

Attached is a sample Educational Assistance Plan and Student Loan Repayment Program that Concordia Plans has put together as a resource for the ministries in the LCMS. Please note that this is a sample and should be adapted to your individual ministry's needs. Please seek the advice of counsel or a tax advisor if necessary.

However, Concordia Plans would like to make you aware of several aspects of this sample plan:

- This is both an Educational Assistance Plan and a Student Loan Repayment Program.
 - The provisions for the payment of student loans on a tax-free basis to the employee are only in effect until the end of 2025, unless further legislative action is taken.
 - The provision of educational assistance (paying for classes that your ministry's employees are currently taking) should still be available and is not expected to lose its tax-advantaged status.
 - Your ministry need not provide both benefits and can provide one benefit and not the other. However, if that is desired, the attached document must be modified to eliminate the provisions for the benefit that your ministry does not intend to provide.
 - The total amount of benefits that can be paid under the plan annually is currently \$5,250, which may be adjusted by future changes to the Internal Revenue Code.
- The provision of benefits under this plan must be given in a nondiscriminatory manner. What that means is that it must be given to all employees in a manner that complies with any applicable employment laws prohibiting discrimination based on sex, age, race, etc. and that does not favor highly compensated employees. Highly compensated employees for 2022 are those who earned more than \$130,000 in 2021 (and housing allowance is excluded). The way the sample plan is written, the benefits will be offered to all full-time employees who work on average forty hours per week. If you seek to impose a different eligibility requirement, which could be viewed as discriminatory, we suggest that you seek the advice of legal counsel.
- The last provision of the plan states that it is a church plan. If your ministry is separately incorporated from a church, then this provision needs to be removed and you need to seek the advice of legal counsel about the administration of an ERISA plan.

Please review the sample plan in detail as there are provisions about limitations on benefits, documentation necessary to make a claim, appeal rights, and highlighted terms that need to be considered and filled in by your Ministry before adoption of the plan.

Sample Educational Assistance and Student Loan Repayment Plan

Article I — Establishment and Purpose of Plan

1.01 Effective [Date], [Ministry Name] (“Employer”) hereby establishes the [Ministry Name] Educational Assistance Plan (“Plan”) as set forth in this document for the exclusive benefit of its eligible employees. The purpose of this Plan is to furnish educational assistance to the Employees of the Employer. It is the intention of the Employer that the Plan qualify as a plan providing qualified educational assistance under Section 127 of the Internal Revenue Code of 1986, as amended (“Code”), and that the educational assistance under the Plan be eligible for exclusion from the Employees' income under Code §127(a).

Article II — Definitions

2.01 “Accredited Institution” means any college or university, the primary function of which is the presentation of formal instruction and that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on.

2.02 “Appeals Committee” means a committee of at least two but no more than five individuals appointed by the board of directors of the Employer who shall hear appeals pursuant to the procedures under Article VIII.

2.03 “Benefit(s)” means the direct payment or reimbursement of Covered Costs incurred by a Participant for Educational Courses and/or Qualified Education Loans.

2.04 “Covered Costs” means the tuition, fees and similar payments and the cost of books paid for or incurred by a Participant in taking an Educational Course. Such term shall not include the costs of any tools or supplies purchased by a Participant or the cost of meals, lodging or transportation incurred by a Participant incidental to taking an Educational Course. Prior to January 1, 2026 (or such later date in effect under Code §127(c)(1)(B)), such term shall include principal or interest payments made for a Qualified Education Loan incurred by a Participant to pay for his or her own higher education expenses.

2.05 “Educational Course” means any undergraduate or graduate course taken by a Participant at an Accredited Institution, except for a course that instructs the Participant in any sport, game or hobby.

2.06 “Employee” means any individual employed on a full-time basis by the Employer. For purposes of this plan, full-time means working on average forty (40) hours per week.

2.07 “Employer” means [Ministry Name].

2.08 “Leave of Absence” means any absence from the Employer: (i) for a period of not more than two years or (ii) for service in the Armed Forces of the United States.

2.09 “Participant” means any Employee who has satisfied the eligibility requirements of §3.01.

2.10 “Plan” means the [Ministry Name] Educational Assistance Plan.

2.11 “Plan Administrator” means the person designated to administer the Plan under §7.01.

2.12 “Qualified Education Loan” means any indebtedness incurred by the Participant solely to pay qualified higher education expenses subject to the terms and conditions of Code §127(c)(1)(B) and Code §221(d)(1).

Article III — Eligibility

3.01 Every Employee who is employed on the effective date of the Plan shall automatically become a Participant in the Plan on that date. Each other Employee shall become a Participant in the Plan on the first of the month on or after his or her date of hire. [Add any eligibility requirements]

3.02 A Participant will cease being a Participant in the Plan if he or she leaves the employ of the Employer and is not on a Leave of Absence.

Article IV — Benefits

4.01 Every Participant in the Plan shall be eligible to receive Benefits under the Plan for Covered Costs incurred by the Participant, subject to the limitations of Article V.

4.02 With respect to Covered Costs related to Educational Courses, a Participant shall be entitled to Benefits under this Plan only for Covered Costs incurred after he or she becomes a Participant in the Plan. With respect to Covered Costs for Qualified Education Loans only payments made for Qualified Education Loans made after the Employee becomes a Participant in the Plan shall be considered Covered Costs.

4.03 A Participant who desires to receive a Benefit under the Plan for Covered Costs related to Educational Courses shall submit a written request to the Plan Administrator or its designee for such Benefit no later than the earlier of (i) 30 days after the beginning of the Educational Course(s) or (ii) the last day to add or drop courses for which such Benefit is requested. Such request shall state:

- (a) the Accredited Institution the Participant wishes to attend;
- (b) the course or courses such Participant wishes to take;
- (c) the tuition or other cost of such course; and
- (d) whether the Employee is receiving any other public or private financial assistance for such education.

Such request must be accompanied by evidence of enrollment for such courses and the Participant must agree to submit evidence of completion of such courses and the grade attained within 30 days after the end of the semester.

4.04 A Participant who desires to receive a Benefit under the Plan for Covered Costs related to payment of Qualified Education Loans shall submit a written request to the Plan Administrator or its designee for such benefit. Proof of the remaining principal or monthly repayment amount must be submitted. This bill/payment coupon must be dated within thirty (30) days of the date of application for student loan repayment assistance. The proof of billing must include the Participant's name, total amount due, monthly amount due, and the loan company. If the loan company is not a standard student loan company, the Participant must attest that the debt is for Qualified Education Loans.

4.05 Within 90 days of receipt of the request described in §4.03 or §4.04, the Plan Administrator shall notify the Participant whether the Participant will be entitled to a Benefit under the Plan for such Covered Costs. The Plan Administrator shall reimburse the Participant or otherwise satisfy the Benefit the Participant is entitled to receive under the Plan, if any.

4.06 If a Participant ceases participation in the Plan for any reason: (a) no Benefits shall be paid to the former Participant for expenses incurred after the date of such termination; and (b) unless the former Participant was discharged for cause, requests for Benefits may be made after the date of termination for Covered Costs for Educational Course(s) incurred prior to such date.

Article V — Limitations on Benefits

5.01 Any Participant receiving financial assistance or a fellowship or scholarship from any public or private source shall only be entitled to a Benefit under this Plan to the extent the Covered Costs of the Educational Course or Courses taken exceed the amount of such financial assistance, fellowship or scholarship. This provision does not apply to Benefits for Qualified Education Loans.

5.02 No Participant shall receive a Benefit under this Plan for more than two Educational Courses taken in any one semester. This provision does not apply to Benefits for Qualified Education Loans.

5.03 No Participant shall receive a Benefit under this Plan for more than eight credit hours of Educational Courses taken in any one semester. This provision does not apply to Benefits for Qualified Education Loans.

5.04 If a Participant fails to attain a grade of "C" (or its equivalent) in any Educational Course for which he or she receives a Benefit under this Plan, such Participant will be ineligible to receive any further Benefit under this Plan for Covered Costs related to Educational Courses unless he or she retakes such course at his or her own expense and attains the minimum grade of "C" in such course. The Participant can still receive a Benefit for Covered Costs related to Qualified Education Loans regardless of the grade received.

5.05 In no event shall a Participant be entitled to receive any Benefit under this Plan in lieu of any other compensation he or she might otherwise be entitled to from the Employer.

5.06 A Participant may not receive more than \$5,250 in Benefits under the Plan for the year as may be adjusted from time to time in accordance with Code §127(a).

5.07 The Plan shall comply with the nondiscrimination provisions of Code §127(b).

Article VI — Funding

6.01 The Employer shall contribute the amount required to pay Benefits under this Plan out of the general assets of the Employer at the time such Benefits are to be paid. Benefits shall be paid to or for Participants upon the submission and approval of a claim for Benefits pursuant to the claims procedure set forth in Article VIII. There shall be no special fund out of which Benefits shall be paid, nor shall Participants be required to make a contribution as a condition of receiving Benefits.

Article VII — Named Fiduciary and Plan Administrator

7.01 [Name] is hereby designated as the Plan Administrator and Named Fiduciary to serve until resignation or removal by the [Governing Entity (ex: board of directors or church council)] and appointment of a successor by duly adopted resolution of the [Governing Entity]. The Plan Administrator shall have the exclusive and binding authority to control and manage the operation and administration of the Plan, including the authority to make and enforce rules or regulations for the efficient administration of the Plan; to interpret the Plan; and to decide all questions concerning the Plan and the eligibility of any person to participate in the Plan.

7.02 The Plan Administrator shall give reasonable notice of the availability and terms of the Plan to eligible Employees.

7.03 The Plan Administrator shall keep accurate records of all Benefits paid to Participants under the Plan and ascertain that no Benefit was paid to an Employee in lieu of other compensation due a Participant.

Article VIII — Claims Procedure

8.01 A Participant shall make a claim for Benefits by making a request in accordance with §4.03 or §4.04.

8.02 If a claim is wholly or partially denied, notice of the decision, in accordance with §8.03, shall be furnished to the claimant within a reasonable period of time, not to exceed 90 days after receipt of the claim by the Plan Administrator, unless special circumstances require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial 90 day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date on which the Plan Administrator expects to render a decision.

8.03 The Plan Administrator shall provide every claimant who is denied a claim for benefits written notice setting forth, in a manner calculated to be understood by the claimant, the following:

- (a) a specific reason or reasons for the denial;
- (b) reference to specific Plan provisions upon which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;

(d) an explanation of the Plan's claims review procedure, as set forth below in §§8.04 and 8.05.

8.04 The purpose of the review procedure set forth in this Section and §8.05 is to provide a procedure by which a claimant, under the Plan, may have reasonable opportunity to appeal a denial of a claim to the Appeals Committee for a full and fair review. To accomplish that purpose, the claimant, or the claimant's duly authorized representative may:

- (a) request review upon written application to the Plan Administrator;
- (b) review relevant Plan documents; and
- (c) submit issues and comments in writing.

A claimant (or a claimant's duly authorized representative) shall request a review by filing a written application for review with the Appeals Committee at any time within 60 days after receipt by the claimant of written notice of the denial of his or her claim.

8.05 Decision on review of a denied claim shall be made in the following manner:

- (a) The decision on review shall be made by the Appeals Committee, who may, in its discretion, hold a hearing on the denied claim; the Appeals Committee shall make its decision promptly, and not later than 60 days after the Plan Administrator receives the request for review, unless special circumstances require extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review. If such an extension of time for review is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.
- (b) The decision on review shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and references to the specific Plan provisions on which the decision is based.
- (c) In the event that the decision on review is not furnished within the time period set forth in Section 8.05(a), the claim shall be deemed denied on review.

8.06 If a dispute arises with respect to any matter under this Plan, the Plan Administrator may refrain from taking any other or further action in connection with the matter involved in the controversy until the dispute has been resolved.

Article IX — Miscellaneous

9.01 The [Governing Entity] of the Employer may amend or terminate this Plan at any time.

9.02 Except where otherwise indicated by the context, any masculine terminology used shall also include the feminine and vice versa, and the definition of any term in the singular shall also include the plural, and vice versa.

9.03 This Plan shall be effective as of [Date].

9.04 This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him or her as a Participant of this Plan.

9.05 This Plan shall be construed and enforced according to the laws of the State of [Name of State], other than its laws respecting choice of law, to the extent not preempted by any federal law.

9.06 This Plan is considered a “church plan” as defined in Section 3(33) of the Employee Retirement Income Security Act of 1974.

[Ministry Name]

By: _____

Title: _____

Date: _____