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NONPROFITS - NEW JERSEY

Kaplan v. Saint Peter's Healthcare System

United States District Court, D. New Jersey - March 31, 2014 - Slip Copy - 2014 WL 1284854

Plaintiff class action on behalf of participants and beneficiaries of the Saint Peter's Healthcare System Retirement Plan (the "Plan"), alleging that the Plan was being improperly maintained by SPHS as a "church plan" under the Employee Retirement Income Security Act ("ERISA"), [29 U.S.C. § 1001 et seq.](#)

The question posed was whether a non-profit healthcare corporation may establish and maintain a church plan if it is controlled by or associated with a church. If answered in the affirmative, the Court must then determine whether this interpretation of the church plan definition violates the Establishment Clause of the United States Constitution.

The Court concluded, as a matter of law, SPHS's employee pension Plan was not a church plan because it had not been established by a church, notwithstanding the fact that the IRS had issued a private letter ruling to the contrary.