



THE
COMPASS
INITIATIVE

CHURCH OF  THE NAZARENE
USA/CANADA

A GUIDE TO ASSISTING PASTORS WITH STUDENT LOAN REPAYMENT

A toolkit for district leaders, churches, and pastors

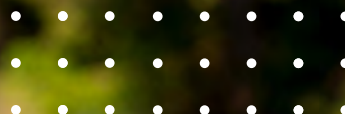




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This step-by-step guide gives you everything you need to come alongside your pastor and guide them through the student loan forgiveness program application process.



About This Guide

The COMPASS Initiative of the Church of the Nazarene is asking district superintendents and local church leaders in the U.S. to help their pastors and employees take advantage of the federal student loan repayment and forgiveness programs.

As you know, many licensed and ordained clergy are weighed down by excessive student debt. This often creates financial stress for the minister and the minister's family. Unfortunately, this stress can diminish the minister's ability to serve and lead the local church. It can cause shame. It can hinder the minister from teaching and preaching on biblical stewardship.

Many licensed and
ordained clergy are
weighed down by
student loan debt.
Now you can
help them.

However, this guide will empower district leaders and lay leaders in local churches to help pastors and church employees better manage their student loan debt, and in many cases, actually eliminate it through the federal programs that have recently become available.

Changes in certain laws during the COVID 19 pandemic have opened up new opportunities and benefits, but these changes are only available for a limited time. Therefore, it is imperative to act quickly in educating church leaders and pastors about these programs so they can take advantage of them before time runs out.

Accessing these programs may seem daunting, however, with a little bit of direction and assistance, **you can help churches provide these valuable fringe benefits for their pastors and other employees, at little to no cost.** Please share this guide and join the movement to free our clergy from debilitating student debt.

Grace and Peace,

Rev. Bonnie Beam

Administrative Director

COMPASS Initiative

DISCLAIMER This guide is provided solely as an optional framework. The Church of the Nazarene, Inc. does not provide tax or legal advice, and we recommend that the local church and pastors consult with qualified legal/financial advisors for guidance on the plans that will be most advantageous for the church and the minister.

Help Your Pastor and Other Employees Tackle Student Debt

A CHURCH ACTION PLAN

STEP 1

Establish Written Policies for:

- ☐ 1. Public Service Loan Forgiveness (PSLF) Assistance
- ☐ 2. An Educational Assistance Plan
- ☐ 3. A Ministerial Excellence Fund

STEP 2

Talk about student debt assistance

- ☐ 1. Tell your pastor(s) and church employees about the student debt assistance programs.
- ☐ 2. Help them certify for PSFL and/or the Educational Assistance Plan.
- ☐ 3. Encourage them to participate in the COMPASS Initiative programs.

STEP 3

Check in annually about student loan repayments

Remind your pastor(s) and other employees:

- ☐ 1. To recertify each year for the PSLF program
- ☐ 2. To submit their EAP requests each year



Introduction

When pastors first arrive at a local church, they do not often disclose the amount of student debt they and their family are carrying. For many pastors, regardless of age, student loans consume much of their income and are a major source of stress in the pastor's life.

This is why it is critical that the local church becomes aware of the burden of student loans for pastors, and also establishes written policies for coming alongside their pastor(s) to help them improve their financial well-being.

There are three policies that we encourage local churches to develop:

- 1. Public Service Loan Forgiveness Assistance
- 2. An Educational Assistance Plan
- 3. A Ministerial Excellence Fund

Public Service Loan Forgiveness Assistance

During the COVID-19 pandemic, the U.S. federal government made a few significant changes to the Department of Education's Public Service Loan Forgiveness program. This program allows individuals with federal Direct Loans to have the remaining balance of their loans forgiven after making 120 qualifying payments while working for a qualifying employer.

Previously, most pastors did not qualify for the PSLF program because of a clause that did not allow pastors to include "time spent on religious instruction, worship services, or any form of proselytizing" in meeting the full-time employment requirement. However, the change made on July 1, 2021 now qualifies such activity to count toward the required 30 hours per week. This makes many more pastors eligible for the PSLF program.

The local church is encouraged to develop a simple policy of talking to their current pastor(s) and incoming pastors about the availability of the PSLF program, and of helping the pastor(s) in completing the PSLF form each year. Someone such as the Church Board Secretary or the Church Treasurer should be assigned the responsibility of talking to the pastor(s)/employees about this and signing their PSLF forms each year, because section 4 of the PSLF must be signed by an authorized official of the church. Their signature verifies that the pastor is an employee of the church.

This simple policy is a great benefit to the pastor, at no cost to the church.

A sample PSLF policy is included in the Sample Resources section of this document. A sample PSLF certification form, which contains additional instructions, is also included in the Sample Resources section.

Educational Assistance Plan

The Educational Assistance Plan (EAP) is a fringe benefit provided by an employer to its employees, where the employer provides financial assistance to the employee for the employee's educational expenses. Up to \$5,250 of this assistance may be excluded from the employee's taxable wages each year.

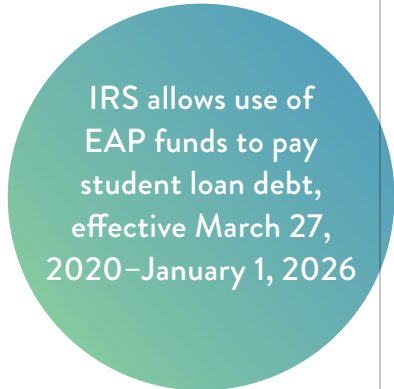
An EAP is a fringe benefit as defined by the IRS Publication 15-B, "Employer's Tax Guide to Fringe Benefits" ([irs.gov/publications/p15b](https://www.irs.gov/publications/p15b)). A sample written policy and a sample EAP request form are provided in the Sample Resources section.

Educational expenses that an IRS-qualified EAP usually covers are the cost of books, equipment, fees, supplies, and tuition. The covered educational expenses do NOT include the cost of tools or supplies (other than textbooks) the employee is allowed to keep at the end of the course. Nor do they include the cost of lodging, meals, or transportation.



The EAP benefit is for the employee's current educational expenses and the employee must be able to provide substantiation that the educational assistance provided was used for qualifying education expenses.

However, section 2206 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), **temporarily expanded the definition of educational assistance to include the payment of student loans**. This change applies to student loan payments paid after March 27, 2020 and before January 1, 2026. The loan payments must be on the pastor's/ employee's loans for their own education (not spouse's or children's loans). See the IRS Publication 15-B and chapter 11 of Publication 970 for additional details.



For pastors with student loans, this would allow a pastor to receive up to \$5,250 as tax free income to spend on their student loan payments. This benefit is especially helpful for pastors who do not qualify for PSLF, because this benefit may be used for federal student loans **and** private student loans.

Ministerial Excellence Fund

Local churches are also encouraged to establish a Ministerial Excellence Fund with the purpose of providing financial assistance to the church's pastor(s) in reducing their personal debt and for increasing the pastor's retirement savings, thus reducing the financial strain that can hinder a pastor's ability to serve and lead the local church.

Establishing a Ministerial Excellence Fund is essential when one or more of the church's pastors participate in the Nazarene COMPASS Initiative financial literacy training programs. Pastors who complete the COMPASS Journey or the COMPASS Quest programs are eligible to receive a matching grant for personal debt reduction or retirement savings.

The COMPASS Initiative will match a local church grant, which is given to the pastor from the local church's MEF, of up to \$5,000 for completing the COMPASS Journey and up to \$1,000 for completing the COMPASS Quest.

The Ministerial Excellence Fund (MEF) is a designated fund, and the church board (or governing body) must establish a written policy regarding contributions to the MEF and the disbursement of funds from the MEF. A sample policy and a sample MEF request form are included in the Sample Resources section.

Next Steps

After the church has established these written policies, the board should designate someone to share information about these benefits with the current pastor(s) and any new pastors that may arrive in the future.

Information about the Public Service Loan Forgiveness program and the Educational Assistance Plan should also be communicated to other church employees who are not credentialed pastors, as they may also benefit from this program. A sample informational letter to employees is included in the Sample Resources section.

Be sure the designated communicator has a basic understanding of how these benefits work, and is able to assist the pastor/employee with the necessary paperwork. The COMPASS Initiative staff is available to help lay leaders through this process at COMPASS@nazarene.org.

An annual reminder of the programs and available assistance would also be helpful, as the PSLF must be submitted each year to the Department of Education and the EAP funds must be requested by the pastor/employee.

You can make a significant difference in the life of your pastor when you prioritize their financial well-being by establishing these simple written policies to provide financial relief and by assisting them to access these benefits.



You can make a significant difference in the life of your pastor.

Take Advantage of Student Debt Assistance

A PASTOR'S ACTION PLAN

STEP 1

Understand Your Options

- ☐ 1. Federal student loan repayment plans and Public Service Loan Forgiveness Programs (PSLF/TEPSLF)
- ☐ 2. Employer provided Educational Assistance Program
- ☐ 3. COMPASS Initiative financial literacy training and grants

STEP 2

Enroll and Participate

- ☐ 1. Enroll in the Public Service Loan Forgiveness programs
- ☐ 2. Utilize your employer's Educational Assistance Program
- ☐ 3. Participate in a COMPASS Initiative financial literacy program

STEP 3

Follow Up with Your Servicers

- ☐ 1. Every year you must resubmit the "Public Service Loan Forgiveness (PSFL) & Temporary Expanded PSLF (TEPSLF) Certification & Application" form.
- ☐ 2. Update your personal contact information at studentaid.gov and your loan servicers when any information changes.
- ☐ 3. Apply each year for your employer's Educational Assistance Program.



Introduction

If you are one of the millions of Americans with student debt, there is help for you to pay off your loans, and there is even a way to have your federal loans forgiven. Pastors and other full-time church employees may be eligible to participate in the U.S. Department of Education's Public Service Loan Forgiveness (PSLF) program, thanks to some recent changes in PSLF policies.

Pastors and other employees may also utilize their employer's Educational Assistance Program. If your church has established a policy for this fringe benefit, you may receive up to \$5,250 each year as tax exempt income to be used for student loan payments through the end of 2025.

Pastors and full-time associate pastors may be eligible to participate in the COMPASS Initiative financial literacy training programs, and receive the associated matching grants for debt reduction or retirement savings. These programs and grants, through the COMPASS Initiative in the USA/Canada Region, are a direct response from the Church of the Nazarene to the student debt crisis among our pastors.

Guide for Pastors & Employees

Understand Your Options

We want you to be aware of the various avenues that are available to assist you in addressing and possibly eliminating your student debt. You may have heard about some or all of these programs, but you may have thought, “I won’t qualify,” or “It’s just too complicated!” That is why this guide was created – to help you understand the options and navigate the processes of accessing these resources.

Federal Student Loan Assistance (IBR, ICR, PAYE, REPAYE)

The first place to start is with your federal student loans. All of your federal student loans are listed in your U.S. Department of Education account at [StudentAid.gov/login](https://studentaid.gov/login). NOTE: Your private loans are not listed here. Private loans will be addressed later. The StudentAid.gov website only deals with federal student loans.

Pastors who are struggling to pay the minimum payments on their federal student loans may want to consider selecting a different repayment plan, particularly an income-driven repayment plan.

Income-driven repayment plans include:

- **Income-Based Repayment Plan (IBR)**
- **Income-Contingent Repayment Plan (ICR)**
- **Pay As You Earn Repayment Plan (PAYE)**
- **Revised Pay As You Earn Repayment Plan (REPAYE)**

These repayment plans are only for Direct Loans (both subsidized and unsubsidized), Direct PLUS Loans made to students (not to parents), and Direct Consolidation Loans (that do not include loans made to parents). If you have a federal loan that is not a “Direct” type of loan such as a Stafford Loan or FFEL, you will need to consolidate those loans into a Direct Consolidation Loan in order to participate in the IBR, ICR, PAYE, or REPAYE repayment plans.

There are a few other repayment plans for federal student loans that do include non-Direct Loans, but those do NOT qualify for the PSLF forgiveness program. More on the PSLF in a moment. For the full list of federal student loan repayment plans and their details, see studentaid.gov/manage-loans/repayment/plans.

Usually, it is a bad idea to consolidate federal loans into a private loan, because federal student loans have many more options and flexibility when it comes to repayment and even forgiveness. Of course, there are exceptions. You will need to decide which course of action is best for your circumstances.

To select a different repayment plan for your federal student loans you will need to contact your loan servicer(s) directly. Your loan servicers are listed with your loans in your StudentAid.gov account.

It’s usually a bad idea to consolidate federal loans into a private loan.

Guide for Pastors & Employees

Federal Student Loan Forgiveness (PSLF, TEPSLF)

The Public Service Loan Forgiveness program (PSLF) forgives the remaining balance on your federal Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer. This is a program of the U.S. Department of Education and all of the details are available at studentaid.gov/manage-loans/forgiveness-cancellation/public-service. Be sure to read through that webpage as it contains more details than can be covered here, nevertheless, here are some highlights. To qualify for PSLF, you must:

- Be employed by a 501(c)(3) not-for-profit organization (receiving a W-2 from your church);
- Work full-time for that organization (at least 30 hours/week);
- Have Direct Loans (or consolidate other federal student loans into a Direct Loan);
- Repay your loans under a qualifying income-driven repayment plan (IBR, ICR, PAYE, or REPAYE);
- And make 120 qualifying payments (do NOT need to be consecutive).

You must submit the PSLF form each year to verify that you are working full time at the church. Your church's Employer Identification Number (EIN) must be included on the form. If you work less than 30 hours at the church but you also work part time at a different 501(c)(3) non-profit, and the combined number of hours you work per week is at least 30 hours, the combined hours will qualify you. Simply remember to submit a PSLF form for each employer with their unique EINs. A sample PSLF certification form is included in the Sample Resources section.

If you start working at a different church, you will need to submit a PSLF form for each of the churches that year.

More Good News:

On October 6, 2021, the U.S. Department of Education announced a change to the PSLF program. Now, for a limited period of time, you may receive credit toward the 120 required payments for past payments made on loans that would not usually qualify for PSLF, as long as

- you were working full-time for a qualifying employer when the payments were made; and
- you consolidate non-Direct Loans into the Direct Loan program before October 31, 2022.

This Temporary Expanded PSLF (TEPSLF) program uses the same PSLF form.

The retroactive qualification of payments made on non-Direct Loans applies to anyone who has already consolidated loans into a Direct Loan and anyone who consolidates into the Direct Loan program before October 31, 2022. Borrowers who are already in the PSLF program may also receive credit for some prior payments they made before consolidating.

Consolidate your federal loans and submit PSLF/TEPSLF forms before October 1, 2022

The key to benefiting from this temporary waiver of PSLF rules is to consolidate non-Direct Loans into the Direct Loan program. Be sure to select a qualifying repayment plan. Then submit a PSLF form for each qualifying employer for whom you have worked at least 30 hours per week while making student loan payments on the non-Direct Loans. Keep in mind that you can receive credit only for payments made after October 1, 2007.

Guide for Pastors & Employees

The online [PSLF Help Tool](#) is available to help you fill out the form, however, you will need to print the form after it is complete in order to sign it. Electronic signatures are not accepted. After you and your employer have signed the PSLF/TEPSLF form, you will need to upload it or mail it according to the directions on the form.

Even More Good News

- According to the IRS, student loan amounts forgiven under the PSLF or TEPSLF are NOT considered income for tax purposes. For more information, check with the IRS or a tax advisor.
- If the inclusion of previous loan payments gives you more than 120 qualifying payments, you may receive a refund for the qualifying payments you made in excess of 120, provided that you have certified your employment for that time frame.

If you have private loans, there are consolidation companies that may be able to give you better interest rates and more manageable monthly payments. BE CAREFUL! Not all companies have your best interest in mind, so be very diligent in researching the companies and read all of the fine print. **You should never have to pay someone else to refinance your private student loans.**

Employer Educational Assistance Program

Another option for reducing your student loan debt that you should be aware of is the Educational Assistance Plan (EAP). This is a fringe benefit provided by an employer to its employees, where the employer provides financial assistance to the employee for the employee's educational expenses. If your church has established a written EAP, you may receive up to \$5,250 of this assistance each year as tax-exempt income.

Educational expenses that an IRS-qualified EAP usually covers are the cost of books, equipment, fees, supplies, and tuition. Expenses that are NOT covered include the cost of tools, supplies (other than textbooks) that the employee is allowed to keep at the end of the course, the cost of lodging, meals, or transportation. Also, you must be able to provide proof that the educational assistance provided was used for qualifying education expenses.

The EAP benefit is usually for the employee's current educational expenses, **however**, section 2206 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), **temporarily expanded the definition of educational assistance to include the payment of student loans**. This change applies to student loan payments paid after March 27, 2020 and before January 1, 2026. The loan payments must be on the pastor's/employee's loans for their own education (not spouse's or children's loans). See the IRS Publication 15-B and chapter 11 of Publication 970 for additional details.

IRS allows use of EAP funds to pay student loan debt, March 27, 2020–January 1, 2026.



For pastors with student loans, this would allow a pastor to receive up to \$5,250 as tax free income to spend on their student loan payments. This benefit is especially helpful for pastors who do not qualify for PSLF, because this benefit may be used for all federal and private student loans.

Keep in mind that you will need to request funds from the EAP each year using your church's approved request form.

COMPASS Initiative Financial Literacy Program

One more avenue for reducing your student loan debt, or any other personal debt, is to participate in one of the COMPASS Initiative financial literacy programs. Pastors and full-time associate pastors may be eligible to participate in these programs and receive the associated matching grants for debt reduction or retirement savings.

The COMPASS Journey has certain financial qualifications for participation but the COMPASS Quest programs is available to any pastor or full-time associate pastor. These are free financial literacy programs designed specifically for pastors.

After completing the free COMPASS Journey or COMPASS Quest programs you will be eligible to receive a matching grant of up to \$5,000 or up to \$1,000 respectively. For more information or to apply for one of the programs, go to COMPASSinitiative.org.



Your Next Steps

Now that you are aware of some of the options available to you for reducing, and even eliminating, your student debt, the next step for you to take is to enroll and participate.

If you have federal student loans, explore the information about repayment plans and the PSLF/ TEPSLF forgiveness programs on StudentAid.gov. Act quickly because the temporary waiver that allows previous loan payments to count toward loan forgiveness is only valid through October 31, 2022.



Guide for Pastors & Employees



Ask your church board secretary or church treasurer about the church’s employer Educational Assistance Plan. If your church doesn’t have one yet, share the Guide for Church Leaders section of this document with them. Then utilize the tax benefits of the EAP and continue to reduce your student debt.

If you are eligible, apply for the COMPASS Journey and/or the COMPASS Quest financial literacy programs that are offered through the Church of the Nazarene’s USA/Canada regional office. These are great tools for improving your own understanding and management of personal finances. They also provide tools and inspiration for improving the financial stewardship of your church.

As you take advantage of each opportunity, be sure to keep everyone up to date on your personal contact information. If anything changes, you will need to update your profile at StudentAid.gov, each of your loan servicers, and the COMPASS Initiative.

Every year you will need to 1. submit a PSLF/TEPSLF form, 2. request funds from your church’s EAP, and 3. submit quarterly reports and final grant requests to the COMPASS Initiative during your COMPASS Journey. Each program provides unique benefits to you, and if you utilize them all, you will experience improved financial well-being as you reduce your debts and gain financial skills that will carry you into a better future.





TERMS & DEFINITIONS

Direct Loan Program refers to the William D. Ford Federal Direct Loan Program. This program includes Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans. Direct Subsidized Loans and Direct Unsubsidized Loans are sometimes called “Stafford Loans.”

FFEL Program refers to the Federal Family Education Loan Program. This program includes Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, Federal PLUS Loans, and Federal Consolidation Loans. No new loans have been made under this program since July 1, 2010.

Perkins Loan Program refers to the Federal Perkins Loan Program. This program includes Federal Perkins Loans, National Direct Student Loans, and Defense Student Loans.

Income-driven repayment plan refers to a repayment plan that bases your monthly federal student loan payment amount on your income, instead of on how much you owe. The following repayment plans are income-driven plans: The Revised Pay As You Earn Plan (REPAYE Plan), the Pay As You Earn Plan (PAYE Plan), the Income-Based Repayment Plan (IBR Plan), and the Income-Contingent Repayment Plan (ICR Plan).

Loan servicer refers to the organization that collects your federal student loan payments and completes other transactions related to your federal student loans. Your loan servicer may or may not be the same organization as your loan holder (the organization that “owns” your loans). If you are unsure who your loan servicer is, you can find this information using “My Federal Student Aid” at [StudentAid.gov/login](https://studentaid.gov/login).

PSLF & TEPSLF refer to the Public Service Loan Forgiveness (PSLF) program and the Temporary Expanded Public Service Loan Forgiveness (TEPSLF) program provided by the U.S. Department of Education’s office of Federal Student Aid for federal student loans. See [StudentAid.gov/pslf](https://studentaid.gov/pslf).

Educational Assistance Program refers to a particular benefit provided by an employer to its employees, where the employer provides financial assistance to the employee for the employee’s educational expenses, and up to \$5,250 may be excluded from the employee’s taxable wages. See IRS Publication 15-B, “Employer’s Tax Guide to Fringe Benefits” (irs.gov/publications/p15b).

The COMPASS Initiative refers to an initiative of the USA/CA region of the Church of the Nazarene, Inc. to address the personal financial challenges facing pastors in the region. The COMPASS Initiative offers free financial literacy programs with accompanying grants for debt reduction and retirement savings to qualifying Nazarene pastors. This initiative also lists a variety of finance resources such as personal debt management, savings and retirement, preaching and teaching about stewardship, small group curriculum, and much more at COMPASSinitiative.org.



EDUCATIONAL ASSISTANCE PROGRAM

1. What is and Educational Assistance Program?

An educational assistance program is a separate written plan that provides educational assistance to a church's employees, as part of the employee's fringe benefits. Up to \$5,250 of educational assistance can be excluded from the employee's taxable wages each year. For more details consult a qualified tax advisor and read "Educational Assistance" under section 2 of the [IRS Publication 15-B](#), "Employer's Tax Guide to Fringe Benefits."

2. Which educational expenses qualify for the Educational Assistance Program?

These expenses generally include the cost of books, equipment, fees, supplies, and tuition. Education expenses don't include the cost of tools or supplies (other than textbooks) the employee is allowed to keep at the end of the course. Nor do they include the cost of lodging, meals, or transportation.

The employee must be able to provide substantiation that the educational assistance provided was used for qualifying education expenses.

3. Can I use the Educational Assistance Program to repay my student loans?

Normally, no. However, section 2206 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), temporarily expanded the definition of educational assistance to include the payment of student loans. This change applies to student loan payments paid after March 27, 2020 and before January 1, 2026. See the [IRS Publication 15-B](#) for additional details.

4. How does my church start an Educational Assistance Program?

The church board (or governing body) must create a written IRS-qualified Educational Assistance Program. The EAP is a fringe benefit offered to all employees of the church. A sample EAP is included in the Sample Resources section.

5. How do I utilize my church's Educational Assistance Program?

Each employee must submit a written request for funds from the Educational Assistance Program each year, according to the policy established by the church when it created the Educational Assistance Program. A sample request for funds is included in the Sample Resources section.





MINISTERIAL EXCELLENCE FUND

1. What is a Ministerial Excellence Fund?

The Ministerial Excellence Fund is a designated fund, within the local church, with the purpose of providing financial assistance to the church's pastor(s) in reducing their personal debt and for increasing the pastor's retirement savings, thus reducing the financial strain that can hinder a pastor's ability to serve and lead the local church.

The COMPASS Initiative also maintains a Ministerial Excellence Fund with the same purpose. When a pastor completes the COMPASS Journey or COMPASS Quest programs, the COMPASS Initiative sends a grant from this fund to the local church's Ministerial Excellence Fund. COMPASS matches the local church's grant for its pastor (up to \$5,000 for the Journey and up to \$1,000 for the Quest). The local church is responsible to disburse its grant and the COMPASS match to its participating pastor, for debt reduction or retirement savings.

2. How does my church start a Ministerial Excellence Fund?

The local church must establish a designated fund called the Ministerial Excellence Fund (MEF). The church board (or governing body) must establish a written policy regarding contributions to the MEF and the disbursement of funds from the MEF. A sample policy is included in the Sample Resources section.

3. Who can contribute to the Ministerial Excellence Fund?

Anyone may contribute to the local church Ministerial Excellence Fund, including friends and relatives of the pastors, the district office, and anyone interested in improving the financial well-being of pastors. Pastors who receive grants from the church's MEF are not required to contribute to the fund.

The COMPASS Initiative also accepts donations to its Ministerial Excellence Fund from anyone that desires to see pastors benefit from this initiative now and into the future. COMPASSinitiative.org/donate-now



PUBLIC SERVICE LOAN FORGIVENESS PROGRAMS (PSLF & TEPSLF)

1. What do I need to do to participate in the PSLF or TEP SLF programs?.

Five Easy Steps for Public Service Loan Forgiveness

(from student loan expert Heather Jarvis at askheatherjarvis.com)

- | | |
|--|--|
| <p>1. Make the right kind of payment...</p> | <ul style="list-style-type: none"> • Pay As You Earn (PAYE) • Revised Pay As You Earn (REPAYE) • Income-Based Repayment (IBR) or • Income-Contingent Repayment (ICR) |
| <p>2. On the right kind of loan. . .</p> | <ul style="list-style-type: none"> • Federal Direct Loans ONLY |
| <p>3. While you are in the right kind of job. . .</p> | <ul style="list-style-type: none"> • Full-time paid work for the government or a 501(c)(3), plus certain other positions |
| <p>4. Repeat 120 times. . .</p> | <ul style="list-style-type: none"> • Once a month for 10 years (but does not need to be consecutive) |
| <p>5. Prove it. . .</p> | <ul style="list-style-type: none"> • Keep good records! You will need to submit the “Public Service Loan Forgiveness (PSLF) & Temporary Expanded PSLF (TEPSLF) Certification & Application” form to the Department of Education every year. |

2. How do I know if I am making the right kind of payments on my student loans?

For most student loan borrowers seeking Public Service Loan Forgiveness, Income-Based Repayment (IBR) is the best repayment plan. The IBR calculates your monthly payment as a fixed percentage of your income. As your income goes up, your monthly payments will also go up.

Other eligible repayment plans are the Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE), and the Income-Contingent Repayment (ICR). To enroll in any of these repayment plans you must contact your loan servicer directly. Remember, before you enroll in one of these repayment plans, be sure that your loan(s) is a federal Direct Loan.

For more information about [the different types of federal loan repayment plans](#), go to StudentAid.gov.



PUBLIC SERVICE LOAN FORGIVENESS PROGRAMS (PSLF & TEPSLF)

3. How do I know if I have the right kind of loan?

Only Direct Loan Program loans that are not in default are eligible for PSLF and TEPSLF. Loans you received under the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins Loan) Program, or any other student loan program are not eligible for PSLF.

However, if you have FFEL Program or Perkins Loan Program loans, you may consolidate them into a Direct Consolidation Loan to take advantage of PSLF and TEPSLF. Consolidation must take place before Oct. 31, 2022 and the PSLF/TEPSLF form must be submitted by Oct. 31, 2022.

To find out which types of loans you have, [log in to your account at studentaid.gov/login](https://studentaid.gov/login) using your username and password (FSA ID) and look for “My Aid.”

4. Does my position as pastor of my church qualify as the right kind of job?

Every local Church of the Nazarene is incorporated as a 501(c)(3) not-for-profit organization, and 501(c)(3) organizations are qualified employers.

Prior to July 2021, most pastors did not qualify for the U.S. Public Service Loan Forgiveness program because pastors could not count the hours they spent in “religious instruction, worship services, or any form of proselytizing” toward their full-time work requirement. This restriction was removed as of July 1, 2021, making more pastors eligible for the PSLF program. According to the Federal Student Aid website:

“For PSLF, you’re generally considered to work full-time if you meet your employer’s definition of full-time or work at least 30 hours per week, whichever is greater. If you are employed in more than one qualifying part-time job at the same time, you will be considered full-time if you work a combined average of at least 30 hours per week with your employers. **If you are employed by a not-for-profit organization, time spent on religious instruction, worship services, or any form of proselytizing as a part of your job responsibilities may be counted toward meeting the full-time employment requirement.**” [emphasis added]

5. How many loan payments will I need to make to qualify for loan forgiveness under PSLF?

The PSLF requires 120 qualifying monthly payments that you make:

- After Oct. 1, 2007;
- Under a qualifying repayment plan;
- For the full amount due as shown on your bill;
- No later than 15 days after your due date; and
- While you are employed full-time by a qualifying employer.

Your 120 qualifying monthly payments don’t need to be consecutive. For example, if you have a period of employment with a nonqualifying employer, you will not lose credit for prior qualifying payments that you made.

PUBLIC SERVICE LOAN FORGIVENESS PROGRAMS (PSLF & TEPSLF)

6. What about the pause in student loan payments due to COVID-19 emergency?

As part of the COVID-19 emergency relief, federal student loan payments were paused. Payments will restart after Jan. 31, 2022.

Suspended payments count toward PSLF and Temporary Expanded PSLF as long as you meet all other qualifications. You will receive credit as though you made on-time monthly payments in the correct amount while on a qualifying repayment plan. Note: In-grace, in-school, and certain deferment, forbearance, and bankruptcy statuses are not eligible for credit toward PSLF. [www.studentaid.gov/pslf]

7. Do I need to recertify every year?

Yes, you will need to submit the PSLF/TEPSLF form every year, and provide your updated financial information (income, family size, etc.) to your loan servicer every year.

8. How do I know who my loan servicer is?

You can get information about all of the federal student loans you have received and find the loan servicers for your loans on the dashboard when you [log into studentaid.gov](https://studentaid.gov). Only your federal loans – not private loans – will appear here.

9. What is the Limited PSLF Waiver?

On Oct. 6, 2021, the U.S. Department of Education announced a change to the PSLF rules for a limited time as a result of the COVID-19 national emergency. Now, **for a limited period of time**, borrowers may receive credit for past payments made on loans that would otherwise not qualify for PSLF. It is known as Temporary Extended Public Service Loan Forgiveness (TEPSLF).

Temporary Extended Public Service Loan Forgiveness (TEPSLF)

Borrowers may receive credit for past payments made on loans that would otherwise not qualify for PSLF, if consolidated into a federal direct loan by Oct. 31, 2022.

Under the new rules, any prior payment made will count as a qualifying payment, regardless of federal loan type, repayment plan, or whether the payment was made in full or on time. All you need is qualifying employment.

This change will apply to student loan borrowers with Direct Loans, those who have already consolidated into the Direct Loan Program, and those who consolidate into the Direct Loan Program by **Oct. 31, 2022**.



PUBLIC SERVICE LOAN FORGIVENESS PROGRAMS (PSLF & TEPSLF)

As long as you consolidate into the Direct Loan Program by Oct. 31, 2022, you can get credit for any of these federal student loans:

- Federal Family Education Loan (FFEL) Program loans, including subsidized and unsubsidized loans, made to undergraduate and graduate students
- Federal Perkins Loans
- Direct Loan (DL) Program Loans, including subsidized and unsubsidized loans, made to undergraduate and graduate students
- Graduate PLUS Loans made to students

NOTE: Parent PLUS loans are not eligible under the limited PSLF waiver, even if you consolidate them into a new Direct Consolidation Loan by Oct. 31, 2022.

10. What if I worked at more than one church since 2007?

The TEPSLF requires that **a separate PSLF/TEPSLF form must be submitted for each qualifying employer** for which you have worked while making payments on your federal student loans, in order for those loan payments to be considered as qualifying payments toward the 120 required payments.

11. How long will the TEPSLF program be available?

The TEPSLF program is only available for a limited period of time. Any necessary loan consolidation must be completed **before Oct. 31, 2022** and the PSLF/TEPSLF form(s) must be submitted **by Oct. 31, 2022**.

12. What kind of information do I need to provide when applying for the PSLF or TEPSLF?

You will need your most recent W-2 from your employer(s) or your employer's Federal Employer Identification Number (EIN). Most people complete the form using the [PSLF Help Tool](#) in less than 30 minutes. **NOTE:** The process must be completed in a single session.

Regarding Previous Employment

If you are filing a PSLF form regarding previous employment, you will need the EIN of each employer/church and the signature of an authorized official from that church verifying your start and end dates.



SAMPLE RESOURCES

For reference only; to give you an idea
before you fill out the actual forms.

PSLF & TEPSLF Policy.....	22-23
PSLF & TEPSLF Employment Certification & Application Form.....	24-29
Educational Assistance Plan Policy.....	30-32
Educational Assistance Plan Request Form.....	33
Ministerial Excellence Fund Policy.....	34-36
Ministerial Excellence Fund Grant Application.....	37
Letter from Local Church to Pastors and Employees.....	38





Public Service Loan Forgiveness & Temporary Extended PSLF Policy
CHURCHNAME Church of the Nazarene

1. PLAN On _____, 20__, the CHURCHNAME Church of the Nazarene (“CHURCHNAME”) established a Public Service Loan Forgiveness & Temporary Extended PSLF Policy (PSLF/TEPSLF Policy) to provide information and assistance to all full-time employees of CHURCHNAME regarding their possible eligibility to participate in the U.S. Department of Education’s PSLF/TEPSLF program. This document sets forth the Plan.

2. EMPLOYMENT STATUS As a registered 501(c)(3) non-profit organization, CHURCHNAME is a qualified employer for purposes of the U.S. Department of Education’s PSLF/TEPSLF program. Employees of CHURCHNAME must have an hourly requirement of 30 hrs/wk or more to meet the PSLF/TEPSLF employment qualifications. The CHURCHNAME Board Secretary is designated as the authorized official signatory to verify the dates of said full-time employment.

3. PLAN BENEFITS CHURCHNAME understands the financial burden of student loan debt on its employees and encourages its employees to take advantage of possible loan forgiveness through the PSLF/TEPSLF program. CHURCHNAME Board Secretary will inform all new full-time employees of their possible qualification for the PSLF/TEPSLF program, as defined by the U.S. Department of Education, in writing. Additionally, CHURCHNAME Board Secretary will send an annual written reminder to each employee who is participating in the PSLF/TEPSLF program to submit their annual employment certification form, and will sign the necessary paperwork

4. PLAN TERMINATION CHURCHNAME reserves the right to change or terminate the Plan without prior notice. If CHURCHNAME does end the Plan, employees may still be eligible for participation in the PSLF/TEPSLF program and an authorized church official will sign the employee’s employment certification form, but CHURCHNAME will no longer actively inform and remind employees of the PSLF/TEPSLF program.

5. FUNDING No funding is required by CHURCHNAME to establish or maintain this plan. Although, for a pastor to participate in the PSLF/TEPSLF program, he or she must be a paid employee of CHURCHNAME, receiving an IRS W-2 document.

6. NOTIFICATION TO EMPLOYER Employees who plan to take advantage of the PSLF/TEPSLF program shall notify CHURCHNAME in writing of such plan, and present completed employment certification forms to the CHURCHNAME Board Secretary for signature. If the employment dates on the form are correct, CHURCHNAME Board Secretary shall return the signed form to the participant within 30 days of request.



Public Service Loan Forgiveness & Temporary Extended PSLF Policy
CHURCHNAME Church of the Nazarene (continued)

CHURCHNAME has explained this Plan to me, an eligible employee, and I have read this Plan document. With this signature, I verify that I have read this Plan document and understand the Plan.

Employee:
Printed Name _____ Signature _____ Date _____

On behalf of CHURCHNAME, I explained this Plan to the employee above. Further, I furnished the employee with a copy of the Plan and observed as he/she read the Plan. I hereby affix my signature in verification of these facts.

For the employer:
Printed Name _____ Signature _____ Date _____

DISCLAIMER This template is provided solely as an optional framework. The Church of the Nazarene, Inc. does not provide tax or legal advice, and we recommend that the local church and pastors consult with a qualified legal/financial advisor for guidance on the plans that will be most advantageous for the church and the minister.

Sample Resources



PUBLIC SERVICE LOAN FORGIVENESS (PSLF) & TEMPORARY EXPANDED PSLF (TEPSLF) CERTIFICATION & APPLICATION

William D. Ford Federal Direct Loan (Direct Loan) Program

OMB No. 1845-0110
Form Approved
Exp. Date 08/31/2023
PSFAP - XBCR

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

SECTION 1: BORROWER INFORMATION

Please enter or correct the following information.

☐ Check this box if any of your information has changed.

SSN _____
Date of Birth _____
Name _____
Address _____
City _____ State _____ Zip Code _____
Telephone - Primary _____
Telephone - Alternate _____
Email _____

For more information on PSLF, visit studentaid.gov/pslf. To apply online, visit studentaid.gov/pslf.

SECTION 2: BORROWER REQUEST, UNDERSTANDING, AND CERTIFICATION

I request (1) that the U.S. Department of Education (the Department) determine whether I qualify for PSLF or TEPSLF, and discharge any qualifying loans that I have, and (2) if none of my loans qualify for PSLF or TEPSLF when I submit this form, determine how many qualifying payments I have made towards PSLF and TEPSLF.

- ☐ I just want to find out how many qualifying payments I have made or if my employer is a qualified employer.
- ☐ I believe I qualify for forgiveness under PSLF or TEPSLF right now.
- ☐ If I indicated that I believe I qualify for forgiveness now, I want a forbearance while my application is being processed, but understand that periods of forbearance do not count towards forgiveness.

I understand that:

1. To qualify for forgiveness, I must have made 120 qualifying payments on my Direct Loans while employed full-time by a qualifying employer. Neither the 120 qualifying payments nor employment have to be consecutive.
2. To qualify for forgiveness, I must be employed full-time by a qualifying employer when I apply for and get forgiveness.
3. By submitting this form, my student loans held by the Department may be transferred to FedLoan Servicing.
4. If the Department determines that I appear to be eligible for forgiveness, the Department may contact my employer before granting forgiveness to ensure that I continue to work for the employer.
5. If I am eligible for forgiveness, the amount forgiven will be the principal and interest that was due on my eligible Direct Loans when I made my final qualifying payment. Any amount that I pay on those loans after I have made my final qualifying payment will be treated as an overpayment. I must continue to make payments on any of my other loans.
6. If I am not eligible for forgiveness, I will be notified of the determination, why it was made, and how many qualifying payments I have made towards PSLF and TEPSLF.

I certify that all of the information I have provided on this form and in any accompanying document is true, complete, and correct to the best of my knowledge and belief and that if I cease to be employed by a qualifying employer after I submit this application, but before forgiveness is granted, I will notify the Department (see Section 7) immediately.

- ☐ Check this box if you cannot obtain certification from your employer because the organization is closed or because the organization has refused to certify your employment. The Department will follow up to assist you in getting documentation of your employment. Complete Section 3, but do not complete Section 4.

Borrower's Signature _____

Date _____

Sample Resources

Borrower Name _____

Borrower SSN _____

SECTION 3: EMPLOYER INFORMATION (TO BE COMPLETED BY THE BORROWER OR EMPLOYER)

1. Employer Name:

2. Federal Employer Identification Number (FEIN)

3. Employer Address:

4. Employer Website (if any):

5. Employment Begin Date:

6. Employment End Date:

OR

☐ Still Employed

7. Employment Status: ☐ Full-Time ☐ Part-Time

8. Hours Per Week (Average)

Include vacation, leave time, or any leave taken under the Family Medical Leave Act of 1993.

9. Is your employer a **governmental** organization?

A governmental organization is a Federal, State, local, or Tribal government organization, agency, or entity, a public child or family service agency, a Tribal college or university, or the Peace Corps or AmeriCorps. Federal service includes military service.

☐ Yes - Skip to Section 4.

☐ No - Continue to Item 10.

10. Is your employer tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC)?

If your employer is tax-exempt under another subsection of 501(c) of the IRC, such as 501(c)(4) or 501(c)(6), check "No" to this question.

☐ Yes - Skip to Section 4.

☐ No - Continue to Item 11.

11. Is your employer a **not-for-profit** organization that is **not** tax-exempt under Section 501(c)(3) of the Internal Revenue Code?

☐ Yes - Continue to Item 12.

☐ No - Your employer does not qualify.

12. Is your employer a partisan political organization or a labor union?

☐ Yes - Your employer does not qualify.

☐ No - Continue to Item 13.

13. Which of the following services does your employer provide? Check all that apply and then continue to Section 4. If you check "None of the above", do not submit this form.

☐ Emergency management

☐ Military service (See Section 6)

☐ Public safety

☐ Law enforcement

☐ Public interest legal services (See Section 6)

☐ Early childhood education (See Section 6)

☐ Public service for individuals with disabilities

☐ Public service for the elderly

☐ Public health (See Section 6)

☐ Public education

☐ Public library services

☐ School library services

☐ Other school-based services

☐ None of the above - the employer does not qualify.

SECTION 4: EMPLOYER CERTIFICATION (TO BE COMPLETED BY THE EMPLOYER)

By signing, I **certify** (1) that the information in Section 3 is true, complete, and correct to the best of my knowledge and belief, (2) that I am an authorized official (see Section 6) of the organization named in Section 3, and (3) that the borrower named in Section 1 is or was an employee of the organization named in Section 3.

Note: If any of the information is crossed out or altered in Section 3, you must initial those changes.

Official's Name _____

Official's Phone _____

Official's Title _____

Official's Email _____

Authorized Official's Signature _____

Date _____

Sample Resources

SECTION 5: INSTRUCTIONS FOR COMPLETING THE FORM

When completing this form, type or print using dark ink. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: March 14, 2016 = 03-14-2016. For more information about PSLF and how to use this form, visit StudentAid.gov/publicservice. Return the completed form to the address shown in Section 7.

SECTION 6: DEFINITIONS

QUALIFYING PAYMENT DEFINITIONS

Qualifying payments are on-time, full monthly payments made on an eligible loan after October 1, 2007 under a qualifying repayment plan while employed full-time by a qualifying employer.

An **on-time payment** is a payment made no more than 15 days after the due date for the payment.

Eligible loans are loans made under the William D. Ford Federal Direct Loan (Direct Loan) Program that are not in default.

Qualifying repayment plans for PSLF include the Revised Pay As You Earn (REPAYE) plan, the Pay As You Earn (PAYE) plan, the Income-Based Repayment (IBR) plan, the Income-Contingent Repayment (ICR) plan, the Standard Repayment plan with a maximum 10-year repayment period, and any other Direct Loan repayment plan if payments are at least equal to the monthly payment amount that would be required under the Standard Repayment plan with a 10-year repayment period.

Qualifying repayment plans for TEPSLF include the qualifying repayment plans for PSLF, as well as the Graduated Repayment Plan, Extended Repayment Plan, Standard Repayment Plan for Direct Consolidation Loans, and Graduated Repayment Plan for Direct Consolidation Loans.

QUALIFYING EMPLOYMENT DEFINITIONS

A **Qualifying employer** includes the government, a not-for-profit organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, or a private not-for-profit organization that provides certain public services. Serving in an AmeriCorps or Peace Corps position is also qualifying employment.

Government includes a Federal, State, local or Tribal government organization, agency or entity; a public child or family service agency; or a Tribal college or university.

A **private not-for-profit organization** is an organization that is not organized for profit, is not a labor union, is not a partisan political organization, and provides at least one of the following public services: (1) emergency management, (2) military service, (3) public safety, (4) law enforcement, (5) public interest legal services, (6) early childhood education, (7) public service for individuals with disabilities and the elderly, (8) public health, (9) public education, (10) public library services, (11) school library services, or (12) other school-based services.

AmeriCorps position means a position approved by the Corporation for National and Community Service under Section 123 of the National and Community Service Act of 1990 (42 U.S.C. 12573).

QUALIFYING EMPLOYMENT DEFINITIONS (CONTINUED)

Peace Corps position means a full-time assignment under the Peace Corps Act as provided for under 22 U.S.C. 2504.

An **employee** means an individual who is hired and paid by the qualifying employer.

Full-time means working for one or more qualifying employers for the greater of: (1) an annual average of at least 30 hours per week or, for a contractual or employment period of at least 8 months, an average of 30 hours per week; or (2) unless the qualifying employment is with two or more employers, the number of hours the employer considers full time.

An **authorized official** is an official of a qualifying employer who has access to the borrower's employment or service records and is authorized by the employer to certify the employment status of the organization's employees or former employees, or the service of AmeriCorps or Peace Corps volunteers.

Early childhood education includes licensed or regulated child care, Head Start, and State funded pre-kindergarten.

Law enforcement means crime prevention, control or reduction of crime, or the enforcement of criminal law.

Military service means service on behalf of the U. S. Armed Forces or the National Guard.

Public interest legal services refers to legal services that are funded in whole or in part by a local, State, Federal, or Tribal government.

Public health includes nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in [health care practitioner occupations](#), [health support occupations](#), and [counselors, social workers, and other community and social service specialists](#) as such terms are defined by the Bureau of Labor Statistics.

OTHER DEFINITIONS

A **forbearance** is a period during which you are allowed to postpone making payments temporarily, allowed an extension of time for making payments, or temporarily allowed to make smaller payments than scheduled.

Sample Resources

SECTION 7: WHERE TO SEND THE COMPLETED FORM

Return the completed form and any documentation to:

Mail to: U.S. Department of Education, FedLoan Servicing,
P.O. Box 69184, Harrisburg, PA 17106-9184.

Fax to: 717-720-1628.

Upload to: [MyFedLoan.org/FileUpload](https://myfedloan.org/FileUpload), if FedLoan Servicing is already your servicer.

If you need help completing this form, call:

Domestic: 855-265-4038.

International: 717-720-1985.

TTY: dial 711, then enter 800-699-2908.

Website: [MyFedLoan.org](https://myfedloan.org).

SECTION 8: IMPORTANT INFORMATION ABOUT PSLF AND TEPSLF

You may receive loan forgiveness only after you have made 120 qualifying payments on eligible loans while working full-time in qualifying employment. There are certain additional eligibility requirements for TEPSLF.

PAYMENT ELIGIBILITY

To receive PSLF, you must make 120 on-time, full, scheduled, separate monthly payments on your Direct Loans under a qualifying repayment plan after October 1, 2007.

On-time payments are those that are received by your servicer no later than 15 days after the scheduled payment due date.

Full payments are payments on your Direct Loan in an amount that equals or exceeds the amount you are required to pay each month. If you make multiple, partial payments in a month and the total of those partial payments equals the required full monthly payment amount, those payments will count as one qualifying payment provided all of the partial payments were made within 15 days of the due date.

Scheduled payments are those that are made while you are in repayment. They do not include payments made while your loans are in an in-school or grace status, or in a deferment or forbearance period.

If you were an AmeriCorps or Peace Corps volunteer, you may receive credit for making qualifying payments if you make a lump sum payment by using all or part of a Segal Education Award or Peace Corps transition payment.

You may also receive credit for qualifying payments if a lump sum payment is made on your behalf through a student loan repayment program administered by the U.S. Department of Defense (DOD).

If you make a lump sum payment by using an AmeriCorps Segal Education Award or a Peace Corps transition payment, or if a lump sum payment is made on your behalf through a DOD student loan repayment program, the Department will give you credit for qualifying payments equal to the lesser of (1) the number of payments resulting after dividing the amount of the lump sum payment by the monthly payment amount you would have made under one of the qualifying repayment plans listed below; or (2) 12 payments.

PAYMENT ELIGIBILITY (CONTINUED)

If you make an eligible lump sum payment using a Peace Corps transition payment, you must do so within 6 months of the Employment End Date, as reported in Section 3.

You may only use an AmeriCorps Segal Education Award or Peace Corps transition payment one time to receive credit for more than one qualifying payment towards PSLF. However, lump sum payments made on your behalf under a DOD student loan repayment program may be counted as up to 12 qualifying payments for each year that a lump sum payment is made.

Your payments must be made under a qualifying repayment plan. Qualifying repayment plans for PSLF include the REPAYE plan, the PAYE plan, the IBR plan, the ICR plan, the 10-Year Standard Repayment plan, or any other Direct Loan repayment plan, but only payments that are at least equal to the monthly payment amount that would be required under the 10-Year Standard Repayment plan. Qualifying repayment plans for TEPSLF include the qualifying repayment plans for PSLF, as well as Graduated, Extended, Standard Repayment Plan for Direct Consolidation Loans and Graduated Repayment Plan for Direct Consolidation Loans.

Though repayment plans other than the REPAYE, PAYE, IBR, and ICR plans are qualifying repayment plans for PSLF, you must enter REPAYE, PAYE, IBR, or ICR to have a remaining balance to forgive after becoming eligible for PSLF. Otherwise, your loans will be fully repaid within 10 years. To apply for these plans, visit [StudentAid.gov/IDR](https://studentaid.gov/IDR).

IMPORTANT: The Standard Repayment Plan for Direct Consolidation Loans made on or after July 1, 2006 has repayment periods that range from 10 to 30 years. Monthly payments you make under this plan are qualifying payments for PSLF only if the repayment period is 10 years, which would be the case only if the total amount of the consolidation loan and your other eligible student loans is less than \$7,500. This repayment plan is always a qualifying repayment plan for TEPSLF.

Sample Resources

SECTION 8: IMPORTANT INFORMATION ABOUT PSLF (CONTINUED)

LOAN ELIGIBILITY

Only Direct Loan Program loans that are not in default are eligible for PSLF. Loans you received under the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan (Perkins Loan) Program, or any other student loan program are not eligible for PSLF.

If you have FFEL Program or Perkins Loan Program loans, you may consolidate them into a Direct Consolidation Loan to take advantage of PSLF. However, payments made on those loans before you consolidated them do not count as qualifying PSLF payments. In addition, if you made qualifying payments on a Direct Loan and then consolidate it into a Direct Consolidation Loan, you must start over making qualifying payments on the new Direct Consolidation Loan.

If you are planning to consolidate your FFEL Program or Perkins Loan Program loans into a Direct Consolidation Loan to take advantage of PSLF and do not have any Direct Loans, do not submit this form until you have consolidated your loans and have subsequently made 120 qualifying payments. The online application for Direct Consolidation Loans contains a section that allows you to indicate that you are consolidating your loans for PSLF. If you plan to consolidate Perkins Loan Program loans, first understand that Perkins Loan Program loans may be cancelled for certain types of public service. If you consolidate a Perkins Loan Program loan, you will no longer be eligible for Perkins cancellation. The online application is available at [StudentAid.gov/consolidation](https://studentaid.gov/consolidation). If you don't know whether you have Direct Loans, go to [StudentAid.gov/dashboard](https://studentaid.gov/dashboard).

EMPLOYMENT ELIGIBILITY

To qualify for PSLF, you must be an employee of a qualifying employer. An employee is someone who is hired and paid by the employer, and who receives an IRS Form W-2 from the employer. You may physically perform your work at a qualifying or non-qualifying organization, as long as you are an employee of a qualifying employer. If you are working at the location of or with an organization under contract with your employer, the organization that hired and pays you must be a qualifying employer, not the organization where you perform your work.

A qualifying organization is a government organization, a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), or a private not-for-profit organization that provides certain public services. Service in an AmeriCorps or Peace Corps position is also qualifying employment.

A private not-for-profit organization that is not a tax-exempt organization under Section 501(c)(3) of the IRC may be a qualifying organization if it provides certain specified public services.

EMPLOYMENT ELIGIBILITY (CONTINUED)

These services include (1) emergency management, military service, public safety, or law enforcement services, (2) public health services, (3) public education or public library services, (4) school library and other school-based services, (5) public interest legal services, (6) early childhood education, (7) public service for individuals with disabilities and the elderly. The organization must not be a business organized for profit, a labor union, or a partisan political organization.

Employment as a member of the U.S. Congress is not qualifying employment.

You must be employed full-time by your employer.

Generally, you must meet your employer's definition of full-time. However, for PSLF purposes, that definition must be at least an annual average of 30 hours per week.

If you are a teacher or in another position under contract for at least eight out of 12 months, you meet the full-time standard if you work an average of at least 30 hours per week during the contractual period and receive credit by your employer for a full year's worth of employment.

If you are employed in more than one qualifying part-time job simultaneously, you may meet the full-time employment requirement if you work a combined average of at least 30 hours per week with your employers.

Vacation or leave time provided by the employer or leave taken for a condition that is a qualifying reason for leave under the Family and Medical Leave Act of 1993, 29, U.S.C. 2612(a)(1) and (3) is equivalent to hours worked in qualifying employment.

TEPSLF ELIGIBILITY

To qualify for TEPSLF, you must be ineligible for PSLF **only** because some or all of your payments were not made under a qualifying repayment plan for PSLF and if the payment that you made 12 months prior to applying for TEPSLF and the last payment made before applying for TEPSLF were at least as much as you would have paid under the REPAYE, PAYE, IBR, or ICR plans.

If you meet these requirements, you will be evaluated for TEPSLF eligibility under the expanded list of qualifying repayment plans for TEPSLF.

OTHER IMPORTANT INFORMATION

You are not permitted to apply the same period of service to receive PSLF and the Teacher Loan Forgiveness or Civil Legal Assistance Attorney Student Loan Repayment programs.

Sample Resources

SECTION 8: IMPORTANT INFORMATION ABOUT PSLF (CONTINUED)

OTHER IMPORTANT INFORMATION (CONTINUED)

You have the option to postpone making payments on your Direct Loans if you are submitting this form and you believe that you qualify for forgiveness right now. However, when evaluating whether to choose forbearance, it is important to understand that periods of forbearance do not count towards PSLF or TEPSLF. If you decline forbearance, any payments made after your 120th qualifying payment will be refunded to you or applied to any other outstanding loans held by the Department.

SECTION 9: IMPORTANT NOTICES

Privacy Act Notice. The Privacy Act of 1974 (5 U.S.C. 552a) requires that the following notice be provided to you:

The authorities for collecting the requested information from and about you are §421 et seq., §451 et seq., or §461 of the Higher Education Act of 1965, as amended (20 U.S.C. 1071 et seq., 20 U.S.C. 1087a et seq., or 20 U.S.C. 1087aa et seq.) and the authorities for collecting and using your Social Security Number (SSN) are §§428B(f) and 484(a)(4) of the HEA (20 U.S.C. 1078-2(f) and 1091(a)(4)) and 31 U.S.C. 7701(b). Participating in the William D. Ford Federal Direct Loan (Direct Loan) Program, Federal Family Education Loan (FFEL) Program, or Federal Perkins Loan (Perkins Loan) Program and giving us your SSN are voluntary, but you must provide the requested information, including your SSN, to participate.

The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, forbearance, discharge, or forgiveness) under the Direct Loan, FFEL, or Federal Perkins Loan Programs, to permit the servicing of your loans, and, if it becomes necessary, to locate you and to collect and report on your loans if your loans become delinquent or default. We also use your SSN as an account identifier and to permit you to access your account information electronically.

The information in your file may be disclosed, on a case-by-case basis or under a computer matching program, to third parties as authorized under routine uses in the appropriate systems of records notices. The routine uses of this information include, but are not limited to, its disclosure to federal, state, or local agencies, to private parties such as relatives, present and former employers, business and personal associates, to consumer reporting agencies, to financial and educational institutions, and to guaranty agencies in order to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan, to permit the servicing or collection of your loans, to enforce the terms of the loans, to investigate possible fraud and to verify compliance with federal student financial aid program regulations, or to locate you if you become delinquent in your loan payments or if you default. To provide default rate calculations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to state agencies. To provide financial aid history information, disclosures may be made to educational institutions.

To assist program administrators with tracking refunds and cancellations, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal or state agencies. To provide a standardized method for educational institutions to efficiently submit student enrollment statuses, disclosures may be made to guaranty agencies or to financial and educational institutions. To counsel you in repayment efforts, disclosures may be made to guaranty agencies, to financial and educational institutions, or to federal, state, or local agencies.

In the event of litigation, we may send records to the Department of Justice, a court, adjudicative body, counsel, attorney, or witness if the disclosure is relevant and necessary to the litigation. If this information, either alone or with other information, indicates a potential violation of law, we may send it to the appropriate authority for action. We may send information to members of Congress if you ask them to help you with federal student aid questions. In circumstances involving employment complaints, grievances, or disciplinary actions, we may disclose relevant records to adjudicate or investigate the issues. If provided for by a collective bargaining agreement, we may disclose records to a labor organization recognized under 5 U.S.C. Chapter 71. Disclosures may be made to our contractors for the purpose of performing any programmatic function that requires disclosure of records. Before making any such disclosure, we will require the contractor to maintain Privacy Act safeguards. Disclosures may also be made to qualified researchers under Privacy Act safeguards.

Paperwork Reduction Notice. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0110. Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain a benefit in accordance with 34 CFR 685.219. If you have comments or concerns regarding the status of your individual submission of this form, please contact your loan holder directly (see Section 7).



Educational Assistance Plan
CHURCHNAME Church of the Nazarene

1. PLAN On _____, 20__, the CHURCHNAME Church of the Nazarene (“CHURCHNAME”) established an Educational Assistance Plan (“the Plan”) to provide educational benefits under Section 127 of the Internal Revenue Code to all full-time and part-time credentialed pastoral employees of CHURCHNAME. Credentialed means ordained or district-licensed minister within the Church of the Nazarene, or recognized by the Church of the Nazarene to be congruent to these credential levels. This document sets forth the Plan.

2. EMPLOYMENT STATUS CHURCHNAME currently does not employ any qualifying ministers on an hourly basis, so no definition of qualification is made for this type of employee. Salaried employees must have an hourly requirement of 10 hrs/wk or more and be employed from Jan 1st through Dec 31st to qualify for this reimbursement. One year of qualification entitles the employee to one year of reimbursement in the following calendar year. Employees may take courses of instruction during active employment, during an approved leave of absence, or after termination of employment. Employees who do not use the benefits within twelve (12) months of earning the benefits, or within twelve (12) months of termination of service, shall forfeit their entitlement to any benefits. Upon adoption of the Plan, qualifying employee from the previous year shall be entitled to benefits in the current calendar year.

3. PLAN BENEFITS CHURCHNAME will reimburse the employee no more than \$5,250 a year for qualified educational programs or qualified student loan payments. Under Section 127 of the Internal Revenue Code, the employee receives the reimbursements under this Plan as tax-free fringe benefits.

4. PLAN TERMINATION CHURCHNAME reserves the right to change or terminate the Plan without prior notice. If CHURCHNAME does end the Plan, CHURCHNAME will reimburse all courses in process prior to termination or for which registration costs are non-refundable at the time of termination. It will not reimburse any classes that begin or payments made after Plan termination and notification.

5. FUNDING CHURCHNAME will pay educational benefits out of its Main Account. CHURCHNAME does not maintain a special fund to cover these benefits. Further, CHURCHNAME does not require participants to make contributions as a condition of receiving benefits. The Plan will be automatically deemed inactive and discontinued if the amount of available liquid unrestricted and undesignated funds drops below \$20,000. This will remain in effect until such time as that amount can be raised over \$25,000, whereby it will be deemed restored and active. *(continued next pg.)*



Educational Assistance Plan
CHURCHNAME Church of the Nazarene (continued)

If the employee is participating in the COMPASS Initiative of the Church of the Nazarene, CHURCHNAME will reimburse the employee for qualified student loan payments out of its Ministerial Excellence Fund for COMPASS Initiative Grants.

6. PROHIBITED CHOICES This Plan prohibits CHURCHNAME from offering eligible employees a choice between educational assistance and other compensation.

7. COVERED EDUCATIONAL EXPENSES This Plan reimburses cost for tuition, fees, and books for college and university classes. The CARES Act and the CAA of 2021 extend this benefit to payments of student loans made after March 27, 2020 and before January 1, 2026. IRS Publication 970 (rev. 2020) also says: “Education generally includes any form of instruction or training that improves or develops your capabilities. The payments don’t have to be... part of a degree program” (67). As such, the Plan also covers registration costs for webinars, continuing education courses, and conferences that “improves or develops [the employee’s] capabilities.” If the employee has any questions as to whether costs will be reimbursed, the employee should enquire of CHURCHNAME as to eligibility with enough time (at least 48 hours minimum) so as to make proper inquiry. CHURCHNAME reserves the right to seek appropriate tax and/or legal counsel in determining eligibility of reimbursement. The Plan does not reimburse costs for any education that involves sports, games, or hobbies, unless they have a reasonable relationship to ministry at CHURCHNAME.

8. NOTIFICATION TO EMPLOYER Employees who plan to take advantage of the Educational Assistance Plan shall notify CHURCHNAME in writing of such plan, course of study, student loan payments, registration costs, with reimbursement amounts and dates no later than 30 days after the educational activity begins (earlier is better in this case).

9. REIMBURSEMENTS Upon completion of courses, the participant must provide an official transcript of grades and original receipts for all items for which the employee seeks reimbursement. Further, CHURCHNAME will not reimburse any amounts already reimbursed by any financial assistance, scholarship, or any other financial benefit derived from public or private programs. Further, it is required that the participant must also attain a grade of “C” or better to qualify for benefits under the Plan.

After making a qualifying student loan payment, the participant must provide proof of payment to CHURCHNAME. Upon registration for a qualifying webinar, continuing education course, or conference/seminar, proof of payment must be submitted to CHURCHNAME. *(continued next pg.)*



Educational Assistance Plan
CHURCHNAME Church of the Nazarene (continued)

If a church credit card is used to pay, the receipt submitted must be clearly marked “Educational Assistance Plan” in order to qualify for the Plan. Otherwise, the cost will be deducted out of the employee’s professional expense or operating budget.

CHURCHNAME shall reimburse the participant within 30 days of request and proper submission of all required supporting documents.

CHURCHNAME has explained this Plan to me, an eligible employee, and I have read this Plan document. With this signature, I verify that I have read this Plan document and understand the Plan.

Employee:
Printed Name _____ Signature _____ Date _____

On behalf of CHURCHNAME, I explained this Plan to the employee above. Further, I furnished the employee with a copy of the Plan and observed as he/she read the Plan. I hereby affix my signature in verification of these facts.

For the employer:
Printed Name _____ Signature _____ Date _____

DISCLAIMER This template is provided solely as an optional framework. The Church of the Nazarene, Inc. does not provide tax or legal advice, and we recommend that the local church consult with a qualified legal/financial advisor for guidance on the plan that will be most advantageous for the church and the minister.



CHURCHNAME Church of the Nazarene
Educational Assistance Program Request

Name _____

Ministry Position/Title _____

Typical Hours/Week Worked _____

Today's Date _____ Date of Hire _____

COVERED EDUCATIONAL EXPENSES			
Educational Program	Title	Date/Start Date	Reimbursable Amount
College/University Course (tuition, fees, books)			
Webinar			
Continuing Ed Class			
Conference			
Student Loan Pymt			
Other:			
Total Requested Reimbursement:			\$

Minister's Signature _____

Date Receipts Received _____

Treasurer's Signature _____



Ministerial Excellence Fund for COMPASS Initiative Grants
CHURCHNAME Church of the Nazarene

1. THE FUND On _____, 20____, CHURCHNAME Church of the Nazarene (CHURCHNAME) established a designated Ministerial Excellence Fund (MEF) to provide grants to all full-time credentialed pastoral employees of CHURCHNAME who have been accepted into a matching grant program of the COMPASS Initiative of the Church of the Nazarene. Credentialed means ordained or district-licensed minister within the Church of the Nazarene, or recognized by the Church of the Nazarene to be congruent to these credential levels. This document sets forth the terms of the MEF grants.

2. PURPOSE CHURCHNAME acknowledges the significant financial challenges of many pastors, which include excessive educational debt, other types of debt, lack of savings, and inadequate financial preparation for retirement. According to the Manual of the Church of the Nazarene, all ordained ministers are required to obtain “Ministerial education [that] is designed to assist in the preparation of God-called ministers whose service is vital...” (IV. A. paragraph 529.) This preparation for ministry has left some pastors with overwhelming student loans. Some pastors have struggled to make ends meet on a minister’s salary, have been unable to save, and have consequently incurred debt when emergencies hit. Many pastors have given their lives to serving the church and neglected, or were unable, to save for retirement. In light of these challenges, the MEF is established to provide grants to pastoral employees of CHURCHNAME who are participating in the Church of the Nazarene’s COMPASS Initiative matching grant financial literacy and management programs. MEF grants will be granted in addition to the minister’s usual compensation and must be used for debt relief or retirement savings.

3. FUNDING The MEF is a designated fund. CHURCHNAME may place funds in the MEF out of its general account. Individuals may contribute toward the MEF, including the District Office, other individuals outside of CHURCHNAME, and the COMPASS Initiative. Ministers receiving grants are not required to contribute to the MEF. The MEF will automatically be deemed inactive and discontinued upon termination of the COMPASS Initiative of the Church of the Nazarene. At such time, CHURCHNAME will return any remaining funds to its general account.

4. MEF TERMINATION CHURCHNAME reserves the right to change or terminate the MEF without prior notice.

5. EMPLOYMENT STATUS Employees qualify for MEF grants when they are currently serving CHURCHNAME and are listed as “PAS” or “PSV-FT” in the District Journal. Hourly or salaried compensation is not required. A qualifying employee may receive a grant upon termination of employment or within one year of termination, if MEF funds were designated for said employee prior to termination.



Ministerial Excellence Fund for COMPASS Initiative Grants
CHURCHNAME Church of the Nazarene (continued)

6. PROHIBITED CHOICES CHURCHNAME is prohibited from offering eligible pastoral employees a choice between an MEF grant and other compensation.

7. GRANTS CHURCHNAME will disburse a grant or grants to a qualifying minister for use as educational or personal debt repayment, or as a contribution to the minister’s Fidelity 403(b) retirement account at Pensions & Benefits USA. Disbursements may be made immediately or according to a specified time schedule, but no later than 60 days after the minister completes the COMPASS Initiative matching grant program.

A. Debt Relief Grants for debt relief may be applied to the minister’s or spouse’s debts. Any MEF grant for debt relief will be disbursed to the minister as taxable income. Up to \$5,250 per year may be disbursed tax-free for student loan repayment, according to the CARES Act and the CAA of 2021 (for payments made after March 27, 2020 and before January 1, 2026), if CHURCHNAME has an Educational Assistance Program. See the 2021 IRS Publication 970 (p. 67) and the 2021 IRS Publication 15-B (p. 10).

B. Retirement Readiness Any MEF grant for retirement savings will be disbursed as a Nonelective Employer Contribution directly to the minister’s 403(b) account and will be tax-free until withdrawal from the account. See the 2021 IRS Publication 571 (p. 4).

8. COMPASS MATCHING GRANTS Upon completion of a COMPASS Initiative matching grant program, the participating minister will submit a matching grant request to the COMPASS Initiative, which will include the exact amount of CHURCHNAME’s MEF grant that has been, or is being, disbursed to the participating minister. The COMPASS Initiative will send a check to CHURCHNAME’s MEF for the same amount, up to \$5,000 for the COMPASS Journey and up to \$1,000 for the COMPASS Quest. CHURCHNAME will disburse this matching grant according to the standards set forth in this document.

9. GRANT APPLICATION A qualifying pastoral employee of CHURCHNAME will submit a request for an MEF grant to the governing body of CHURCHNAME within thirty days of being accepted into a COMPASS Initiative matching grant program.

10. GRANT APPROVAL The governing body of CHURCHNAME will review grant requests made by qualifying ministers and determine the amount of the grant based on the availability of funds in the MEF or their MEF fundraising goal.



Ministerial Excellence Fund for COMPASS Initiative Grants
CHURCHNAME Church of the Nazarene (continued)

11. PAYMENT CONFIRMATION The participating minister must email copies of all debt payment confirmations to the COMPASS Initiative at COMPASS@nazarene.org. This will include all payments made with the CHURCHNAME MEF grant and the COMPASS Initiative matching grant. The CHURCHNAME treasurer, or appropriate person responsible for making the minister’s 403(b) retirement contribution on behalf of CHURCHNAME, must email a copy of the confirmation email(s)/letter(s) to the COMPASS Initiative at COMPASS@nazarene.org. All payment confirmations must be emailed to the COMPASS Initiative within 30 days of payment.

DISCLAIMER This template is provided solely as an optional framework. The Church of the Nazarene, Inc. does not provide tax or legal advice, and we recommend that the local church consult with a qualified legal/financial advisor for guidance on the plan that will be most advantageous for the church and the minister.



CHURCHNAME Church of the Nazarene
Ministerial Excellence Fund Grant Application

Name _____

Ministry Position/Title _____

District Journal Assignment Code ☐ PAS ☐ PSV-FT ☐ Other _____

Today's Date _____

COMPASS INITIATIVE PARTICIPATION		
Program	Acceptance Date	Anticipated Completion Date
COMPASS Journey		
COMPASS Quest		

Anticipated Grant Usage (check all that apply):

☐ Educational Debt ☐ Personal Debt ☐ Retirement Savings



Letter from Local Church to Pastors & Employees

Dear Colleague:

CHURCHNAME is a qualified employer under the federal Public Service Loan Forgiveness program. We are committed to helping you manage your student loan debt and start on the path to a strong financial future.

The path to loan forgiveness can seem complicated, but with a few smart choices early on, you may save thousands of dollars on your student loans. The key is to understand your options.

- Employees who qualify are eligible to have certain federal student loans forgiven after 10 years of on-time monthly payments.
- You will save the most money if your student loan debt is high, relative to your income.
- To be eligible for the program, you need to have a qualifying loan, be enrolled in a qualifying repayment plan and you need to certify that you work for a qualified employer.

CHURCHNAME has also established an Educational Assistance Plan, as a fringe benefit for our employees. You are eligible to receive up to \$5,250 per year as tax exempt income for your ongoing educational expenses or for your own student loan repayments (valid until January 1, 2026).

The CHURCHNAME Board Secretary can help you certify that you work for a qualifying employer and may be able to provide more information if you have questions. You can also visit COMPASSinitiative.org for additional financial literacy and management resources.

Remember, you'll save the most if you get started early—you might even be able to lower your monthly payment as you work toward loan forgiveness, so it pays to start now.

Please let us know if we can provide additional assistance.