attendance.



- **Expected Family Contribution (EFC):** The amount you and your family (if your parents claim you on their taxes) are expected to contribute towards the cost of your education. This is based on income and assets from the previous tax year.
- **Need:** The difference between the COA and the EFC is the student's financial need:



$$\text{COA} - \text{EFC} = \text{NEED}$$

AVOID LOSING AID!



Beware of **OVER-AWARD STATUS!**

If you are not careful, you could lose thousands of dollars in financial aid when you use your education award.

An Example: Marvin's Scenario

- Served 2 full-time years of AmeriCorps.
- Total \$11,460 in education awards.
- Plans to attend a 4 yr. university.
- 1st person in his family to attend college.
- “Dependent” student from a low-income family.
- His Expected Family Contribution (EFC) is \$0.



- Cost of Attendance (COA) at Marvin's school totals \$12,066.
- Student financial assistance offered by a school **CANNOT EXCEED** the **COA**.



Marvin's Potential Financial Aid Package

Pell Grant	\$3,300
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SEOG (federal grant)	\$300
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State Need Grant	\$2,538
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Work Study	\$3,000
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Perkins Loan	\$2,928
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TOTAL FINANCIAL AID OFFER	\$12,066
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Marvin's Mistakes



- Marvin did not fill out the “Additional Financial Information” section on his FAFSA.
- While his financial aid package was processing, he requested to have his \$11,460 education award deposited into his student account.

The Dangers of Over-Award Status

When Marvin's \$11,460 education award arrived, the financial aid office puts him in **over-award status**.

His financial aid package is now \$23,526.



$$\begin{aligned} & \$12,066 \text{ (Aid)+} \\ & \$11,460 \text{ (Ed Award) =} \\ & \quad \quad \quad \$23,526 \end{aligned}$$

The Financial Aid Office **reduces his aid package by \$11,460 by taking back aid** to put him back in good standing.

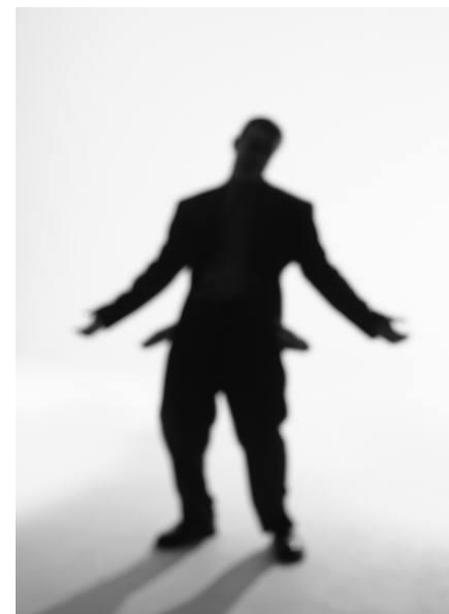
Marvin's New Package

Perkins Loan	\$966
Education Award	\$11,460
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TOTAL	\$12,426



- Marvin **lost \$9,138 in financial aid** - grants & work study that he wouldn't have had to pay back.
- He spent both of his AmeriCorps education awards in his 1st year of school.

It Keeps Getting Worse: Marvin's 2nd Year



- Because he used **both** education awards last year, he needs to **pay \$2,430 in taxes** this year.
- Since the \$11,460 education award counts as income the year it's used, his Expected Family Contribution (**EFC**) is **now \$5,630**. He is now eligible to receive **\$5,630 less in aid** than if he hadn't used his education awards.
- He didn't fill out the "Additional Financial Information" section of his FAFSA listing his living allowance and education awards that he used the previous year.

Marvin's Total Damage



- Marvin lost \$9,138 in grants his first year & \$6,588 his second year.
- He **lost** a total of over **\$15,000** in school funding that he would never have needed to pay back.

Marvin ends college with NO remaining education awards and more than \$21,000 in student loan debt.





If he took the original student loan package & held onto his education award:

- He would have ended his 4 years with about \$12,000 in loan debt.
- He could have used his education awards to pay off most of that debt, leaving him with only **\$540** in outstanding loans.



- Fill out the FAFSA “**Additional Financial Information**” section including your **Living Allowance, Interest Accrual Payment, & Education Award Payment**.
- Make an appointment with a Financial Aid Counselor at your school & explain: “**I have an AmeriCorps Education Award, but I don’t want to use it if it might cause me to lose aid**”.

Using your Education Award to Repay Student Loans



Your Segal AmeriCorps Education Award can make a substantial dent in your student loan debt.

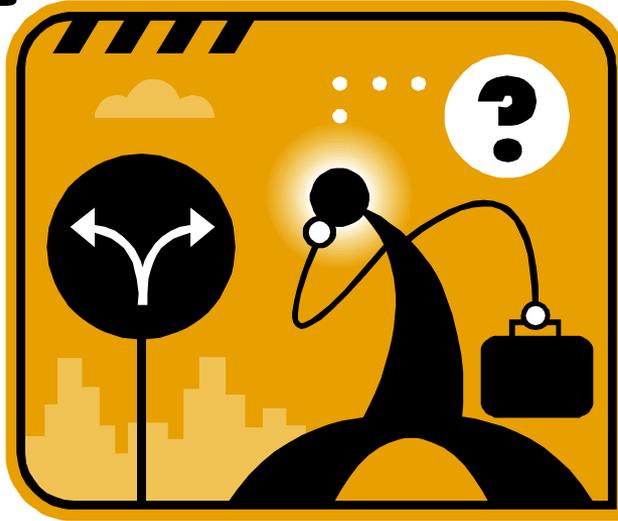
Student Loan Basics

Loan concepts that you need to know:

- **Principal:** The amount that you borrowed.
- **Interest:** The money added to the principal that the lender gets to keep.



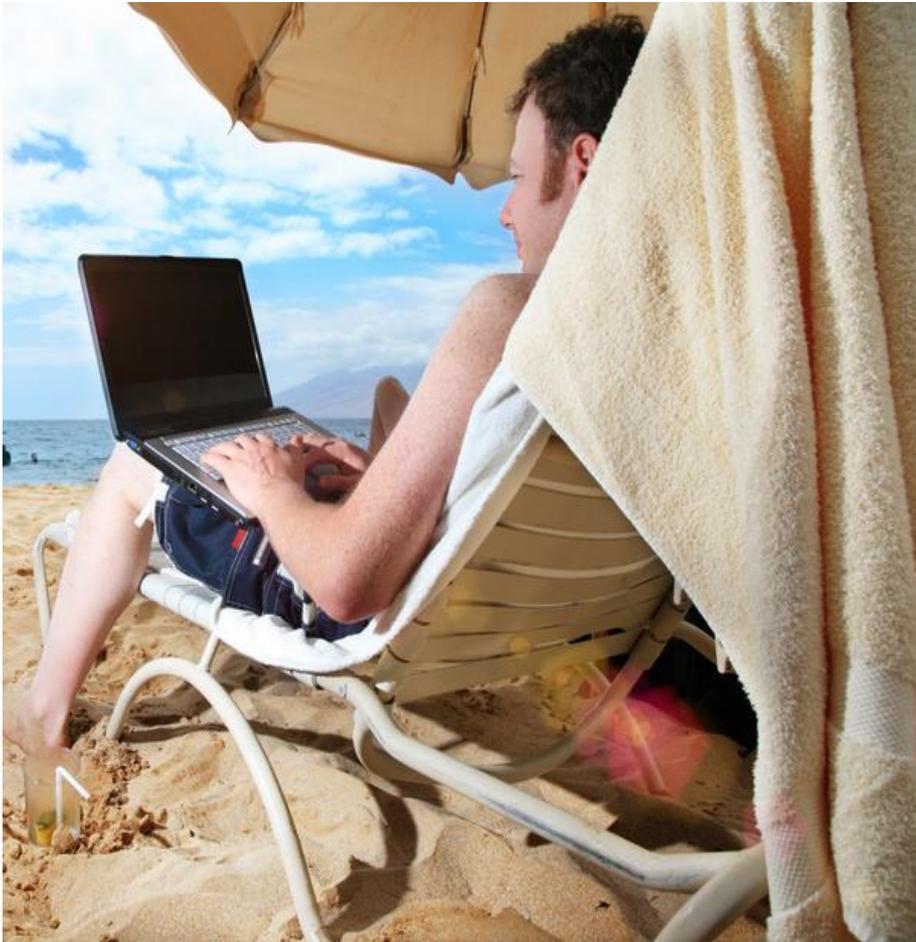
Repayment Choices



When you make a lump sum payment on your federal student loan, there are two ways that the payment can get applied to your account.

- **Advancing Your Payments**
- **Paying Down the Principal**

Advancing Your Payments



- Typically, your lender will automatically pay ahead as many of your loan payments as your education award payment will cover.
- This option allows you to **postpone payments** for as long as possible so that you can take a break before assuming the burden of student loan payments.

Example: Advancing Your Payments



If your student loan payment is \$100 a month & you put the entire \$5,730 towards the loan, your lender would advance you 57 payments, and you wouldn't have to make another payment for the next 57 months (4 years, 9 months).



Things to Consider: Advancing your Payment



- The downside is that after the $4\frac{3}{4}$ years, your payments will still be \$100 per month and the **total loan balance will not have changed substantially.**
- The reason the education award won't reduce the loan by a greater amount is that in advancing the payments, the lump sum pays **interest first** and then principal.

Continue to Make Payments?



- Most student loan lenders will allow you to continue to make payments without penalty even if you have advanced your payments.
- Making smaller or less frequent payments adds up over time.

Paying Down the Principal

- This option allows you to apply your lump sum payment toward the principal rather than advancing payments.
- This will **reduce your loan balance.**



Pros & Cons of Paying Down the Principal



PROs

- Pay less over life of loan
- Lower monthly payment amount



CONs

- Don't get a break from making student loan payments.

Contact Your Lender



- Inform them that you will be making a lump sum payment and that you want it **applied to the loan principal.**
- Keep notes during any telephone calls with your lender including the date/time of the call and the name of the person you spoke with.
- Ask the lender to send you written confirmation and call the lender if you don't receive it.
- Follow up & be persistent!

Should I Consolidate my Student Loans?



- You may want to consider consolidation if you can get a better interest rate.
- Make sure the “new” consolidated loan is a **qualified student loan** (loans backed by the federal government).
- If you are consolidating during your service year, make sure to work with the National Service Trust at every step to ensure that they will be able to pay the accrued interest.

Some Other Options to Consider

In 2007, President Bush signed the College Cost Reduction & Access Act that created two federal programs:

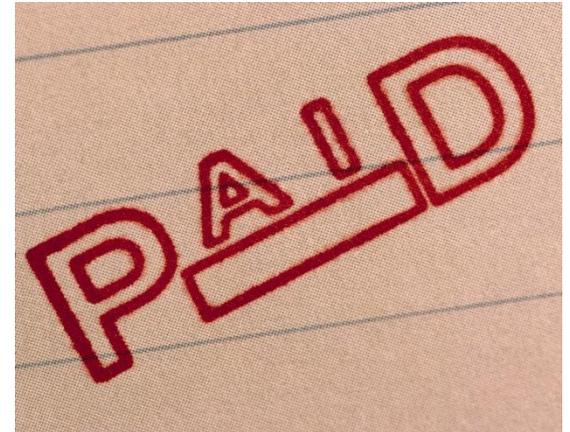


- **Public Service Loan Forgiveness Program**
 - **Income-Based Repayment Plan**

Public Service Loan Forgiveness

- This program offers forgiveness for outstanding Federal Direct loans for those individuals who make 120 qualifying payments, while working full-time in a “public service job”.
- Learn the program details at:

www.finaid.org





Income-Based Repayment Plan

- This plan helps to make repaying student loans more affordable for low-income borrowers.
- Under IBR, your monthly payments will be limited to no more than 15% of the amount by which your adjusted gross income exceeds 150% of the poverty line applicable to your family size, divided by 12.

IBR & PSLF during AmeriCorps???

- If you are single & make \$12,530 during your AmeriCorps service year, your monthly payments could be as low as \$0 per month.
- The \$0 per month payment on a qualifying loan counts towards the required 120 payments for PSLF.
- An IBR calculator is available at www.finaid.org to estimate your monthly payment.



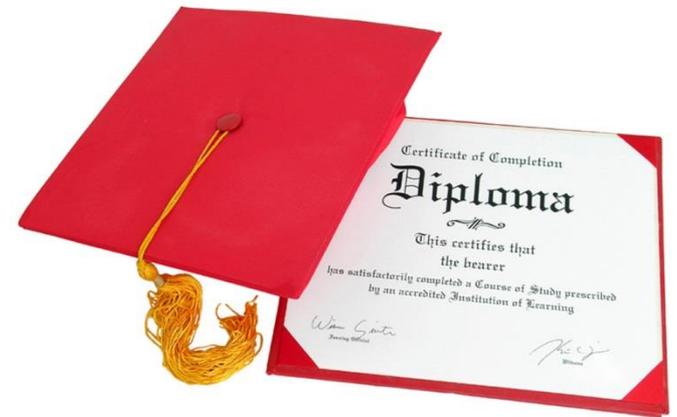
Things to Consider about PSLF & IBR

- Like any repayment plan that allows you to pay less per month, you may end up paying more in the long run with IBR due to accumulated unpaid interest.
- However, if you meet the loan forgiveness provisions of IBR or PSLF your remaining loan balance, including any accumulated interest, could be wiped away.

Other Resources

The Student Guide to Financial Aid is produced by the Department of Education each year . Find this & other resources at:

www.finaid.org



Free Tax Preparation Help



- The Volunteer Income Tax Assistance (VITA) program provides free income tax return preparation for individuals & families earning up to \$54,000 annually.
- VITA helps working families take advantage of all the tax credits they are eligible for.
- VITA sites are generally located at community centers, libraries, schools, etc.
- To locate the nearest VITA site, call 1-800-906-9887.