

### **Samuel in Maine**

I have certainly faced the disappointing reality of using my education award and paying for it come tax time. This last year I used my education award to pay off several accounts on my student loans all at once so they would stop collecting interest, rather than pay them slowly over time and end up spending more in the long run. When tax time came around however, my wife and I had the great disappointment of losing nearly half of what would have been a sizable tax return because of my education award. While I do appreciate that it has helped me pay loans and is contributing to me going to grad school this fall, I think it takes away from the impact of the "award" when you are eventually penalized for using it.

### **From Roberta in Montana**

While working for AmeriCorps for what amounted to about \$3.50 an hour in stipends, digging hiking trails in Montana, we often consoled ourselves that at least we got an education award at the end of the season. I received approximately \$7000 in [Segal AmeriCorps] Education Awards for my two service terms. My education award went towards paying off a chunk of preexisting school loan debt. What I didn't realize was to what degree this award would be taxed. I had been planning on returning to school following AmeriCorps, so I got a slightly better paying job to start saving up for it. When the tax season came around, I expected I would get money back, but instead I had to pay \$1,000 because of the education award. This unanticipated tax obligation cut into my savings for my further schooling. What's frustrating is that it ultimately feels like we are being fined for using our own award. Because the full value of the award must go toward schooling or debt and it goes directly from the Federal government to the lender or educational institution, AmeriCorps members can't set aside a portion to help pay off the taxes. Like many who participate in AmeriCorps, I did not earn much during my service term. After I was finished, I wanted to go back to school to improve my workforce readiness. It seems ridiculous that I should bear such a heavy tax burden for something that is intended as a reward for serving my country.

### **From Tammy in Michigan**

I served two terms in AmeriCorps and I did not use my education award. I couldn't afford the tax, so I let it go back to the Federal government unspent. If it had not been taxed, I would have used the award to further my education, skills, and abilities.

### **From Kelly in New York**

I was a single mother, struggling unsuccessfully to pay off an old student loan, when I joined AmeriCorps. I earned two Segal AmeriCorps Education Awards and they helped me to pay off that nagging debt. During the same year that I applied my awards to my outstanding loan, I got married. The agency where I did my AmeriCorps service hired me full-time. Due to these changes in my life and my financial status, I moved into a new tax bracket and ended up owing an additional \$1,500 in taxes. I didn't realize the impact my education awards would have on my taxes or that I would owe such a large sum.

### **From Sonja in Maine**

My education award was really helpful in paying off my undergraduate student loans, BUT, when I started FoodCorps, I didn't realize it would be taxable income. I used it all at once, and then came to understand that instead of getting money back on my tax returns (as I always had before), I actually owed \$1,400. OOPS! That was more than a month's pay for me at that time, and I didn't have it. I applied for a new credit card and paid for my taxes on credit that year.