



E M P L O Y E E  
LOAN FUND

*Caring Activity*

# EMPLOYEE LOAN FUND

*Caring Activity*

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# OVERVIEW

His Way At Work is a non-profit organization, a 501(c)(3) whose mission is:

Inspiring and helping Business Leaders to improve their workplace by having God at the center and caring for people as He did to create Eternal Value.

This pamphlet describes a specific Caring Activity from a long list of Caring Activities that His Way At Work has compiled over the years from different companies.

A Caring Activity is any company's program designed to:

- Encourage employees to live the company's values in their daily activities
- Demonstrate to employees that they are appreciated by the company where they work
- Inspire employees to actively care for and help each other

The description of the Caring Activity in this document is a general guideline. Each company will adapt the specific criteria based on its particular needs. His Way At Work coaches are available to help you customize Caring Activities for your company.

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Some Caring Activities may require compliance with Human Resources (HR) regulations and should be reviewed with your Legal support.

All suggested dollar amounts in this document are in US dollars.

# INTRODUCTION

The Employee Emergency Loan Fund is created to assist employees and their families during a financial emergency.

If an employee has a true emergency and needs financial assistance, he/she can apply for a low interest loan. It is paid back via payroll deductions.

The confidential request is submitted to the Caring Team who will make the decision. The requestor's name is kept anonymous from the voting members of the Caring Team.

# OBJECTIVES

## Relief

To provide financial assistance to employees in an emergency.

## Care

To care for the employee and family during an emergency by providing financial peace of mind.

## Fairness

By the company leader delegating employee loan requests to the Caring Team, he/she is providing the opportunity to be more fair. As the number of employees at a company grows, the leader cannot possibly know about all employee emergencies. The Caring Team, working among employees, may seem more approachable by those needing help. Those in need may be more likely to request help when they understand they don't have to ask the company owner/leader and their name is kept anonymous from the decision makers.

Caring Team members are good at identifying superfluous requests.

# GENERAL CRITERIA

- A loan request form should be made available to all employees. Inform them where to submit the form. Usually the Caring Team Lockbox is used.
- All requests should be kept confidential. Only the Caring Team facilitator will know the requestor's name.
- All loans are low interest. Many companies charge zero interest. Please check with your tax and legal advisors.
- Maximum loan amount - \$1,500 (adjust to suit)
- Frequency - One loan every 24 months (adjust to suit)
- If the employee has borrowed less than \$1,500 and has paid off their previous loan, the employee may request an additional loan up to a total of \$1,500 (within that 2 year period).
- Employees may present the loan request form to the Caring Team facilitator or can put it in the Caring Team lockbox.
- The Caring Team verifies that the request complies with the guidelines and sets a period of time for the loan repayment
- Caring Team should require employee to sign a Loan Application and/or Promissory Note with loan repayment terms and a payroll deduction form.

# ELIGIBILITY

- Employees should be working at the company for at least three months. (adjust to suit)
- Employees should present documentation of the need.
- Limited to one loan every two years. (Adjst to suit)
- Only full-time salaried and hourly employees. (adjust to suit)
- Those with loans outstanding for less than the maximum allowable remain eligible for the balance up to the maximum total for combined loans.

# OTHER CONSIDERATIONS

- Employees should be informed that any outstanding loan balance at time of their termination from the company will be taken out of their last paycheck.
- The company reserves the right to pursue any unpaid amount, even after termination.
- Any remaining unpaid amount at termination will be reported to the IRS as taxable compensation for the borrower.
- The Caring Team may decide to require the borrower to attend a financial planning class as part of the loan agreement. It is strongly recommended for those requesting their 2nd or more loans.

# CARING MATRIX CLASSIFICATION

## Type of Caring Activity

- Relief
- Rehabilitation
- Development

## Target Audience

- Employee
- Family
- Community

## Target Needs

- Physical
- Emotional
- Spiritual

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Refer to Appendix A.

A

Caring Matrix

B

Loan Application &  
Payroll Deduction Forms

C

Share Your Experience

# APPENDIX A

## Caring Matrix

### EMPLOYEE LOAN FUND



Relief (Reactive)

Rehabilitation

Development (Proactive)

# APPENDIX B

## Loan Application



### Employee Emergency Fund Loan Application

Employee Name: \_\_\_\_\_

Date of Hire: \_\_\_\_\_

Reason for loan and loan amount:

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I feel comfortable with minimum weekly payments stated in the guidelines below of \$\_\_\_\_\_ until my loan is paid in full.

*Loans up to \$750.00 = \$15.00 per week*

*Loans over \$750.00 up to \$1500.00 = \$30.00 per week*

I understand that this request will be decided based on the guidelines established by the Caring Team. I also understand that if I accept this loan that I may be required to attend money management counseling paid for by the Company and I will be expected to pay the loan back in weekly increments until it is paid in full. Please attach copy of bills to this application.

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Employee Signature

Date

Approved  Denied

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Signature of Caring Team Facilitator

Date

# APPENDIX B

## Payroll Deduction Form



### Employee Emergency Fund Payroll Deduction Authorization Form

Date \_\_\_\_\_

I, \_\_\_\_\_ (Name of employee loan recipient), have requested and received a loan from \_\_\_\_\_ (the "Company") in the amount of \$\_\_\_\_\_ (AMT) at an interest rate of .65% simple interest for a total of \$\_\_\_\_\_ (AMT+INT) due to personal financial hardship that I have been experiencing. I agree that repayment to the Company may be made by payroll deduction from my paychecks from my employer, the Company. I hereby authorize the Company to deduct the sum of \$\_\_\_\_\_ (TOTAL) from each of my weekly paychecks until paid in full. I understand that, if my employment with the Company ends before this loan is paid in full, the balance may be deducted from my final paycheck.

\_\_\_\_\_

\_\_\_\_\_

Employee Signature

Date

\_\_\_\_\_

Date

\_\_\_\_\_

Date

# APPENDIX C

## Share Your Experience

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This resource has been made possible by the input of caring companies like yours. We would love to hear about your experience and learn from the best practices you develop through your Benevolent Fund.

Please go to the web page:

[hwaw.com/caring-activity-feedback/](http://hwaw.com/caring-activity-feedback/)

or scan the QR code:



## NOTES

