

Church Plan Status



About Portico Benefit Services

Portico Benefit Services offers health, retirement, and other benefits designed to enhance the well-being of those serving ELCA-affiliated congregations and organizations. Portico's mission, as a non-profit, ministry of the ELCA, is to enhance the total well-being of those who serve faith-based organizations.

This summary provides general information on church plan requirements. Determination of church plan status is dependent on each organization's unique facts and circumstances. This summary is provided by Portico as information to help your organization make its own decision regarding its status as a church plan.

What is a Church Plan?

A church plan is an employee benefit plan offered by a church or church organization to its employees. A church plan is generally defined as a plan established and maintained for its employees by a church that is exempt from tax under Internal Revenue Code Section 501. As discussed below, a church plan includes a plan administered by Portico for an employer that is controlled by or associated with a church.

Is your Organization a Church?

Whether your organization qualifies as a church is fact-specific. The IRS considers factors including whether membership is associated with any church or denomination. Portico can serve only institutions with which it shares common religious bonds and convictions. These organizations are generally listed in the ELCA Directory at <https://directory.elca.org/Pages/index.aspx/home>¹ and include:

- Congregations
- Full Communion Partners
- Health and Senior Care Organizations
- Lutheran Services in America (LSA)
- Outdoor Ministries
- Schools, Colleges & Universities
- Seminaries
- Synods

In addition to churches (e.g., places of worship), this list includes organizations that are Qualified Church Controlled Organizations (QCCOs) (e.g., church-affiliated pre-school program) or Non-Qualified Church Controlled Organizations (Non-QCCOs) (e.g., Lutheran universities). To determine QCCO or non-QCCO status please consider the funding sources of your organization. A QCCO receives primary funding directly from a church or denomination. A Non-QCCO receives portions of its funding from other sources such as:

- Offers goods, services or facilities for sale, other than on an incidental basis, to the general public, other than goods, services or facilities which are sold at a nominal charge which is substantially less than the cost of providing such goods, services, or facilities; and
- Normally receives more than 25% of its support from either:
 - governmental sources, or
 - receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in activities which are not unrelated trades or businesses, or both (both governmental sources and receipts/sales).

Can Portico administer a church plan if the employer is “controlled by” or “associated with” a church?

Yes. Generally, an organization is “controlled by” a church if a majority of its officers or directors are appointed by the church’s governing board or by officials of a church.

Other factors are also often important in the IRS’s determination of whether the organization is “controlled by” a church, including if:

- the organization’s articles of incorporation or by-laws provide that some or all of the officers or board members are limited to members of the church.
- the church has the power to appoint and remove officers or members of the organization’s board.
- the church approves the budget of the organization.

Generally, an organization is “associated with” a church if it shares common religious bonds and convictions with the church. Certain factors are important in the IRS’s determination of whether the organization is “associated with” a church, including if:

- it receives significant financial support from the church.
- the activities or governing documents are designed to support, or are parallel to, the religious mission or teachings of the church.
- it employs a chaplain or maintains a chapel where services and sacraments are conducted.
- it is organized exclusively for charitable or religious purposes.
- it provides for a reversion of assets to the church if the organization is dissolved.

How are church plans different from other plans?

Church plans do not have to comply with the reporting and disclosure requirements required in Title I of ERISA, including an annual Form 5500 filing requirement, and are not subject to an annual audit requirement. Saving you costs.

Assess your status as a church, QCCO or Non-QCCO by completing the attached form.



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¹ If you are new to the ECLA Directory, you will be prompted to log-on. Once you start to log in on one of the three ELCA systems, you’ll see the login screen. Click the “Sign Up” tab and pick one of the social media/email providers with which you have an account. (Left to right, the icons stand for Facebook, Google, LinkedIn, Microsoft and Yahoo.) If you don’t have or want to use a social-media login, enter your personal email and password to create an ELCA Community account. Through that process you’ll receive an email to verify your account.