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An ERISA Church Pension Plan Need Not Be Established by a Church

22 Jun 2017

Originally, the Employee Retirement Income Security Act exempted “church plans” from a variety of rules designed to ensure solvency, and defined those plans as having been “established and maintained . . . for its employees . . . by a church.” Later, Congress amended this exception to include “a plan maintained by an organization . . . the principal purpose . . . of which is the administration or funding of [such] plan . . . for the employees of a church . . . if such organization is controlled by or associated with a church.” In *Advocate Health Care Network v. Stapleton*, three courts of appeals ruled that certain church-affiliated nonprofits who ran healthcare facilities did not qualify for the reformulated church plan exception because none were established by a church. The Court, in an 8-0 decision by Justice Kagan, reversed, holding that a plan maintained by a principal-purpose organization qualifies for the exception regardless of who established it. The Court held that the natural language of the amendment meant that such a plan “maintained” by such an organization supplanted for a plan both “maintained” and “established” by a church. Justice Sotomayor filed a concurrence, noting that while she agreed with the ruling, she was “troubled” with the outcome, as it broadened the number of unregulated church plans to groups that Congress may not have intended. A link to the ruling is here.

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TAGGED: scotus, Supreme Court, Supreme Court decisions, U.S. Supreme Court, Advocate Health Care Network v.

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Stapleton, Employee Retirement Income Security Act, ERISA