

# College Bound Frequently Asked Questions

## How is my benefit calculated?

The College Bound benefit money accrues as a percentage of your total gross wages since your sign up date. The benefit keeps growing while you keep working but can not exceed the maximum annual benefit offered by your company. This benefit is in addition to pay! You can stay on track with your hours worked and benefit accrued with the quarterly statements mailed to you by College Bound. **\*\*Whenever your address, cell # or e-mail changes, be sure to let us know!!\*\***

## Why do I have to use this money for education?

The College Bound Program is a qualified Educational Assistance Program under code section 127 of the Internal Revenue Code. Code guidelines specify that benefits can only be used to pay for tuition, fees, books and supplies for a technical school or formal college education.

## Will this benefit decrease my financial aid package?

College Bound was designed as a "Reimburse Upon Request" Educational Assistance Program to avoid any negative impact in the financial aid process. An employee educational assistance benefit paid to you during your college years can count against you in the financial aid configuration, but a payment made by an employer after you leave college can not adversely affect your financial aid package. The benefit is tax exempt as well. That means it is not counted as income to you when the dollars go to pay for qualified education expenses. Even if you receive the College Bound money as a reimbursement for qualified expenses, it is not considered income for tax purposes.

**\*\*If you do receive any form of need based financial aid, Pell Grants, State Grants, etc. or merit based scholarships, or if you have access to funds from a qualified 529 education savings plan, it is imperative that you speak with us so we can coordinate your College Bound money with your aid and 529 dollars.\*\***

**\*\*Don't Skip This Step!!\*\***

## How does this benefit impact me / my parents for tax purposes?

You or your parents may have access to educational benefits through the tax system. You should carefully review these federal benefits to determine when to file a claim for your benefits under the College Bound Program and how the timing of that claim for College Bound Program benefits may impact you or your parents for tax purposes.

**This is very important! You or your parents should call the College Bound Company for a review of these tax implications in order to best determine when to proceed with a claim. Tax credits or deductions taken in a given tax year may preclude payments from your College Bound Program.\*See IRS Publication 970 @ [www.irs.gov](http://www.irs.gov)**

## When do I receive this money?

The College Bound benefit dollars start to "accrue" from the day you sign up. When you complete the Work Plan hours and time of service requirements, you can submit a claim to receive the full benefit amount you have accrued. If you terminate your employment before you finish your Work Plan, you receive no benefit, but you lose nothing either. A claim can be processed for you as soon as you finish your Work Plan. There must be education expenses due or already paid for by you. Keep in mind that a College Bound payment made before you leave college will be included in your next financial aid configuration. If you submit your claim for reimbursement after you leave college, the payment can't affect your aid package. If you have student loans, they probably won't come due until after you leave college. In that case, a claim can be processed payable to you when your student loan payments come due.

## What if I have no education debt?

It doesn't matter if you have no education debt, the College Bound money will reimburse you for qualified expenses paid in any prior year for tuition, fees, books and supplies.

# College Bound Participant Claim Procedures

## How do I submit a claim?

First, complete your College Bound Work Plan. Then contact us at College Bound to begin the claims process and we will talk you through what documentation you will need to submit. You can submit your claim when it best benefits you (if it is a reimbursement) or when your tuition bills come due.

As the plan administrator, College Bound, Inc. is required to gather documentation from you to verify that there are qualified educational expenses in excess of any grants, scholarships or tax credits you may have received. It is your responsibility as a plan participant to file and maintain a record of expenses, book receipts, tax returns, etc. to make a claim for your benefit. The documentation required is listed here.

- A copy of your 1098 T from the institution that you attended or currently attend. Or, a copy of your tuition billings. These tuition statements should include your tuition due and any grant or scholarship dollars that flowed to or from the institution for your benefit. Ask your schools financial aid officer or business office for direction on how to obtain this information. We will cut a check directly to you & your educational institution or to you individually. **You can order a transcript of your 1098 T's and tax returns from prior years at [www.irs.gov](http://www.irs.gov) – click on “Get transcripts of your tax records”**
- The documentation above shows that benefits claimed are paid on behalf of the plan participant or reimbursed to the plan participant for expenses that were paid for qualified educational expenses.
- A copy of your receipts for books and supplies purchased as a part of your education.
- A copy of your parents' 1040 tax forms, page 1 and 2 of the 1040 and the 8863 Education Tax Credit Form if they claimed you as a dependent during your college years **\*\*or\*\*** your own income tax forms for all of the years you were enrolled in a formal program of education. Returns from these years will list the HOPE Credit / Lifetime Learning Credit or any other tax credit or tax deduction that you or your parents may have received for your educational expenses. Also, remember to keep copies of the 1098T form that is issued by your school.
- **\*\*By plan contract, you have 24 months from the anniversary date listed on your reporting (or later if you haven't reached the plans required hours minimums), or your graduation from high school, whichever is latest to occur to become enrolled in a qualified post-secondary program. If you do not get enrolled in a qualified post-secondary program within that 24 month period, you may forfeit your College Bound benefits.\* If you are enrolled within the specified time-line, you have 72 months from your enrollment date in a qualified post-secondary program to present a claim for benefits. Two or four year colleges, technical schools, certificate courses, all qualify so, don't miss out.**

**\* There are exceptions - See your company claims procedure or call us.\***

- When all the documentation is gathered, the correct amount of benefit can be confirmed by the College Bound staff. Claims are presented to your employer by quarter. If you provide us with claims information during the current calendar quarter, your claim will be completed and paid by the end of the first month of the next quarter.

You may have additional questions about your participation in the College Bound Program. Please feel free to call our office at 1-651-253-1204 or e-mail us at [jim@collegeboundinc.com](mailto:jim@collegeboundinc.com) for more information. You may also refer to your quarterly statements for more information or a copy of the official College Bound Program document. Our staff is happy to help you utilize all of these resources to help you get the most out of the College Bound opportunity.

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