

Policy:

Student Loan Repayment Program

Preamble. From its founding, The Lutheran Church—Missouri Synod has recognized the value of adequate preparation and training for those who would serve as called workers in the congregations and ministries of the Synod. That preparation and training demands substantial financial resources, and in many cases those resources are provided by loans incurred by and repayable by the student. By graduation, such loans can be sizeable. In many cases, the repayment of those loans can cause a financial hardship on a new worker and his/her family, particularly if that worker is called to a congregation whose compensation package is, at best, modest in amount. In such circumstances, the worker may feel compelled to accept a call to another congregation or ministry offering more compensation after only a short stay.

- 1.0.0 **Purpose:** To make the repayment of student loans less of a burden for new workers in congregations and ministries of the Montana District of The Lutheran Church-Missouri Synod, the Montana District has established this policy for providing grants, to full-time, called workers to be used for the repayment of outstanding student loans.
- 2.0.0. **Eligibility.** Any called worker on the roster of The Lutheran Church-Missouri Synod and holding a valid, unrevoked call to a congregation or ministry of the Montana District of The Lutheran Church-Missouri Synod shall be eligible to apply for a grant for the repayment of loans that were incurred while a registered student of a college or seminary of the Synod. Loans incurred prior to enrolling in a college or seminary of the Synod shall not be eligible. Loans incurred for the purpose of graduate work shall not be eligible. The District will send out notification reminders to all congregations by 31 July each year and application guidelines to previous grant applicants and newly ordained or commissioned workers within the District.
- 3.0.0 **For Applicants with Initial Application in 2019 or Later: Application.**
 - 3.1.0 Initial application must include a properly completed and signed Grant agreement, Grant application, and worksheet. (See appendix I, II, and III). Each eligible District Worker must apply annually to be considered for the grant.
 - 3.2.0 Subsequent applications. Once awarded the grant, applicants must annually provide a completed Grant application with current copies of outstanding student loan statements to justify the award of any future grant installments. (see appendix II)
 - 3.3.0 **Application packages are due to the District Treasurer no later than 15 September each year for the applicant to be considered for that year's grant installment.**
- 4.0.0 **For Applicants with Initial Application in 2018 or Prior: Subsequent Application.**
 - 4.1.0 Applicants with approved grant applications dated prior to 2019 and who have remaining grant installments available to them will be contacted in writing, postmarked no later than 31 July, 2019, by the MT District office and provided an application giving them the option to have their remaining grant award installments refigured using the 2019 or Later formula (See **Amount of Grant and Manner of payment, amount granted, and limitations**). This new award installment amount will apply only to the remaining grant installments according to the number of annual installments awarded in their original agreements. In no year will the new installment exceed \$4,000.00. In no case will installments

disbursed prior to 2019 be supplemented or increased, nor will the number of installments be increased.

4.2.0 The option to change remaining grant installment amounts to the **2019 or Later** formula will only be offered in 2019. The grant applicant may choose to retain the terms of his or her originally approved grant.

4.3.0 **Application packages are due to the District Treasurer no later than September 15, 2019.**

4.4.0 **For installments in years after 2019, follow the directions in 3.2.0 and 3.3.0.**

5.0.0 **Amount of Grant.**

5.1.0 **Base amount.** The amount upon which the grant shall be based shall be equal to the amount of eligible loans outstanding on the date of installation in a congregation or ministry of the Montana District, but in no event shall exceed \$37,334.00

5.2.0 **Grant amount.** The amount to be granted shall be equal to the sum of the following:

5.2.1 One hundred percent (100%) of the lesser of (a) the base amount or (b) \$12,444.00; plus,

5.2.2 Seventy-five percent of the lesser of (a) the base amount less \$12,444.00 or (b) \$12,444.00; plus,

5.2.3 Fifty percent of the lesser of (a) the base amount less \$24,888.00 or (b) \$6,223.00

5.2.4 The maximum grant amount shall be \$28,000.00 (100% of the first \$12,444.00 plus 75% of the next \$12,444.00 plus 50% of the next \$12,446.00).

5.2.5 See attached appendix III and example to compute grant amount.

6.0.0 **Manner of payment, amount granted, and limitations.**

6.1.0 Grant Payments shall be made in the form of a district check payable directly to the worker. The amount granted shall be paid in equal annual installments over a period of not less than three nor more than seven years. In no event shall the grant installment to be paid to any one individual in any one year exceed \$4,000.00. Each installment shall be payable as soon as possible following the Board of Director's approval of the disbursement at its fall meeting. Installments shall be paid only to those workers who at the time of application hold valid, unrevoked calls to congregations or ministries of the district.

6.2.0 The payment of any installments shall be limited to those monies which the board of directors of the District shall, in its sole discretion, make available for this program.

7.0.0 **Administration.**

7.1.0. Board of Directors approval required. The board of directors of the District shall approve all applications for grants under this program.

7.2.0. Written agreement required. A written agreement in the form shown in Appendix I shall be executed by the worker, the congregation or ministry to which the worker is called, and the District.

7.3.0 General administration. The Montana District Board of Directors shall administer this program on behalf of the District. All applications and correspondence with regard to this program shall be directed to the Treasurer, Montana District.

7.4.0 Taxes. All federal and state income, self employment, social security, and other taxes which may be imposed on any amounts paid under this program shall be the sole responsibility of the worker.

8.0.0 **Termination of program**. The Montana District Board of Directors can make changes to this policy, including the termination of the program, at their discretion.

9.0.0 **Source of Funds**. The primary source of funds for this program shall be the annual operating results from the District's LCEF investments. The board of directors may, at their discretion, make other funds available.

BOD Approved 1-9-12

Amended 10-19-18

(See Appendix I for the application)

Appendix I

AGREEMENT FOR REPAYMENT OF STUDENT LOANS
Montana District – Lutheran Church Missouri Synod

1. This agreement for repayment of student loans is entered into by the Montana District of the Lutheran Church-Missouri Synod ("District"), and _____
(Full name of worker) the undersigned, a called worker of a ministry within the Montana District.
2. Annual grant installments shall be paid by the District to the worker to be used by the Worker according to the provisions of the attached policies of the District Student Loan Repayment Program. .
3. Annual installments are dependent upon the availability of district funds and may need to be adjusted accordingly.
4. The worker shall be responsible for any and all taxes which may be imposed on these grant funds.
5. No annual installments shall be paid without proper application, documentation, and calculation as determined by the Board of Directors, Montana District – LCMS.
6. All applications for this program shall be approved by the board of directors of the District.
7. Evidence of the use of these grant funds for the repayment of the Worker's student loans shall be submitted annually to the District Treasurer for reporting to the Board of Directors of the District.

Signed on behalf of the District

Date

Signed on behalf of the Congregation

Date

Signed by the Worker

Date

Printed name of the Worker

Social Security Number

APPLICATION FORM FOR REPAYMENT OF STUDENT LOANS
Montana District – Lutheran Church Missouri Synod

Date: _____

Name	
Address	
City/State/Zip Code	

Congregation Name	
Date of Installation	

Balance of eligible loans outstanding on date of installation	
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Current Balance of eligible Student loans outstanding as of 1 September, _____ (current year)	
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Please attach copies of current loan documentation. At a minimum, the documentation should show:

- Dates and amounts of disbursements to you or on your behalf while a resident at, or under the supervision of, a college or seminary of the synod, and
- Balance owed on the date of installation in a congregation or ministry of the District. (for Initial Application only)
- Balance outstanding (Latest Loan Statement) showing payments made and previous grants awarded. (for all subsequent applications)

Signed by the Worker

Date

 Printed name of the Worker

Worksheet
CALCULATION OF AMOUNT OF GRANT FOR REPAYMENT OF
STUDENT LOANS
Montana District – Lutheran Church Missouri Synod

1	Enter the outstanding balance of your eligible loans on your date of installation in a congregation or ministry of the District.	
2	Enter the maximum amount of eligible loans permitted under the program.	37,334.00
3	Enter the lesser of lines 1 and 2. This is your “base amount”	

		Column A	Column B	Column C
4	Enter your base amount from line 3 in Column A, B and C			
5		0.00	12,444.00	24,888.00
6	Subtract the amounts on line 5 from the amounts on line 4 in all three columns. If the result is less than zero, enter zero			
7	Enter \$12,444 or the amounts on line 6, whichever is less , on in Column A and Column B. Enter the lesser of line 6 or \$12,446 in Column C.			
8		X 100%	X 75%	X 50%
9	Multiply the amounts on line 7 by the percentages on line 8 in all three columns			

10	Add the amounts on line 9 and enter the amount. This is your grant amount.	
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11	Divide the amount on line 10 by 4,000 and round up to the nearest whole number, but not less than three. This is the number of installments.	
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12	Divide the amount on line 10 by the number on line 11. This is the annual installment	
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EXAMPLE OF CALCULATION FORM

1	Enter the outstanding balance of your eligible loans on your date of installation in a congregation or ministry of the District.	17,300.00
2	Enter the maximum amount of eligible loans permitted under the program.	37,334.00.
3	Enter the lesser of lines 1 and 2. This is your "base amount"	17,300.00

		Column A	Column B	Column C
4	Enter your base amount from line 3 in Column A, B and C	17,300.00	17,300.00	17,300.00
5		0.00	12,444.00	24,888.00
6	Subtract the amounts on line 5 from the amounts on line 4 in all three columns. If the result is less than zero, enter zero	17,300.00	4,856.00	0.00
7	Enter \$12,444 or the amounts on line 6, whichever is less , on in Column A and Column B. Enter the lesser of line 6 or \$12,446 in Column C.	12,444.00	4,856.00	0.00
8		X 100%	X 75%	X 50%
9	Multiply the amounts on line 7 by the percentages on line 8 in all three columns	12,444.00	3,642.00	0.00

10	Add the amounts on line 9 and enter the amount. This is your grant amount.	16,086.00
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11	Divide the amount on line 10 by 4,000 and round up to the nearest whole number, but not less than three. This is the number of installments.	4.02 rounded to 5
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12	Divide the amount on line 10 by the number on line 11. This is the annual installment	3,217.20
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