TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

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LEGEND:

Organization A	=	xxxxxxxxxxxxxxxxxxx
Church B	=	xxxxxxxxxxxxxxxxxxx
Constitution C	=	xxxxxxxxxxxxxxxxxxx
Board D	=	xxxxxxxxxxxxxxxxxxx
Organization E	=	xxxxxxxxxxxxxxxxxxx
Committee F	=	xxxxxxxxxxxxxxxxxx
Committee G	=	xxxxxxxxxxxxxxxxxx
Plan X	=	xxxxxxxxxxxxxxxxxx
Plan Y	=	xxxxxxxxxxxxxxxxx
State S	=	xxxxxxxxxxxxxxxxx

Dear xxxxxxxxx:

This is in response to correspondence dated March 11, 2005, as supplemented by correspondence dated October 24, 2005, November 23, 2011, February 3, 2012, February 15, 2012, April 24, 2012, May 11, 2012, and May 24, 2012, submitted by you

on behalf of Organization A, concerning whether Plan X qualifies as a church plan under section 414(e) of the Internal Revenue Code ("Code").

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

Organization A is a tax-exempt entity under section 501(c)(3) of the Code. Its principal offices are located in State S. Church B is a church for purposes of determining church plan status. Constitution C mandates that Organization A meet Church B's requirements for its affiliate organizations.

Board D consists solely of individuals ratified by State S synods of Church B. Board D has the power to adopt resolutions, appoint and remove Organization A's president, approve Organization A's budget, and designate committees to act on behalf of the board.

Constitution C declares Organization A's affiliation with Church B. Church B plays a significant role in governance of Organization A. In addition to Church B's role in the selection of Board D, Organization A's executive committee includes the bishop of the three State S synods of Church B. These synods of Church B provide financial support to Organization A. Organization A is included in a directory of Church B's ministries. Services provided by Organization A are provided as part of the social ministry of Church B.

Organization A has been recognized as an affiliated organization of Church B by annual filings with the Internal Revenue Service ("Service") and is covered under a group ruling issued to Church B.

Organization A adopted Plan X for the benefit of its eligible employees on January 1, 1966. Plan X is a tax-qualified plan under section 401(a) of the Code. It is represented that Plan X does not benefit any Organization A employees engaged in unrelated trade or businesses. Plan X allows various tax-exempt organizations to sponsor Plan X for the benefit of their employees.

The Preamble of Plan X states that Plan X is for the exclusive benefit of the employees (and their beneficiaries) of the plan sponsor and participating agencies, originally effective as of July 1, 1970.

Section 1.1 of Plan X is the definitions section of Plan X. Section 1.1(r) of Plan X states that an "Employer" means the Lead Sponsor and any health or welfare agency that is exempt from taxation under Section 501(c)(3) or 501(c)(4) of the Code which has adopted the Plan as may be provided under Article XV. Section 1.1(kk) defines the "Lead Sponsor" as Organization E and any successor thereto.

Section 15.1 of Plan X states that any health or welfare agency that is exempt from taxation under section 501(c)(3) or 501(c)(4) of the Code that is not an Employer may,

with the consent of the Lead Sponsor, adopt and sponsor the Plan for the benefit of its Employees and become an Employer hereunder by causing an appropriate written instrument evidencing such adoption to be executed in accordance with the requirements of its organizational authority.

Section 16.1 of Plan X states that the Lead Sponsor reserves the right at any time and from time to time, by means of a written instrument executed in the name of the Lead Sponsor by its duly authorized representatives, to amend or modify the Plan and, to the extent provided therein, to amend or modify the funding agreement.

Section 16.2 of Plan X states that if an Employer should disagree with any general amendment made to the Plan by the Lead Sponsor, the Employer shall have 60 days following such amendment in which to notify the Lead Sponsor of its disagreement and its intention either to terminate the Plan with respect to its Employees, as provided in section 16.4, or to withdraw from the Plan and set up its own plan with its own funding arrangement, as provided in section 16.13.

Section 16.3 of Plan X states that the Lead Sponsor reserves the right, by means of a written instrument executed in the name of the Lead Sponsor by its duly authorized representatives, at any time to terminate the Plan. In the event that Lead Sponsor terminates the Plan, each Employer under the Plan must elect either to terminate the Plan with respect to its Employees and proceed as provided in Section 16.4 or to set up its own plan with its own funding arrangement.

Section 16.4 of Plan X states that each employer may, by action of its board of directors or other governing body, elect to terminate the Plan solely with respect to its own Employees and Participants. Except as otherwise provided in section 16.2 or 16.3, such termination may be effectuated only on January 1, or July 1 of any year, and only after the Employer has given the Lead Sponsor at least three months advance notice of its intent to terminate.

On May 11, 2012, your representative sent a letter that included the most recent determination letter for Plan X, the Eighteenth Amendment to the prior plan document, and the current plan document. The Eighteenth Amendment is effective January 1, 1997, and states in relevant part that Plan X is a collection of single employer plans maintained for the exclusive benefit of eligible employers of health or welfare agencies exempt from taxation under section 501(c)(3) or 501(c)(4) of the Code that, with the consent of the Lead Sponsor, adopt and sponsor Plan X for the benefit of their respective employees and their beneficiaries. These employers are set forth on the Schedule of Adopting Employers that immediately precedes Appendix A of Plan X.

The Eighteenth Amendment goes on to state that each adopting employer: (1) maintains a separate single employer plan only with respect to its own respective employees; (2) makes contributions to fund the benefits only of its own employees, which assets are separately accounted for in Pension Fund sub-accounts segregated

from any and all other adopting employers' contributions; and (3) has received a separate favorable determination from the Service on the tax-qualified status of its plan.

Prior to March 15, 2005, Board D appointed Committee F to handle functions of Plan X. Committee F consists of members appointed by Board D. Committee F was charged with various tasks related to the funding and administration of Plan X. However, the administration or funding of Plan X was not the principal purpose or function of Committee F.

Effective March 15, 2005, pursuant to a resolution adopted on March 15, 2005 by Board D, Board D appointed Committee G. Committee G consists of three Board D members and two vice-presidents of Organization A. Board D members constitute the majority of Committee G. The principal purpose and function of Committee G is the administration and funding of Plan X. Committee G is responsible for determining which benefits are offered to employees of Organization A, determining how to best provide such benefits, determining the level of benefits provided to the employees of Organization A and establishing funding policies for Plan X.

Effective January 1, 2010, Plan X, as adopted by Organization A, was restated and renamed Plan Y.

On January 12, 2012, Plan Y filed a statement as part of its amended 2007 Form 5500 filing, electing ERISA coverage pursuant to section 410(d) of the Code, effective January 1, 2007.

In accordance with Revenue Procedure 2011-44, Notice to Employees with reference to Plan X was provided on November 22, 2011. This notice adequately 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 within the meaning of section 414(e) of the Code effective March 15, 2005, and for all prior years of the Plan's operation.

Section 414(e) was added to the Code by section 1015 of ERISA. 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 Amendments 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 it shares common religious bonds and convictions with that church or convention or association of churches.

Section 1.414(e)-1(c) of the Federal Income Tax Regulations ("Regulations") states that the term church plan does not include a plan which, during the plan year, is maintained by two or more employers unless each of the employers is a church that is exempt from tax under section 501(a) of the Code. The Regulations also state that the employees of each employer must not be employed by an unrelated trade or business.

Based on the language of Plan X described above, Plan X was a multiple employer plan when it was established and was a multiple employer plan until January 1, 1997, when the Eighteenth Amendment to Plan X provided that Plan X is a collection of single employer plans . Thus, effective January 1, 1997, Plan X is no longer a multiple employer plan, but it cannot become a church plan, because it was not established as a church plan. In addition the Plan, in its current form, Plan Y, cannot be a church plan, because it is merely a continuation of Plan X.

Since Plan X was a multiple employer plan, not all of whose participating employers were church plans when established, it failed to satisfy section 1.414(e)-1(c) of the Regulations which states that the term church plan does not include a plan which, during the plan year, is maintained by two or more employers unless each of the employers is a church that is exempt from tax under section 501(a). There is at least one employer that had employees that participated in Plan X that was not a church that is exempt from tax under section 501(a). Therefore, we find that neither Plan X nor Plan Y, as a continuation of Plan X, is or can become a church plan.

This letter expresses no opinion as to whether Plan X satisfies the requirements of section 401(a) of the Code.

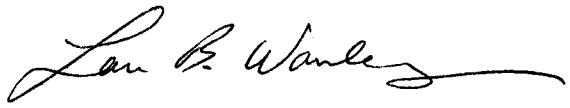
No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations which may be applicable thereto.

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

A copy of this letter has been sent to your authorized representative in accordance with a power of attorney on file in this office.

If you have any questions regarding this letter, please contact xxxxxxxxxxxxxxx. Please address all correspondence to 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:
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