

CHAPTER 963

S.B. No. 551

AN ACT

relating to church benefit plans and church benefits boards.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. DEFINITION. In this Act "church benefits board" means an organization as described in Section 414(e)(3)(A) of the Internal Revenue Code of 1986 (26 U.S.C. Section 414(e)) that:

(1) has the principal purpose or function of administering or funding a plan or program for providing retirement benefits, welfare benefits, or both for the ministers or employees of a church or a conference, convention, or association of churches; and

(2) is controlled by or affiliated with a church or a conference, convention, or association of churches.

SECTION 2. PENSIONS AND BENEFITS. If duly authorized by its members or as otherwise provided by law, a domestic or foreign nonprofit corporation formed for a religious purpose may provide, directly or through a separate church benefits board, for the support and payment of pensions and benefits to its ministers, teachers, employees, trustees, directors, or other functionaries and to the ministers, teachers, employees, trustees, directors, or functionaries of organizations controlled by or affiliated with a church or a conference, convention, or association of churches under its jurisdiction and control and may provide for the payment of pensions and benefits to the spouse, children, dependents, or other beneficiaries of those persons.

SECTION 3. CONTRIBUTIONS. A church benefits board may provide for the collection of contributions and other payments to aid in providing pensions and benefits under this Act and for the creation, maintenance, investment, management, and disbursement of necessary annuities, endowments, reserves, and other funds for those purposes. Payments may be received from a trust fund or corporation that funds a "church plan" as defined by Section 414(e), Internal Revenue Code of 1986 (26 U.S.C. Section 414(e)).

SECTION 4. DOCUMENTS AND AGREEMENTS. A church benefits board may provide certificates or agreements of participation and debentures and indemnification agreements to its program participants as appropriate to accomplish its purposes, may act as trustee under a lawful trust committed to it by contract, will, or otherwise, and may act as agent for the performance of a lawful act relating to the purposes of the trust.

SECTION 5. INDEMNIFICATION. A church benefits board, directly or through an affiliate wholly owned by the board, may agree to indemnify against damage or risk of loss:

(1) its affiliated ministers, teachers, employees, trustees, functionaries, directors, and their families, dependents, and beneficiaries; and

(2) a church, a convention, conference, or association of churches, or an organization that is controlled by or affiliated with it or with a church or a convention, conference, or association of churches.

SECTION 6. PROTECTION OF BENEFITS. Money or other benefits that have been or will be provided to a participant or a beneficiary under a plan or program of retirement income, relief, welfare, or employee benefit provided by or through a church benefits board is not subject to execution, attachment, garnishment, or other process and may not be seized, taken, appropriated, or applied as part of a judicial, legal, or equitable process or operation of a law other than a constitution to pay a debt or liability of the participant or beneficiary. This section does not apply to a qualified domestic relations order or an amount required by the church benefits board to recover costs or expenses it incurred in the plan or program.

SECTION 7. ASSIGNMENT. If a plan or program under this Act contains a provision prohibiting assignment or other transfer by a beneficiary of money or benefits to be paid or rendered or of other rights under the plan or program without the written consent of the church benefits board, a prohibited assignment or transfer or an attempt to make a prohibited assignment or transfer is void if made without that consent.

SECTION 8. INSURANCE CODE NOT APPLICABLE. The Insurance Code does not apply to a church benefits board or its programs, plans, benefits, activities, or affiliates.

SECTION 9. EMERGENCY. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on March 26, 1987, by the following vote: Yeas 30, Nays 0. Passed the House on May 30, 1987, by the following vote: Yeas 137, Nays 0, one present not voting.

Approved June 19, 1987.

Effective June 19, 1987.