

CLIENT ALERT

U.S. Supreme Court to Decide How Religiously-Affiliated Entities Run Retirement Plans

Dec.12.2016

The U.S. Supreme Court announced on December 2 that it will hear three cases that may have a multi-billion dollar impact on the funding of retirement plans for several large hospital systems across the country as well as many other entities that are religiously-affiliated organizations. The cases turn on whether the “church plan” exemption under ERISA – which exempts religiously-affiliated organizations from much of the stringent pension plan funding and other requirements under ERISA – applies only if a church *initially* established the retirement plan or whether such plan needs to be simply *maintained* by the church-affiliated entity. In each case, the IRS had issued determination letters blessing the hospital’s decision to treat the retirement plans as ERISA-exempt church plans. The U.S. Court of Appeals for the Third, Seventh and Ninth districts have all ruled against the hospitals.

The cases are *Advocate Health Care Network v. Stapleton*, *Saint Peter’s Healthcare Sys. v. Kaplan*, and *Dignity Health v. Rollins*. The 3 cases will be consolidated and heard together and will impact nearly 3 dozen additional lawsuits across the nation challenging how religiously-affiliated entities run their retirement plans.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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