

CARES ACT 2020

A SUMMARY AND RESOURCES FOR CHURCHES



SUMMARY OF CARES ACT PROVISIONS STUDENT LOAN RELIEF

Note from the Christian Church Foundation, Disciples Church Extension Fund, and Pension Fund of the Christian Church: The material contained in this document is for informational purposes only and not to be construed as tax, financial, or legal advice. Before making decisions about financial matters, please consult your attorney, tax preparer or other financial advisor to find out how these programs will impact your individual or corporate situation.

For Pension Fund members only: If any differences exist between this summary and the plan documents, the plan documents will control.

Note from Church Alliance: This document briefly summarizes provisions in the Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”) that could possibly be of interest to church plans, ministries and plan members. This summary reflects those CARES Act provisions as they are currently understood on March 29, 2020, without any agency guidance. As guidance is issued that may be applicable, we plan to provide information to you on that guidance or to refer you to that guidance but may not be able to update the summary with that information.

Unless stated otherwise in this document, staff from DCEF, CCF, and PFCC cannot provide tax or legal advice, nor interpret these documents.

Exclusion for Certain Employer payments of student loans

The provision expands tax-free educational assistance to include student loan repayments for employees. It enables employers to provide a student loan repayment benefit to employees on a tax-free basis.

Under the provision, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The \$5,250 cap applies to both the 2020 student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law. The provision applies to any student loan payments made by an employer to the employee or directly to the lender on behalf of an employee after March 27, 2020 and before January 1, 2021.

Temporary Relief for Federal Student Loan Borrowers

Principal and interest payments are deferred without penalty on federal student loans through September 30, 2020. No interest will accrue during this period and the borrower will be treated as if payments were made for purposes of loan forgiveness and loan rehabilitation programs. Collection activity on such loans also must cease during the period ending September 30, 2020. Borrowers have the option to continue to pay principal on their student loans during this period.

The CARES Act requires notices to be provided to borrowers about the deferral period. It also requires notices to be issued beginning on August 1, 2020 about resumption of payment obligations and options with respect to such obligations.

Service Obligation to Teachers

For teachers who could not finish their year of teaching service as a result of COVID-19, their partial year of service will be counted as a full year of service toward TEACH grant obligations or Teacher Loan Forgiveness. The CARES Act waives a requirement that teachers must serve consecutive years of teaching service for Teacher Loan Forgiveness eligibility, if a teacher's service is not consecutive as a result of COVID-19.