



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

201505050

NOV 03 2014

U.I.L.: 414.08-00

XXX
XXX
XXX

Attn: XXX

T: EP: RA: TB

Legend:

Entity A	=	XXX
Church G	=	XXX
Church H	=	XXX
State I	=	XXX
Religion J	=	XXX
Pastor K	=	XXX
Plan 1	=	XXX
Plan 2	=	XXX
Plan 3	=	XXX
Plan 4	=	XXX
Plan 5	=	XXX
Plan 6	=	XXX
Plan 7	=	XXX
Plan 8	=	XXX

Plan 9 = XXX

Year 1 = XXX

Dear XXX:

This letter is in response to your request dated July 21, 2004, as supplemented by correspondence dated August 27, 2004, September 20, 2004, October 29, 2004, March 22, 2005, December 12, 2011, November 18, 2011, January 13, 2012, April 20, 2012, and October 9, 2014, submitted on your behalf by your authorized representative regarding the church plan status of Plan 1, Plan 2, Plan 3, Plan 4, Plan 5, Plan 6, Plan 7, Plan 8 and Plan 9 (Plans) within the meaning of section 414(e) of the Internal Revenue Code (Code).

The following facts and representations have been submitted under penalty of perjury on your behalf:

Entity A is a State I nonprofit corporation described in section 501(c)(3) of the Code and exempt from tax under section 501(a) of the Code. Entity A is organized and operated to provide long-term care and residential services for seniors and others who need assistance in day-to-day living.

Entity A is managed by its Board of Directors (Board). Entity A's Amended and Restated By-Laws (By-Laws) state that the Board is composed of a minimum of 15 persons and a maximum of 30 persons, a majority of which must be members of Church G. All current members of the Board are members of Church G, including Pastor K, the pastor of Church G.

Church G is a religious corporation, incorporated under the laws of State I, which has been in existence since Year 1. Church G has voluntarily elected to be a member of Church H, a worldwide religious organization. Church G has adopted its own constitution based on a model constitution developed by Church H, in which it embraces certain teachings and writings that are central to Religion J tradition and which have been formalized by Church H. Church G has accepted these teachings and writings as its official doctrine, but it is not bound by any central authority to accept a particular interpretation of this doctrine.

Church G provides regularly scheduled worship services, pastoral care, and religious instruction to both children and adult members of the congregation. Members of Church G are not members of any other church affiliated with Church H. Church G is authorized to hold, acquire and devise property. The pastor of Church G is selected by members of the congregation from a Church H roster of clergy, which selects candidates based in part on their completion of religious training at one of the institutions endorsed by Church H. The pastor is the president of Church G; other officers of Church G are

elected by the voting members of Church G and form the governing body of Church G. The governing body of Church G, which includes the pastor, officers and no more than 51 members of Church G, is also responsible for the routine financial and property matters of Church G. The entire congregation must approve major organizational, financial, and property transactions. While Church G provides an annual financial contribution to Church H in support of Church H's endeavors to educate members of the supporting churches and otherwise facilitate the activities of its member churches, Church G is otherwise financially independent from Church H. Church G is authorized to terminate its relationship with Church H in accordance with the procedures set forth in its constitution

The Articles of Incorporation for Entity A provide that in the event of the dissolution of Entity A, its assets are to be distributed to the Church G Endowment Fund or to Church G itself if the endowment fund is not in existence.

The Church G Endowment Fund manages funds for Entity A. The Nature of Operations section of the fund's financial statements states that the fund was created to "aid, assist, and contribute to the support of organizations closely related in purpose or function to Church G." The financial statements also show the portion of the assets held by the fund in trust for Entity A. Entity A is listed in the Church G directory and is mentioned in its literature and brochures as a Church G-affiliated organization.

Article 2 of Entity A's Amended and Restated By-Laws also includes a statement of Entity A's affiliation with Church H.

Entity A sponsors welfare benefit plans Plan 1, Plan 2 and Plan 3. Entity A also participates as an adopting employer in Plan 4, a retirement plan, and welfare benefit plans Plan 5, Plan 6, Plan 7, Plan 8 and Plan 9. Entity A adopted Plan 4 on April 1, 2010, merging Entity A's 403(b) plan with the 403(b) plans of three related entities (which three plans have been ruled to be church plans within the meaning of section 414(e) of the Code at all times before such merger).

In its capacity as an employer, Entity A has offered employee benefits to its employees, including the Plans. To the extent that Entity A is either the plan sponsor or an adopting employer of the Plans, only active employees of Entity A are eligible to become participants in the Plans; no other persons are eligible to become participants in the Plans. None of the eligible participants are or can be considered employed in connection with one or more unrelated trades or businesses within the meaning of section 513 of the Code. None of the eligible participants are employees of for-profit entities.

No election under section 410(d) of the Code has ever been filed for Plan 4.

Entity A created the Benefits Committee ("Committee") on May 20, 2004 to administer the Plans and its principal purpose and function is the administration of the Plans. The Committee is appointed by the Board of Directors of Entity A and is made up of the

Entity A Administrator, Entity A Assistant Administrator, and the Entity A Controller. The Committee establishes the funding policies for the Plans, construes and enforces the Plans, makes claims decisions, and determines types and levels of benefits and programs available under the Plans.

In accordance with Revenue Procedure 2011-44, 2011-39 I.R.B. 446, notice to plan participants and other interested persons with reference to Plan 4 was provided on November 18, 2011. This notice explained the consequences of church plan status.

Based on the foregoing, you request a ruling that the Plans are church plans within the meaning of section 414(e) of the Code.

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.

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 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) of the Code 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 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 administration or funding (or both) of the plan must be 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, Entity A is an organization described in section 501(c)(3) of the Code, which is exempt from tax under section 501(a) of the Code. Entity A has close ties with Church G. Throughout the history of Entity A, Church G members have served as at least a majority, and, at times, all of Entity A's Board of Directors. In addition, the Church G Endowment Fund manages funds for Entity A. Further, Entity A is listed in the Church G directory and is mentioned in its literature and brochures as a Church G-affiliated organization. Upon the dissolution of Entity A, the assets of Entity A would revert to Church G.

Based on these facts, we conclude that Entity A is associated with Church G for purposes of section 414(e)(3)(D) of the Code. We further conclude that the employees of Entity A meet the definition of employee under section 414(e)(3)(B) of the Code, 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 of the Code and which is controlled by or associated with a church or a convention or association of churches.

The administrative control of the Plans is vested in the Committee, and the Committee's principal purpose and function is the administration of the Plans. The Committee is appointed by the Board of Directors of Entity A. The Board of Directors of Entity A, consists of a majority of members of Church G, including Pastor K, the pastor of Church G. As a result of the control of the Committee by Entity A, we find that the Committee shares common religious bonds with Church G.

Thus, the administration of the Plans satisfies the requirements regarding church plan administration under section 414(e)(3)(A) of the Code. Accordingly the Plans are maintained by an organization that is associated with a church or convention or association of churches, and the principal purpose or function of which is the administration of the Plans for the provision of retirement and welfare benefits for the deemed employees of a church or convention or association of churches.

Based on the foregoing facts and representations, we conclude that the Plans are church plans as defined in section 414(e) of the Code.

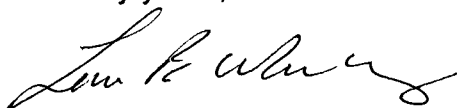
This letter expresses no opinion as to whether Plan 4 satisfies the requirements of section 403(b) of the Code.

This ruling 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 by others as precedent.

A copy of this letter is being sent to your authorized representative pursuant to a Power of Attorney on file in this office.

If you have any questions regarding this letter, please contact XXX, SE:T:EP:RA:T3, at XXX.

Sincerely yours,



Laura B. Warshawsky, Manager
Employee Plans Technical Group 3

Enclosures:

Deleted Copy of letter ruling
Notice 437

cc: XXX