



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)

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|---|--|
| 1. Make the right kind of payment... | <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) |
| 2. On the right kind of loan. . . | <ul style="list-style-type: none"> • Federal Direct Loans ONLY |
| 3. While you are in the right kind of job. . . | <ul style="list-style-type: none"> • Full-time paid work for the government or a 501(c)(3), plus certain other positions |
| 4. Repeat 120 times. . . | <ul style="list-style-type: none"> • Once a month for 10 years (but does not need to be consecutive) |
| 5. Prove it. . . | <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.