

## Internal Revenue Service

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Person To Contact:  
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Telephone Number:

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CC:TEGE:EB:QP3  
PLR-121335-17

Date:  
December 14, 2017

### Legend:

Entity A	=
Church Official B	=
Church Jurisdiction C	=
Church D	=
Church Directory E	=
Prior Name F	=
Prior Name G	=
Prior Name H	=
Committee I	=
Entity M	=
Plan X	=

Dear :

This letter is in response to Entity A's request, submitted on its behalf by its authorized representative, regarding the status of Plan X as a church plan within the meaning of § 414(e) of the Internal Revenue Code (Code).

The following facts and representations have been submitted under penalty of perjury on Entity A's behalf:

Entity A was originally established by Church Official B, and has been incorporated as a non-profit entity. Entity A is a ministry of Church Jurisdiction C and is listed in Church Directory E. Entity A's purpose includes furthering the general welfare and common good of the public by establishing, organizing, and maintaining a Church D agency which makes available social services to residents of a particular geographic area.



A notice to interested persons regarding Plan X was provided in accordance with Revenue Procedure 2011-44, 2011-39 I.R.B. 446. This notice explained the consequences of church plan status.

Based on the foregoing, Entity A requests a ruling that Plan X is a church plan within the meaning of § 414(e) of the Code.

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 § 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 § 513); or if less than substantially all of the individuals included in the plan are individuals described in § 414(e)(1) or 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 of churches, if such organization is controlled by or associated with a church or a convention or association of churches. See *Advocate Health Care Network v. Stapleton*, 581 U.S. \_\_\_\_ (2017), holding that a plan that is maintained by an organization described in § 414(e)(3)(A) may be a church plan under § 414(e) even if it was not established by 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 § 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 § 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 § 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 § 414(e) 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 a convention or association of churches under § 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 § 501; and (2) is controlled by or associated with a church or a 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 § 414(e)(3)(A). To be described in § 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 a convention or association of churches.

With respect to the ruling request, under the facts you have represented, Entity A is a ministry of Church Jurisdiction C. The sole member of Entity A is Church Official B, ex officio, and Church Official B elects the members of the Board of Entity A. Entity A is listed in Church Directory E, and is exempt from tax under § 501 pursuant to a group tax exemption that covers entities listed in Church Directory E. Upon Entity A's dissolution, its residual assets are to be distributed to another entity listed in Church Directory E. Church Jurisdiction C is a principal provider of funds that support Entity A programs. In 2016, Church Jurisdiction C provided more than       million of financial support to Entity A. The Chief Executive Officer of Entity A serves as the                               for Church Jurisdiction C. The employees of Entity A participate in certain employee benefit plans of Church Jurisdiction C.

You represent that none of Entity A's employees are employed in connection with one or more unrelated trades or businesses within the meaning of § 513 and no plan participants are employed by for-profit entities.

Based on these facts, we conclude that Entity A is controlled by or associated with Church D for purposes of § 414(e). We further conclude that the employees of Entity A 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 § 501 and which is controlled by or associated with a church or a convention or association of churches.

Committee I is the plan administrator of Plan X, and its sole purpose is to administer Plan X and certain other benefit plans for employees of Entity A. The members of Committee I are appointed by Church Official B.

We thus conclude that Committee I is controlled by or associated with Church D. Accordingly, Plan X is maintained by an organization that is associated with a church or a convention or association of churches, the principal purpose or function of which is the administration of Plan X for the provision of retirement benefits for the deemed employees of a church or a convention or association of churches.

Based on the foregoing facts and representations, we conclude that Plan X is a church plan as defined in § 414(e).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party, as specified in Rev. Proc. 2017-1, 2017-1 I.R.B. 1, § 7.01(15)(b). This office has not verified any of the material submitted in support of the request for ruling, and such material is subject to verification on examination. The Associate office will revoke or modify a letter ruling and apply the revocation retroactively if there has been a misstatement or omission of controlling facts; the facts at the time of the transaction are materially different from the controlling facts on which the ruling was based; or, in the case of a transaction involving a continuing action or series of actions, the controlling facts change during the course of the transaction. See Rev. Proc. 2017-1, § 11.05.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

John T. Ricotta  
Branch Chief, Qualified Plans Branch 3  
Office of Associate Chief Counsel  
(Tax Exempt and Government Entities)

cc: