



## 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.



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**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.



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**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

