

## **Education-related Benefits for Veterans, Military Personnel, and Their Families: An Overview**

### **Members of the armed forces and their families: Military service benefits related to postsecondary education**

The following benefits are available to members of the armed forces, and/or their families, who meet the applicable eligibility criteria:

**In-state Tuition:** Effective July 1, 2009, public institutions of higher education must charge in-state tuition to active duty military service members and their families, whose residence or permanent duty station is in a state that receives assistance under the *Higher Education Act of 1965 (HEA)*, as amended. To qualify, the individual must be continuously enrolled, even if there is a change in the permanent duty station to a location that is in a different state.

***Servicemembers Civil Relief Act* Interest Rate Cap:** For a borrower serving on active duty in the armed forces, the maximum interest rate that may be charged on a FFEL or Direct Loan made prior to the borrower entering active duty military service is 6%.

**Treatment of Untaxed Income and Benefits:** Untaxed income and benefits are excluded from the value of on-base military housing or the value of the basic allowance for housing received by a student's parents, when calculating a federal aid applicant's expected financial contribution (EFC) for purposes of qualifying for aid from the federal student financial aid programs in the case of a dependent student, or by the student or the student's spouse, in the case of an independent student. This ensures that the benefits are not considered in the calculation of the student's EFC and do not reduce the student's eligibility for aid.

**Members of the armed forces and members of the National Guard who meet additional eligibility requirements, and their families: Postsecondary education benefits relating to the service member's eligible active duty service or eligible full-time National Guard duty**

The benefits described below are applicable to service members who meet certain eligibility criteria, or to their families. The service member must be:

- A member of an armed force on active duty assigned to a duty station at a location other than the location at which the member is normally assigned (i.e., a reassignment);
- A reserve member of an armed force ordered to active duty under 10 U.S.C. 12301(a), 12301(g), 12302, 12304, or 12306;
- A retired member of an armed force ordered to active duty under 10 U.S.C. 688; or
- A member of the National Guard on full-time National Guard duty under a call to active duty service authorized by the president or the secretary of defense for a period of more than 30 consecutive days.

In addition, **the service member's reassignment, call to active duty service, or full-time National Guard duty must be in connection with a war, contingency operation, or national emergency.**

The following benefits are available to members of the armed forces and members of the National Guard who meet the eligibility criteria described above:

**Military Service Loan Deferment:** A borrower may defer repayment of their Direct, Perkins, and FFEL loans while on eligible active duty or eligible National Guard duty. There is no limit to the number of years a borrower may receive a military service deferment. For borrowers whose military service ends on or after Oct. 1, 2007, the military service deferment remains in effect for an additional 180 days following the completion of the period of eligible active duty or eligible National Guard duty.

**Documentation Requirements for Forbearances and Military Service Deferments:** Loan holders *must* grant a Direct, Perkins, or FFEL borrower on eligible active duty or eligible National Guard duty forbearance for a one-year period, including a three-month period of transition back to repayment status, without supporting documentation, based on either a written or oral request from the borrower, a member of the borrower's family or another reliable source. Loan holders *may* grant a Direct, Perkins, or FFEL borrower on eligible active duty or eligible National Guard duty a military service deferment for one year without documentation based on the request of the borrower, the borrower's family, or other reliable source.

**In-School, Grace Period, and Education-related Deferment Status:** If a borrower was in an in-school status, in an initial grace period, or in a graduate fellowship deferment or an in-school deferment on a Direct, Perkins, or FFEL loan at the time the borrower was called to eligible active duty or eligible National Guard duty, the borrower remains in that status. Borrowers in an in-school status remain in that status during the period of eligible active duty service or eligible National Guard duty. Borrowers in an initial grace period, or in a graduate fellowship or in-school deferment, remain in that status for up to three years.

**Collection on Defaulted Loans:** A school or guaranty agency may stop collection activities on a Perkins or FFEL loan upon notification from the borrower, or a member of the borrower's family, or another

reliable source, that the borrower is on eligible active duty or eligible National Guard duty. Upon notification by the borrower, collection resumes three months after the borrower is no longer on eligible active duty or eligible National Guard duty.

**Loan Cancellation:** For borrowers on eligible active duty or eligible National Guard duty, the requirements for various loan cancellation benefits that periods of service be uninterrupted and/or consecutive are waived. This waiver applies to Perkins Loan service cancellations, and to FFEL and Direct Loan teacher loan forgiveness.

**Treatment of Missed Payments:** For Direct, Perkins, and FFEL loans, loan holders may not treat any payment that is missed during the time that a borrower is on eligible active duty or on eligible National Guard duty as an interruption in the number of consecutive, monthly, on-time payments required for loan rehabilitation or for reestablishing eligibility for aid from the federal student financial aid programs. For Direct and FFEL loans, loan holders may not treat any missed payments as an interruption of the number of consecutive, monthly, on-time payments required for establishing eligibility to consolidate a defaulted loan.

**Student's Return of Federal Student Financial Aid Program Funds:** A student called to eligible active duty or to eligible National Guard duty is not required to return or repay a grant overpayment upon withdrawal during a term or other payment period from an institution that participates in the federal student financial aid programs. The institution should not contact the student about the grant overpayment, notify the National Student Loan Data System (NSLDS) of the grant overpayment, or refer the grant overpayment to the Department of Education. When determining the amount of a student's unearned federal student financial aid an institution is required to return when the student withdraws, any institutional charges that the institution is required to cover, and has covered, with non-federal student financial aid sources, are excluded from the calculation normally used for that determination. Also, the 14-day period in which a student or parent must normally respond to the offer of a post-withdrawal disbursement of federal student financial aid that the student has earned, but not received, is extended to 45 days.

**Verification of Adjusted Gross Income (AGI) and U.S. Income Tax Paid:** For verification of a student's eligibility for federal student financial aid, the submission of a copy of IRS Form 4868 or a copy of the IRS extension approval is not required under certain situations associated with an individual's eligible active duty or eligible National Guard duty.

**Leave of Absence:** The requirement that a student who received or was eligible to receive federal student financial aid provide a written request for a leave of absence is waived if it is difficult to do so in light of the student's eligible active duty status or eligible National Guard duty.

**Cash Management:** Normally an institution of higher education must return loan proceeds or cancel a loan if it receives a request from the borrower within 14 days of the institution notifying the borrower of the right to cancel the loan. A borrower on eligible active duty or eligible National Guard duty has 60 days, rather than 14 days, to cancel all or a portion of any loan proceeds credited to the student's account at the institution upon the required institutional notification to the borrower of the right to cancel such a credit. An institution is permitted to accept orally, rather than in writing, the following authorizations from a student (or parent, for a PLUS loan) on eligible active duty or eligible National Guard duty:

- Disburse federal student financial aid funds to a bank account designated by the student or parent;
- Use federal student financial aid funds to pay for current charges other than tuition, fees, room, and board, if the student contracts with the school for room and board; and
- Hold on behalf of the student or parent any federal student financial aid funds that would otherwise be paid directly to the student or parent.

The following benefits are available to children of service members who meet the eligibility criteria described above:

Verification and Signature Requirements: For verification of a student's eligibility for federal student financial aid, the requirement that a dependent student submit a statement signed by one of the applicant's parents is waived if no responsible parent can provide the required signature because the parent is on eligible active duty or eligible National Guard duty.

Required Signatures on the *Free Application for Federal Student Aid (FAFSA)*, *Student Aid Report (SAR)* and *Institutional Student Information Record (ISIR)*: An applicant for federal student financial aid need not provide a parent's signature on the application when there is no responsible parent who can provide the required signature because the parent is on eligible active duty or eligible National Guard duty.

**Members of the armed forces whose active duty service includes service in a hostile fire or imminent danger pay area: Benefits related to postsecondary education relating to the service member's eligible active duty service**

The following benefits are available to Perkins Loan or Direct Loan borrowers whose active duty service includes service in a hostile fire or imminent danger pay area:

**Military Service Cancellation:** For service that includes Aug. 14, 2008, or begins on or after that date, a borrower is eligible for cancellation of up to 100 percent of the outstanding balance on a Perkins Loan for active duty service in a hostile fire or imminent danger pay area. (For service that ended before Aug. 14, 2008, the maximum cancellation amount is 50 percent of the outstanding balance.) The cancellation is granted incrementally, with a percentage of the outstanding loan balance cancelled for each complete year of active duty service in a hostile fire or imminent danger pay area. A borrower does not qualify for a military service cancellation for less than a complete year of active duty service in a hostile fire or imminent danger pay area.

**No-interest Accrual Benefit:** For Direct Loans borrowers, who qualify for a military service deferment while serving in a hostile fire or imminent danger pay area, whose loan was first disbursed on or after Oct. 1, 2008, no interest is charged to the borrower for up to 60 months while the borrower meets the eligibility requirements for a military service deferment *and* is serving in a hostile fire or imminent danger pay area.

## **Veterans and their families: Veteran-related benefits and programs related to postsecondary education**

The following benefits and programs are available to veterans and/or their families who meet the applicable eligibility criteria:

**Readmission Requirements for Service Members:** Effective Aug. 14, 2008, institutions that participate in the federal student financial aid programs are prohibited from denying readmission to service members for reasons related to service in the uniformed services. Institutions of higher education are required to promptly readmit service members with the same academic status they had when they last attended the institution.

**Federal Veterans' Education Benefits and Estimated Financial Assistance:** Effective July 1, 2009, federal veterans' education benefits as defined in the *Higher Education Act of 1965 (HEA)*, as amended, are excluded from estimated financial assistance. This ensures that these federal veterans' education benefits do not reduce a veteran's eligibility for additional aid, or for a veteran's spouse or child if they are receiving the benefits.

**Total and Permanent Disability Loan Discharge:** Veterans who are determined by the Department of Veterans Affairs to be unemployable due to a service-connected disability may have their TEACH Grant service obligation discharged, and their Direct, Perkins, and FFEL loans discharged, under a streamlined discharge process.

**Veterans Upward Bound Program:** Veterans Upward Bound programs assist veterans who meet specific eligibility requirements to develop academic and other skills necessary for successful enrollment in and completion of postsecondary education programs. The program also assists veterans in obtaining support from additional sources including the Department of Veterans Affairs, state agencies, veterans' associations and other groups that aid veterans. More information on the Veterans Upward Bound Program is available at: <http://www.ed.gov/programs/triovub/index.html>.

**Increased Federal Student Financial Aid for Children of Fallen Soldiers:** A child of a fallen soldier (parent or guardian) who died as a result of performing military service in Iraq or Afghanistan after Sept. 11, 2001, is deemed to have a zero expected family contribution (EFC) for purposes of qualifying for aid from the federal student financial aid programs, if the child is eligible to receive a Federal Pell Grant and the child was under 24 or was enrolled in college at the time of the soldier's death. Starting with the 2010–11 award year, if the child of a fallen soldier does not have a Pell-eligible EFC but meets the other requirements, the child would be eligible for an Iraq and Afghanistan Service Grant equal to the maximum Federal Pell Grant. The Iraq and Afghanistan Service Grant is not treated as estimated financial assistance that reduces the financial need of the child for other aid.

Current and former members of the armed forces or the National Guard who may qualify for public service loan forgiveness: Eligibility criteria for the public service loan forgiveness program.

Public Service Loan Forgiveness: A borrower may receive forgiveness of the remaining balance of the borrower's eligible Direct Loans after the borrower has made 120 separate, monthly, qualifying loan payments (after Oct. 1, 2007) while employed full-time by a public service organization. Public service employment includes active duty service in the armed forces and full-time National Guard duty. More information on the Public Service Loan Forgiveness program is available at: <http://studentaid.ed.gov/PORTALSWebApp/students/english/PSF.jsp>.

**Members of the National Guard, the Reserves, or retired members of the armed forces who may qualify for a post-active duty student deferment: Eligibility criteria for the post-active duty student loan deferment**

To qualify for a post-active duty student loan deferment, the service member must have been enrolled at least half-time in an eligible institution of higher education within six months of the date that the service member was:

- Called to active state duty, for a member of the National Guard; or
- Called to active duty, for a reserve or retired member of an armed force.

The active state duty or active duty service must begin on or after Oct. 1, 2007, and must be for a period of at least 30 days.

Post-active Duty Deferment: Deferment on Direct, Perkins, and FFEL loans is available for service members who meet the eligibility criteria described above. For a member of the National Guard, the deferment period begins on the date the borrower completes the active state duty. For a reserve or retired member of one of the armed forces, the deferment period begins on the date the borrower completes the active duty service. The deferment period lasts for 13 months, plus any applicable grace period, or until the borrower resumes enrollment in an eligible institution of higher education on at least a half-time basis, whichever is earlier.



**Teacher Education Assistance for College and Higher Education (TEACH) Grant recipients who have been ordered to active duty: Suspending and discharging the TEACH Grant teaching service requirement**

Suspension/Discharge of Teaching Service Obligation: As a condition for receiving a TEACH Grant, a student must agree to complete four years of qualifying teaching service within an eight-year period. A TEACH Grant recipient who is called or ordered to active duty military service may receive a suspension of the eight-year period for up to three years. If the active duty service lasts for more than three years, a TEACH Grant recipient may receive a proportional discharge of the four-year teaching requirement based on the duration of his or her active duty status (up to a full discharge of the four-year teaching service requirement if the call or order to active duty status is for more than six years).