



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

201308033

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

U.I.L 414.08-00

T:EP:RA:T3

NOV 26 2012

Legend:

Employer H:

Entity I:

Entity J:

Religion R:

Congregation G:

Plan X:

School L:

State A:

State B:

Dear

This is in response to your letters dated, January 24, 2006, February 2, 2012, June 18, 2008, November 23, 2011, and August 1, 2012, submitted on your behalf by your authorized representative, in which you request a ruling that Plan X is a church plan described in Section 414(e) of the Internal Revenue Code of 1986, as amended (Code) and that Plan X has continued to meet the requirements of Code Section 414(e) since January 1, 1974.

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested.

Employer H is a non-profit corporation of State A and is exempt from Federal income tax pursuant to Code Section 501(c)(3).

Employer H is an organization that was formed by the consolidation of Entity I, a not-for-profit entity incorporated in State A on January 8, 19 and Entity J, a not-for-profit entity incorporated in State B in 19 . Employer H is not affiliated with any for-profit entities and does not operate any unrelated trades or businesses. None of the employees participating in Plan X are employed in connection with an unrelated trade or business within the meaning of Code section 513.

Employer H was formed to establish and maintain Religion R educational institutions under the patronage of Congregation G and particularly to prepare students to become Religion R clerics, Religion R religious teachers and Religion R communal service workers and to grant educational degrees. Employer H is the sole seminary that ordains seminarians for Religion R, and many of Employer H's employees are ordained clerics. Employer H's charge flows from Religion R's central body, Congregation G.

Employer H adopted Plan X on April 10, 19 . Plan X has been amended from time to time in order to maintain its compliance with applicable laws. Plan X received its latest favorable determination letter from the Internal Revenue Service (IRS) on September 13, 20 .

Employer H has not made an election under Code Section 410(d) to be subject to the provisions of the Code relating to vesting, funding, participation and other standards applicable to other retirement plans.

Plan X is governed by the Pension and Benefits Committee (Committee). The Committee is a standing committee of the Board of Governors of Employer H. The Committee is comprised of nine persons, at least five of whom are individuals from the Board of Governors and three of whom are from the faculty of Employer H, with one person from the non-academic staff of Employer H. The Committee is responsible for the administration and management of Plan X as its duties are delegated by Employer H as described in Plan X.

The Board of Governors is comprised of fifty-five governors. Twenty-eight of the governors are elected by the Board of Trustees of Congregation G, a religious body incorporated under the laws of State A, and each governor is a member of a constituent congregation of Congregation G. Eleven governors are elected by the Alumni Association of Employer H. These thirty-nine governors elect fifteen additional governors as governors-at-large, each of whom is also a member of a constituent congregation of Congregation G. The final governor is the president of Employer H.

Employees of Employer H may become participants in Plan X. Under Plan X, an employee means any employee of Employer H for whom Employer H is required to contribute Federal Insurance Contribution taxes, excluding individuals who are (i) covered under the pension plan of another employer or (ii) who are employees at School L and who are not members of the U.S. faculty of Employer H. In addition, ordained clerics or ministers of the gospel who are members of the U.S. faculty of Employer H are designated as employees.

In accordance with Revenue Procedure 2011-44, Notice to Employees with reference to Plan X was provided on November 17, 20 . This notice explained to participants of Plan X the consequences of church plan status.

Based on the above facts and representations, you request a ruling that Plan X is a church plan as defined in Code Section 414(e) and has been a church plan since January 1, 1974.

Section 414(e) was added to the Code by section 1015 of the Employee Retirement Income Security Act of 1974, as amended (ERISA), Pub. Law 93-406, 1974-3 C.B. 1, enacted September 2, 1974. Section 1017(e) of ERISA provided that section 414(e) applied as of the date of ERISA'S enactment. However, section 414(e) was subsequently amended by section 407(b) of the Multiemployer Pension Plan Amendment Act of 1980, Pub. Law 96-364, to provide that section 414(e) was effective as of January 1, 1974.

Section 414(e)(1) of the Code generally defines a church plan as a plan established and maintained for its employees (or their beneficiaries) by a church or a convention or association of churches which is exempt from taxation under section 501 of the Code.

Section 414(e)(2) of the Code provides, in part, that the term "church plan" does not include a plan that is established and maintained primarily for the benefit of employees (or their beneficiaries) of such church or convention or association of churches who are employed in connection with one or more unrelated trades or businesses (within the meaning of section 513 of the Code); or if less than substantially all of the individuals included in the plan are individuals described in section 414(e)(1) of the Code or section 414(e)(3)(B) of the Code (or their beneficiaries).

Section 414(e)(3)(A) of the Code provides that a plan established and maintained for its employees (or their beneficiaries) by a church or a convention or association of churches includes a plan maintained by an organization, whether a civil law corporation or otherwise, the principal purpose or function of which is the administration or funding of a plan or program for the provision of retirement benefits or welfare benefits, or both, for the employees of a church or a convention or association churches, if such organization is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(B) of the Code generally defines "employee" of a church or a convention or association of churches to include a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry, regardless of the source of his or her compensation, and an employee of an organization, whether a civil law corporation or otherwise, which is exempt from tax under section 501 of the Code, and which is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(C) of the Code provides that a church or a convention or association of churches which is exempt from tax under section 501 of the Code shall be deemed the employer of any individual included as an employee under subparagraph (B).

Section 414(e)(3)(D) of the Code provides that an organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if the organization shares common religious bonds and convictions with that church or convention or association of churches.

Revenue Procedure 2011-44, 2011-39 I.R.B. 446 supplements the procedures for requesting a letter ruling under section 414(e) of the Code relating to church plans. The revenue procedure: (1) requires that plan participants and other interested persons receive a notice in connection with a letter ruling request under section 414(e) of the Code for a qualified plan; (2) requires that a copy of the notice be submitted to the IRS as part of the ruling request, and (3) provides procedures for the IRS to receive and consider comments relating to the ruling request from interested persons.

In order for an organization that is not itself a church or a convention or association of churches to have a qualified church plan, it must establish that its employees are employees or deemed employees of a church or convention or association of churches under section 414(e)(3)(B) of the Code by virtue of the organization's control by or affiliation with a church or convention or association of churches. Employees of any organization maintaining a plan are considered to be church employees if the organization: (1) is exempt from tax under section 501 of the Code; and, (2) is controlled by or associated with a church or convention or association of churches. In addition, in order to be a church plan, the plan must be administered or funded (or both) by an organization described in section 414(e)(3)(A) of the Code. To be described in section 414(e)(3)(A) of the Code, an organization must have as its principal purpose the administration or funding of the plan and must also be controlled by or associated with a church or convention or association of churches.

In this case, Employer H is an organization sponsored by and affiliated with Congregation G. Employer H is tax-exempt under section 501(c)(3) of the Code. Employer H receives financial support and oversight from Congregation G

through the Board of Governors, which is comprised of members of constituent congregations of Congregation G. In addition, Employer H is engaged in carrying out the functions of the church by preparing students to become Religion R teachers, clergy and communal service workers in furtherance of Congregation G's mission. Employer H satisfies the requirements of Code Section 414(e)(3)(D) as an organization that is associated with a church or a convention or association of churches because it shares common religious bonds and convictions with and is controlled by Congregation G.

Employees of Employer H, with the exception of those employees at School L who are not U.S. residents, are eligible to be participants under Plan X. In addition, ordained clerics and ministers of the gospel who are members of Employer H's faculty are also designated as employees. Therefore, pursuant to section 414(e)(3)(B) and (C) of the Code, Employer H's employees are deemed to be employees of Congregation G and Congregation G is deemed to be the employer of such employees for purposes of the church plan rules.

Plan X is administered by the Pension and Benefits Committee. The Committee was established by the Board of Governors and is made up of governors who are members of a constituent congregation of Congregation G and employees of Employer H. The chair of the Committee is always a governor of Employer H. In addition, the chair of the board and the president of Employer H are ex-officio members of the Committee. The Committee is charged with the administration of Plan X and regularly reports to the board concerning the administration and funding of Plan X. This structure insures that the Committee is controlled by and associated with Religion R through Congregation G. The Committee's sole purpose is administration of Plan X and thus the Plan is administered by an entity or group with such administration as its principal purpose. Therefore, the Committee qualifies as an organization described in section 414(e)(3)(A) of the Code.

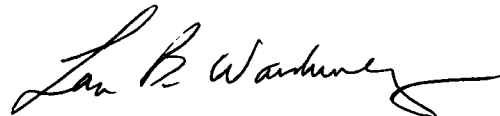
Accordingly, in regard to your ruling request, we conclude that Plan X is a church plan as defined in Code Section 414(e) and has been a church plan since January 1, 1974.

This letter expresses no opinion as to the qualified status of Plan X under Section 401(a) of the Code.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative. Should you have any concerns regarding this letter, please contact , SE:T:EP:RA:T3.

Sincerely yours,



Laura B. Warshawsky, Manager
Employee Plans Technical Group 3

Enclosures:

Deleted Copy of Ruling Letter
Notice of Intention to Disclose

cc: