

Tuition Grant Program

EXAMPLES: TAXABILITY AND ACADEMIC TIME OFF

- A. Your eligible child is not eligible to be claimed as a dependent on your federal income tax return and therefore you are to receive the TGP benefit as a taxable benefit to you. Your eligible child begins his or her college education September 1, 2011 and decides to take the 2012 – 2013 academic year off. You will be eligible for reimbursement of tuition costs as listed under “Annual Benefit Amount” for no more than 12 quarters or 8 semesters during the four consecutive years which began September 1, 2011 and continues through August 31, 2015. In this case, the child will forfeit any remaining unused TGP eligibility points due to the consecutive year rule.
- B. Your eligible child was your federal income tax dependent for 2010 and 2011, and benefits were paid in those years for the 2010 – 2011 and 2011 – 2012 academic years, using up 6 (of the 12) TGP quarter eligibility points. You received the TGP benefits for those academic years as a non-taxable benefit. Your eligible child attains the age of 24 in 2012 and is no longer being claimed as a federal income tax dependent; therefore, the TGP benefit will be a taxable benefit beginning with the first payment in 2012. You will be eligible for reimbursement of tuition costs as listed in the “Annual Benefit Amount” for no more than the 6 consecutive quarters for which benefits remain (through the end of the academic year 2013 – 2014).
- C. Your eligible child was not your federal income tax dependent for 2011, when benefits for the 2011 – 2012 academic year were paid. In this case the payment for the academic year of 2011 – 2012 is treated as a taxable benefit and begins the 4 consecutive year rule. For 2012, your eligible child was designated as your federal income tax dependent. You may receive the 2012 – 2013 benefit in 2012 as a non-taxable benefit; however, the 4 consecutive year rule will still apply and the eligible child will only be eligible for benefits through the end of the academic year 2014 – 2015, or until payments have been made for 12 quarters or 8 semesters, whichever is less.
- D. Your eligible child was your federal income tax dependent for 2009, and benefits were paid for the 2009 – 2010 academic year. Your eligible child does not attend school during the 2010 – 2011 academic year, but returns to school for the 2011 – 2012 academic year (and the benefit for this academic year is non-taxable). At this point, your child has used 6 of 12 TGP eligibility points. The benefit becomes taxable during the 2012 – 2013 academic year and the consecutive quarter/semester rule is now in effect. Your eligible child now has 6 consecutive quarters in which to use the remaining 6 TGP eligibility points (through the end of the 2013 – 2014 academic year).