**Educational Assistance Plan**

**CHURCHNAME**

**1. PLAN.** On \_\_\_\_\_\_\_\_\_\_ \_\_\_, 20\_\_, the CHURCHNAME established an Educational Assistance Plan (“the Plan”) to provide educational benefits under Section 127 of the Internal Revenue Code to eligible employees of CHURCHNAME. Eligible employees include *[describe eligibility such as all full-time employees, or all credentialed ministers of CHURCHNAME]*. A credentialed minister includes all credential levels recognized by the Assemblies of God. This document sets forth the Plan.

**2. PLAN REQUIREMENTS.** In accordance with IRS guidance, reimbursements under this plan can qualify as a tax-free fringe benefit as long as the following requirements are adhered to:

1. Reimbursements for qualified educational programs or qualified student loan payments do not exceed $5,250 a year.
2. The Plan does not favor highly compensated employees (defined in 2021 as an employee who meets either of the following tests:
	1. Was a 5% owner at any time during the year or preceding year.
	2. Received more than $130,000 in pay the preceding year. This test can be ignored if the employee wasn’t also in the top 20% of employees when ranked by pay.
3. The Plan does not allow eligible employees to choose between cash or other benefits that must be included in gross income instead of educational assistance.
4. The Plan does not reimburse costs for any education that involves sports, games, or hobbies, unless they have a reasonable relationship to the business.
5. The Plan does not reimburse the cost of tools or supplies (other than books) the employee is allowed to keep at the end of the course, or the cost of related lodging, meals or transportation.
6. All eligible employees are given reasonable notice about the Plan, and the Plan must be in writing.

**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 benefit.

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

**6. COVERED EDUCATIONAL EXPENSES.** This Plan reimburses cost for books, equipment, fees, supplies and tuition for college and university classes (to include graduate-level 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” (p67). 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:

1. Education that involves sports, games, or hobbies, unless they have a reasonable relationship to ministry at CHURCHNAME.
2. Tools or supplies (other than books) the employee is allowed to keep at the end of the course.
3. Related lodging, meals or transportation.

**7. 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).

**8. REIMBURSEMENTS.** Upon completion of courses, the participant must provide an official transcript of grades (if applicable) 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.

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

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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 and furnished the employee with a copy of 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 General Council of the Assemblies of God 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.*