

College is a private not-for-profit college of the Church. College was formed under the not-for-profit corporation laws of State and is exempt from tax under section 501(c)(3).

College was founded in Year A. College is an official institution of higher education of Church. College is listed in Directory M, and is also listed as a Church college on its website and on Church's website. College is dedicated to challenging and nurturing students for lives of leadership and service as a spirited expression of their faith and learning.

College embraces certain teachings and writings that are central to Religious Tradition which have been formalized by Church. College has accepted these teachings and writings as its official doctrine and represents that it shares common religious bonds and convictions with Church.

Church has adopted a constitution and bylaws in which its colleges and universities are described. Church bylaw Number A states:

The relationship of this church to its colleges and universities shall be guided by policies fostering educational institutions dedicated to the Religious Tradition wherein such institutions are an essential part of God's mission in the world; faithful to the will of God as institutions providing quality instruction in religion and a lively ministry of worship, outreach, and service; diligent in their preparation of leaders committed to truth, excellence, and ethical values; and pledged to the well-being of students in the development of mind, body, and spirit.

Article Number B of College's restated articles of incorporation includes the following statement of College's purpose and affiliation with Church:

The Corporation shall operate a coeducational liberal arts college of Church or its successor.

Sections Number C and Number D of the bylaws of College include the following statements of the College's religious mission and vocation:

College is dedicated to challenging and nurturing students for lives of leadership and service as a spirited expression of their faith and learning.

College helps students discover and claim their callings—connecting their learning with faith and values, their understanding of themselves and their gifts, their perspective on life and the future, and the opportunities for participating in church, community, and the larger society in purposeful and meaningful ways.

Article Number G of College's articles of incorporation provides that the members of College include the members of the Church assembly, the officers of Church, and the members of the board of regents of College ("Board"). The regular meetings of the members of College are held at the same place as the church wide assemblies of Church at a time designated by the bishop of Church. The presiding officer of the church wide assembly of Church presides at the meeting of the members of College.

Section Number E of the bylaws of College states that the corporation is managed by Board, which is composed of a minimum of 15 persons and a maximum of 35 persons. Article Number F of the articles of incorporation of College requires at least 60% of the regents to be members of a Church congregation. In nomination of persons to be considered for membership on Board, Board consults with Church bishops in the synods of Regions Number B and Number G of Church.

Section Number H of the bylaws of College provides that Board has the power and authority to appoint or remove the President of College, who in turn must be a member of a Church congregation or another church body that has a relationship of full communion with Church. The President of College shall be responsible to Board, shall serve as the executive head of College and shall have the administrative responsibility for all the affairs of College. Article Number I of the articles of College dictates that in the event of College's dissolution, its assets shall revert to Church or to a tax-exempt organization designated by Church.

College has maintained and sponsored Plan X, a defined contribution retirement plan established as a 403(b) tax-deferred annuity program, since Date B. The Vice President for Finance & Administration and the Director of Human Resources & Payroll are primarily responsible for the day-to-day ministerial administration of Plan X. They report to the retirement plan subcommittee of Board, which is responsible for the overall administration of Plan X. The subcommittee is comprised of five members of Board, including the President of College and Board Chair. The Vice President for Finance & Administration and the Director of Human Resources & Payroll staff the subcommittee. All of the members of the subcommittee are members of Church congregations.

Plan X covers active and former employees of College. No other persons are eligible to participate in Plan X. None of the eligible employees are employed in connection with one or more unrelated trades or businesses within the meaning of section 513, and none of the eligible employees that participate in Plan X are employees of for-profit entities.

In accordance with Revenue Procedure 2011-44, Notice to Interested Persons with reference to Plan X was provided on Date B.

Section 414(e)(1) 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.

Section 414(e)(2) 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); or if less than substantially all of the individuals included in the plan are individuals described in section 414(e)(1) or section 414(e)(3)(B) (or their beneficiaries).

Section 414(e)(3)(A) 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) 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, and which is controlled by or associated with a church or a convention or association of churches.

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

Section 414(e)(3)(D) provides that an organization, whether a civil law corporation or otherwise, is associated with a church or a convention or association of churches if it 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) 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) for a qualified plan; (2) requires that a copy of the notice be submitted to the Internal Revenue Service (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) by virtue of the organization's control by or association 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; 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 administration or funding (or both) of the plan must be by an organization described in section 414(e)(3)(A). To be described in section 414(e)(3)(A), 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, College, a State not-for-profit corporation, is an organization described in section 501(c)(3) that is tax exempt under section 501(a). College is listed in Directory M, the directory for Church. The management and direction of the business and affairs of College is vested in Board, at least 60% of whose members must be members of a Church congregation and whose nomination to Board is done in consultation with Church officials. As described above, various sections of the articles of incorporation and bylaws of College demonstrate that College shares common religious bonds and convictions and is associated with Church.

In light of the relationship between Church and College, we conclude that College is associated with a church or a convention or association of churches within the meaning of section 414(e)(3)(D). In addition, the employees of College who are eligible to participate in Plan X meet the definition of employee under section 414(e)(3)(B), and they are deemed to be employees of a church or a convention or association of churches by virtue of being employees of an organization which is exempt from tax under section 501 and which is associated with a church or a convention or association of churches.

Plan X is administered by the retirement plan subcommittee. The principal responsibility of the subcommittee is to administer Plan X. The members of the subcommittee include the President of College, who must be a member of a Church congregation or a church body with a relationship of full communion with Church, and members of Board, who are nominated in consultation with Church officials. All of the members of the subcommittee are members of Church congregations. Based on these facts, we find that the subcommittee shares common religious bonds and convictions with Church and is associated with Church. Because the subcommittee is associated with Church, we conclude that the subcommittee is an organization described in section 414(e)(3)(A).

Based on the foregoing facts and representations, we conclude that Plan X is a church plan within the meaning of section 414(e).

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations which may be applicable thereto.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) 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.

Sincerely,
/S/

Laura B. Warshawsky
Senior Tax Law Specialist
Qualified Plans Branch 2
(Tax Exempt & Government Entities)