

February 8, 2008

TO: News Room: ATTN: Schools Section
Peninsula Clarion <safe:morris>

FROM: Suzie Kendrick
Kenai Peninsula College

RE: Weekly Schools Column (published Tuesday, February 12, 2008)

FAFSA Frenzy at Kenai River Campus

The 4th Annual February FAFSA Frenzy, a series of financial aid workshops, kicks off this week. Frenzy events are held across all University of Alaska campuses. FAFSA Frenzy is designed to educate students about financial aid options and to encourage completion of the Free Application for Federal Student Aid (FAFSA) during the month of February. This allows students to receive award information earlier to better plan for their college costs. To determine eligibility for financial aid such as grants, loans and scholarships, students **must** complete the FAFSA.

“We will have a table set up in the commons every Friday in February at 10 a.m. and 2 p.m. It is important that people bring their 2007 completed tax documents or all 2007 untaxed income benefit statements to the session.”

For more information about the KPC FAFSA Frenzy, call 262-0332 or email iyinfo@uaa.alaska.

Tax credit for education related expenses

According to Carrie Burford, KPC’s financial aid advisor, many students, and parents who claim student dependants, are not aware that there are “education tax credits” available that may reduce their income taxes.

As an eligible educational institution that participates in a student aid program administered by the Department of Education, KPC, like virtually all accredited, public, nonprofit, and proprietary postsecondary institutions, must send a 1098-T Form to each enrolled student by January 31. The 1098-T gives students the information they need to determine whether they are eligible for an education credit.

According to Burford, students should have received their 1098-T in the mail. If for any reason a student did not receive this form, they can get a re-print by accessing UAOnline from the KPC website. Once there, students select *Student Services, Financial Aid, and Account Information*, then *Student Account, Tax Notification*.

There are two tax credits available that help offset education costs by reducing the amount of income tax working students have to pay. They are the *Hope credit* and the *Lifetime Learning credit*. There are several differences between these two credits. For example, students can claim the Hope credit based on their expenses for no more than 2 years. However, there is no limit on the number of years for which a student can claim a lifetime learning credit based on the same student's expenses.

Both tax credits are based on qualified education expenses paid for the student themselves, their spouse, or a dependent for which a parent claims an exemption on their tax return. Qualified education expenses are tuition and certain related expenses.

As with most IRS related issues, there are many exceptions and special circumstances that must be factored in when applying education tax credits. It is important to reference the IRS publication that covers these issues and/or check with a tax professional before filing the paperwork.

KPC students, as well as the general public, should also be aware of the earned income credit (EIC.) It can reduce the amount of tax due or generate a tax refund. To determine eligibility for the EIC, visit the IRS website.