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Date:  
September 16, 2015

Entity A	=
Church	=
Entity B	=
Entity C	=
Entity D	=
Entity E	=
Plan 1	=
Plan 2	=
State	=
City	=

Dear: \_\_\_\_\_:

Entity A was established as a non-profit corporation under the provisions of a Public Act of State. Under its articles of incorporation, Entity A was organized exclusively for educational purposes and is exempt from federal income taxation under section 501(c)(3). Further, under its articles of incorporation, Entity A is to be a Church

university and is to be supported and controlled by Entity B, a religious order of the Church. The official directory of the Archdiocese of City includes Entity A as a Church university.

According to Entity A's Bylaws, Entity C is the founder and religious sponsor of Entity A. Entity A's Bylaws mandate that Entity A be managed and operated in accordance with the teachings, tradition, and Canon Law of the Church. Additionally, the Bylaws indicate that they shall be interpreted in accordance with the ecclesiastical laws and regulations of the Church.

The stated mission of Entity A is to instill in its students the Church's religious humanistic values, intellectual inquiry, a respect for diversity, and a commitment to serving others through a liberal arts education integrated with career preparation, based on the truths and principals recognized within the Church tradition.

Entity D is Entity A's sole member. Entity D is a not-for-profit organization of professionals directing and monitoring Entity B's ministries in North America. Entity D is led by women religious that help to ensure that the institutional ministries are managed in accordance with the social teachings of the Church. It is thus by way of Entity D that Entity B is able to disseminate its values as a ministry of the Church.

Entity A's Bylaws reserve certain powers to Entity D to initiate and approve certain actions related to Entity A's governance, philosophy, mission or purpose, corporate structure, business and secular affairs and educational affairs and policies, and appointment or removal of members of Entity A's Board of Trustees.

Entity A's Bylaws require that the Board of Trustees be made up of not fewer than thirteen members all of which are appointed by Entity D. Currently, the Board of Trustees is made up of twenty-seven members, ten of whom are members of the clergy and women religious and all of whom are professed adherents to the Church.

The Board of Trustees has general supervision and control over the property, business and fiscal affairs of Entity A, adoption of an annual budget, evaluating the annual performance of the President, and the conferment of all degrees. However, under Entity A's Bylaws, the Board's actions are subject to the authority reserved to Entity D.

Inherent in its general supervision and control over the business and fiscal affairs of Entity A, the Board of Trustees has authority to establish benefit plans on behalf of Entity A's employees.

Entity A has adopted Plan 1 and Plan 2 for the benefit of Entity A's employees (or their beneficiaries).

Plan 1 and Plan 2 were established effective January 1, 1989 and are intended to satisfy the requirements of an arrangement described in section 403(b).

Participation in Plan 1 and Plan 2 is limited to employees of Entity A or of any other employer required to be aggregated with Entity A under section 414.

Currently, only Entity A's employees participate in Plan 1 and Plan 2. No participants in the Plans are considered employed in connection with one or more unrelated trades or businesses within the meaning of section 513. All eligible participants are employed by Entity A and none of the Plans include employees of for profit entities.

Entity A has established an official committee, Entity E, the principal purpose or function of which is the administration of Plan 1 and Plan 2. Entity E is composed of the President and all Vice Presidents of Entity A. Entity E is responsible for overseeing the Plans as well as approving any proposed modification or amendment to a Plan. All members of Entity E are professed adherents to the Church.

In accordance with Revenue Procedure 2011-44, 2011-39 IRB 446, Notice to Interested Persons with reference to Plan 1 and Plan 2 was provided on January 8, 2015. These notices explained the consequences of church plan status.

Entity A has not made an election under section 410(d) to be subject to the same requirements as non-church plans.

Based on the foregoing, you request the following rulings:

- (1) Plan 1 is a church plan within the meaning of section 414(e), effective January 1, 1989; and
- (2) Plan 2 is a church plan within the meaning of section 414(e), effective January 1, 1989.

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)(A) provides 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).

Section 414(e)(2)(B) provides that the term church plan also does not include a plan if less than substantially all of the individuals covered under 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 by 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 of churches, if such organization is controlled by or associated with a church or a convention or association of churches.

Section 414(e)(3)(B)(i) 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. Section 414(e)(3)(B)(ii) further provides that an employee of a church or convention or association of churches also includes 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 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 (including a section 403(b) 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 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 the 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.

Entity A is a non-profit corporation which is exempt from federal tax under section 501(a) as an organization described in section 501(c)(3). Entity A was organized exclusively for educational purposes. The stated mission of Entity A is to instill in its students religious humanistic values, intellectual inquiry, a respect for diversity, and a commitment to serving others through a liberal arts education integrated with career preparation, based on the truths and principals recognized within the Church tradition.

Entity A is to be a Church university. The official directory of the Archdiocese of City includes Entity A as a Church university.

Entity A is governed by Entity D in accordance with Entity A's Bylaws. Included within the powers granted to Entity D through Entity A's Bylaws is the appointment of the Board of Trustees of Entity A. The Board of Trustees is made up of twenty-seven members, ten of whom are members of the clergy and women religious and all of whom are professed adherents to the Church. The Board of Trustees has authority to establish benefit plans on behalf of Entity A's employees.

As appointed by the Board of Trustees, Entity E administers Plans 1 and 2. Entity E is composed of the Entity A's President and all its Vice Presidents.

In view of the common religious bonds between Entity A and the Church, the inclusion of Entity A in the official directory of the Archdiocese of City as a Church university, and the fact that Entity D is the sole member of Entity A, we conclude that Entity A is associated with a church or convention or association of churches within the meaning of section 414(e)(3)(D), that the employees of Entity A meet the definition of employee under section 414(e)(3)(B), and that 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 controlled by or associated with a church or a convention or association of churches.

The principal purpose or function of Entity E is the administration of Plan 1 and Plan 2. The members of Entity E are appointed by the Board of Trustees and all members are professed adherents to the Church. Because Entity E is associated with the Church, we conclude that Entity E is an organization described in section 414(e)(3)(A).

Accordingly, with respect to your ruling requests, we conclude that Plan 1 and Plan 2 are church plans under section 414(e).

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

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.

These rulings express no opinion with respect to whether Plan 1 or Plan 2 satisfies the requirements of section 403(b).

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.

In accordance with a power of attorney on file with this office, a copy of this letter ruling is being sent to your authorized representative.

Sincerely,

/S/

Joyce Kahn  
Branch Chief (Acting)  
Qualified Plans Branch 4  
(Tax Exempt and Government Entities)