NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

PATTERSON, TRUSTEE *v.* SHUMATE

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

No. 91–913. Argued April 20, 1992—Decided June 15, 1992

Respondent Shumate was a participant in his employer's pension plan, which contained the anti-alienation provision required for tax qualification under the Employee Retirement Income Security Act of 1974 (ERISA). The District Court rejected his contention that his interest in the plan should be excluded from his bankruptcy estate under §541(c)(2) of the Bankruptcy Code, which excludes property of the debtor that is subject to a restriction on transfer enforceable under ``applicable nonbankruptcy law.'' The court held, *inter alia,* that the latter phrase embraces only state law, not federal law such as ERISA, and that Shumate's interest in the plan did not qualify for protection as a spendthrift trust under state law. The court ordered that Shumate's interest in the plan be paid over to petitioner, as trustee of Shumate's bankruptcy estate. The Court of Appeals reversed, ruling that the interest should be excluded from the bankruptcy estate under §541(c)(2).

Held: The plain language of the Bankruptcy Code and ERISA establishes that an anti-alienation provision in a qualified pension plan constitutes a restriction on transfer enforceable under ``applicable nonbankruptcy law'' for purposes of §541(c)(2). Pp.4–12.

(a) Plainly read, §541(c)(2) encompasses any relevant nonbankruptcy law, including federal law such as ERISA. The section contains no limitation on ``applicable nonbankruptcy law'' relating to the source of the law, and its text nowhere suggests that that phrase refers, as petitioner contends, exclusively to *state* law. Other sections in the Bankruptcy Code reveal that Congress knew how to restrict the scope of applicable law to ``state law'' and did so with some frequency. Its use of the broader phrase ``applicable nonbankruptcy law'' strongly suggests that it did not intend to restrict §541(c)(2) in

the manner petitioner contends. Pp.4–5.

PATTERSON *v.* SHUMATE

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(b)The anti-alienation provision contained in this ERISA-qualified plan satisfies the literal terms of §541(c)(2). The sections of ERISA and the Internal Revenue Code requiring a plan to provide that benefits may not be assigned or alienated clearly impose a ``restriction on the transfer'' of a debtor's ``beneficial interest'' within §541(c)(2)'s meaning, and the terms of the plan provision in question comply with those requirements. Moreover, the transfer restrictions are ``enforceable,'' as required by §541(c)(2), since ERISA gives participants the right to sue to enjoin acts that violate that statute or the plan's terms. Pp.5–7.

(c)Given the clarity of the statutory text, petitioner bears an ``exceptionally heavy'' burden of persuasion that Congress intended to limit the §541(c)(2) exclusion to restrictions on transfer that are enforceable only under state spendthrift trust law. *Union Bank* v. *Wolas,* 502 U.S. ___, ___. He has not satisfied that burden, since his several challenges to the Court's interpretation of §541(c)(2)—that it is refuted by contemporaneous legislative materials, that it renders superfluous the §522(d)(10)(E) debtor's exemption for pension payments, and that it frustrates the Bankruptcy Code's policy of ensuring a broad inclusion of assets in the bankruptcy estate—are unpersuasive. Pp.7–12.

943 F.2d 362, affirmed.

BLACKMUN, J., delivered the opinion for a unanimous Court. SCALIA, J., filed a concurring opinion.