TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

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Uniform Issue List
61.44-00
111.01-00
419.03-00
501.09-01
501.09-03
512.09-03
4976.01-00

Date: JUL 12 2004

Contact Person:

Identification Number:

Telephone Number:

T:EO:B4

Employer Identification Number:

Legend:

M =
N =
O =
P =

x =

Dea

This is in response to your letter dated March 5, 2003, submitted on behalf of M, its subsidiaries, and two tax exempt entities, N and O, which it funds, requesting rulings under sections 61, 419, 419A, 501, 512, and 4976 of the Internal Revenue Code as regards certain proposed transactions.

The proposed transactions may be summarized as follows:

(1) M currently maintains a single postretirement life insurance welfare benefit fund, N, which covers both "represented" and "nonrepresented" employees and retirees. A "represented" employee is one whose employment-related interests are represented by a labor union pursuant to a collective bargaining agreement. M intends to establish a separate welfare benefit fund for its "nonrepresented" employees and retirees, and will then maintain a separate fund for the "represented" employee and retiree populations and a separate fund for the "nonrepresented" employee and retiree populations.

(2) The assets of N that are attributable to deductions taken prior to the effective date of the Deficit Reduction Act of 1984 ("DEFRA") will be made available for the purpose of paying postretirement health benefits.

FACTS:

M is a for-profit corporation that provides services to businesses nationwide. M has approximately active employees.

M currently provides certain post-retirement life insurance benefits to its eligible retired employees through N. N is a voluntary employees beneficiary association ("VEBA") trust which is exempt from federal income tax under section 501(c)(9) of the Code. M currently funds its postretirement health benefit coverage through O, which is a tax exempt VEBA under section 501(c)(9). Unlike N, O is not fully funded. It s estimated that, as of January 1, the present value of the unfunded postretirement of O exceeds $

N was established to fund postretirement life insurance benefits for all retirees, including both represented retirees and nonrepresented retirees, other than any retirees who had been key employees within the meaning of section 416 of the Code.

N holds, and has held since December, a single asset, a group term life insurance contract (the "Life Insurance Policy") that was issued by P and that provides the postretirement life insurance of the Retiree Life Plans. Pursuant to the Life Insurance Policy and ancillary documents, P maintains a reserve which sets aside assets for the purpose of funding the premiums necessary to continue the Life Insurance Policy's postretirement life insurance coverage provided to retirees. The Life Insurance Policy provides that, as long as any retiree survives, the retired lives reserve must be used to provide life insurance coverage to such retirees. M has no right to recover any amount held in the reserve, even if no such retiree exists.

M has consistently used the aggregate funding method in calculating the account limit of Code section 419A(c)(2) that relates to the retired lives reserve of the Life Insurance Policy. All amounts that are attributable to the assets that were held in postretirement life insurance reserves as of December 31, 1985 (the "Pre-DEFRA Reserves") are attributable to deductions prior to the section 419 effective date and are currently held as part of the Life Insurance Policy's retired lives reserves. M has determined the amount of the Pre-DEFRA Reserve by first using the methodology set forth in section 1.512(a)-5T, Q&A 4 of the Income Tax Regulations, substituting the term "Pre-DEFRA Reserves" for "existing reserve for post-retirement medical or life insurance benefits" and the date "December 31, 1985" for the date of "July 18, 1984" appearing in those regulations. The amount of the Pre-DEFRA Reserve has been estimated to be x as of January 1,

The Life Insurance Policy has the retired lives reserve that provides a reserve for funding postretirement life insurance benefits for retirees. Under Code section 419(e)(3)(c) and section 1.419-1T, Q&A 3(c), the retired lives reserve constitutes a welfare benefit fund for purposes of sections 419 and 419A. The assets of the reserve are invested in three separate commingled assets maintained by P. As of January 1, , the three separate accounts held assets totaling approximately $ x.

M's first plans to apportion N, or the "Life Trust", into two separate VEBAs (the "Represented Welfare Trust" and the "Nonrepresented Welfare Trust", collectively, the "New VEBAs"), the former providing postretirement life insurance benefits to represented employees and the latter providing postretirement life insurance benefits to nonrepresented employees. In accordance with this division, the Life Insurance Policy will be apportioned into life insurance policies established to provide benefits to represented and nonrepresented employees (the

"Represented Policy" and the "Nonrepresented Policy"). As part of the division, the retired lives reserves will be apportioned into two retired lives reserves (the Represented Retired Lives Reserve and the Nonrepresented Retired Lives Reserve). M represents that at no time will it have any right of recapture with respect to any of the assets of the Represented Welfare Trust, the Represented Policy, the Nonrepresented Welfare Trust, or the Nonrepresented Policy.

The allocation of assets between the retired lives reserves of the Represented Policy and Nonrepresented Policy will be performed on a pro rata basis between the represented and nonrepresented employees and retiree populations based on the present value of the respective future obligations of such represented and nonrepresented populations calculated pursuant to FAS 106.

The Represented Welfare Trust and the Nonrepresented Welfare Trust will accept additional contributions from M only to the extent that such contributions, when added to the amounts held in the applicable trust and the retired lives reserve held under the policy owned by the applicable trust, do not exceed an amount that is the sum of:

(a) amounts reasonably and actuarially necessary to fund claims incurred but unpaid for postretirement life insurance for the retiree population covered by the applicable trust,
(b) administrative costs with respect to such claims,

(c) contributions reasonably and actuarially necessary to fund a reserve that provides postretirement life insurance benefits for current retirees, and the employees who may become retirees, covered by the applicable trust that is actuarially determined on a level basis over the working lives of such individuals.

Once M apportions the Life Trust into the New VEBAs, M proposes to use the Pre-DEFRA Reserve held under the Represented Policy's retired lives reserve to fund postretirement health care benefits for M's represented retirees. The Pre-DEFRA Reserve held under the Nonrepresented Policy's retired lives reserve will be used to fund postretirement health care benefits for M's nonrepresented retirees. The amount of the Pre-DEFRA Reserve that may be released from the retired lives reserve in each of the New VEBAs in each taxable year will be determined by M on a day during such year, and that amount may or may not be released, upon M's election, from the applicable retired lives reserve thereafter and set aside in a separate postretirement health benefit account within the corresponding VEBA. Any funds and earnings that have been so set aside and have not been exhausted by the end of any taxable year will continue to be available to fund postretirement health benefits in future years.

If M elects not to release any of the Pre-DEFRA Reserves for postretirement health benefits for represented or nonrepresented retirees during a particular tax year, then the assets will be used to provide only postretirement life insurance benefits during that year.

M represents that the transfer from a retired lives reserve to separate postretirement health accounts in the New VEBAs will be subject to the following restrictions:

(1) The Represented Welfare Trust and the Nonrepresented Welfare Trust will provide that no amounts other than a Pre-DEFRA Reserve will be released from a retired lives reserve of a policy held under the trust for the purpose of providing postretirement health benefits.

(2) No funds will be released from the Represented Policy or the Nonrepresented Policy, respectively, to provide postretirement health benefits unless the amount of the respective Pre-DEFRA Reserve is at least as great as the amount to be released.

(3) Only an amount that M reasonably determines would otherwise be currently deductible to M under Code section 419(a)(2) as a contribution to fund postretirement health benefits may be released in any taxable year of M to provide postretirement health benefits.

Currently, M's life insurance benefits and postretirement health benefits are provided under separate plans. M anticipates that, prior to the implementation of the steps set forth in this ruling request, M's welfare plans will be amended so that a single welfare benefit plan will henceforth cover all eligible M retired employees. The postretirement life and health benefits for that single retiree welfare benefit plan would then be funded by three separate VEBAs: (1) the Represented Welfare Trust (funding postretirement life benefits for represented retirees, with its Pre-DEFRA Reserve available for postretirement health benefits for represented retirees); (2) the Nonrepresented Welfare Trust (funding postretirement life benefits for nonrepresented retirees, with its Pre-DEFRA Reserve available for postretirement health benefits for nonrepresented retirees); and (3) the Represented Health Trust (funding postretirement health benefits for represented retirees). Consequently, the proposed transaction would merely reallocate assets and liabilities among different welfare benefit funds covering the same retiree populations.

RULINGS REQUESTED:

(1) The proposed transactions will not cause N or O to be disqualified as tax exempt organizations under section 501(c)(9) of the Code.

(2) The proposed transactions will not cause M to include any amount in gross income.

(3) The proposed transactions will not result in the provision of any "disqualified benefit" within the meaning of Code section 4976 and, consequently, will not cause M to be liable for the tax imposed by section 4976.

(4) The proposed transactions will not cause N or O to recognize unrelated business taxable income.

LAW:

Section 501(c)(9) of the Code describes a voluntary employees' beneficiary association ("VEBA") providing for the payment of life, sick, accident or other benefits to its members or their dependents or designated beneficiaries, and in which no part of its net earnings inures (other than through such payments) to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-1 of the Income Tax Regulations summarizes the requirements to be met in order to qualify as a tax exempt organization described in section 501(c)(9) as follows:

(A) The organization is an employees' organization;

(B) Membership in the organization is voluntary;

(C) The organization provides for the payment of life, sick, accident, or other benefits to its members or their dependents or designated beneficiaries, and substantially all of its operations are in furtherance of providing such benefits; and

(D) No part of the net earnings of the organization inures, other than by payment of the benefits referred to in paragraph (C) of this section, to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-2(a)(1) of the regulations provides that the membership of an organization described in section 501(c)(9) must consist of individuals who become entitled to participate by reason of their being employees and whose eligibility for membership is defined by reference to objective standards that constitute an employment-related common bond among such individuals. Typically, those eligible for membership in an organization described in section 501(c)(9) are defined by reference to a common employer (or affiliated employers), to coverage under on or more collective bargaining agreements (with respect to benefits provided by reason of such agreement(s)), to membership in a labor union, or to membership in one or more locals of a national or international labor union.

Section 1.501(c)(9)-2(a)(2)(i) of the regulations identifies certain generally permissible restrictions on eligibility for benefits. Eligibility for membership may be restricted by geographic proximity, or by objective conditions or limitations reasonably related to employment, such as a reasonable classification of workers, a reasonable minimum period of service, a limitation based on maximum compensation, or a requirement that a member be employed on a full-time basis. Any objective criteria used to restrict eligibility for membership or benefits may not, however, be selected or administered in a manner that limits membership or benefits to officers, shareholders, or highly compensated employees of an employer contributing to or otherwise funding the employees' association.

Section 1.501(c)(9)-3(c) of the regulations provides that the term "sick and accident benefits" means amounts furnished to or on behalf of a member or a member's dependents in the event of illness or personal injury to a member or dependent. Such benefits may be provided through reimbursement to a member or a member's dependents for amounts expended because of illness or personal injury, or through the payment of premiums to a medical benefit or health insurance program. Sick benefits also include benefits designed to safeguard or improve the health of members and their dependents.

Section 1.501(c)(9)-4(a) of the regulations provides that no part of the net earnings of a VEBA may inure to the benefit of any shareholder or individual other than through the payment of permitted types of life, sick, accident, or other benefits. Whether prohibited inurement has

occurred is a question to be determined with regard to all the facts and circumstances of a particular case.

Section 1.501(c)(9)-4(d) of the regulations states that there will be no prohibited inurement where, on termination of a plan established by an employer and funded through an association described in Code section 501(c)(9), any assets remaining in the association, after satisfaction of all liabilities to existing beneficiaries of the plan, are applied to provide, either directly or through the purchase of insurance, life, sick, accident or other benefits within the meaning of section 1.501(c)(9)-3 pursuant to criteria that do not provides for disproportionate benefits to officers, shareholders, or highly compensated employees of the employer. See section 1.501(c)(9)-2(a)(2).

Section 511 of the Code imposes a tax on the unrelated business tax able income (defined in section 512) of organizations exempt from tax under section 501(c).

Section 512(a)(1) of the Code defines the term unrelated business taxable income to mean the gross income derived by any organization from any unrelated trade or business (defined in section 513) regularly carried on by it, less the allowable deductions which are directly connected with the carrying on of such trade or business, both computed with the modifications provided in subsection (b).

Section 513(a) of the Code provides that the term unrelated trade or business means, in the case of any organization subject to the tax imposed by section 511, any trade or business the conduct of which is not substantially related to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption.

Section 512(a)(3)(A) of the Code provides that in the case of an organization described in section 501(c)(9), the term "unrelated business taxable income" means the gross income (excluding any exempt income), less the deductions allowed by Chapter 1 which are directly connected with the production of the gross income (excluding exempt function income), both computed with the modifications set forth in certain paragraphs of section 512(b).

Section 512(a)(3)(B) of the Code provides that for purposes of subparagraph (A), the term "exempt function income" means the gross income from dues, fees, charges, or similar amounts paid by members of the organization as consideration for providing such members or their dependents or guests goods, facilities, or services in furtherance of the purposes for which the organization is tax exempt. Such term also means all income (other than an amount equal to the gross income derived from any unrelated trade or business regularly carried on by such organization computed as if the organization were subject to section 512(a)(1)), which is set aside, in the case of a section 501(c)(9) organization, to provide for the payment of life, sick, accident, or other benefits. If, during the taxable year, an amount which is attributable to income so set aside is used for a purpose other than that just described, such amount shall be included, under subparagraph (A), in unrelated business taxable income for the taxable year.

Section 512(a)(3)(E) of the Code provides that a set-aside made by a section 501(c)(9) organization for the payment of life, sick, accident, or other benefits may be taken into account under subparagraph (B) only to the extent that such set-aside does not result in an amount of assets set aside for such purpose in excess of the account limit determined under section 419A (without regard to subsection (f)(6) thereof) for the taxable year (not taking into account any reserve described in section 419(c)(2)(A) for post-retirement medical benefits). See also section 1.512(a)-5T, Q&A-3(b) of the regulations.

Section 61(a) of the Code provides that, unless otherwise excepted, gross income includes all income from whatever source derived.

Section 111(a) of the Code provides that gross income does not include income attributable to the recovery during the taxable year of any amount deducted in any prior taxable year to the extent such amount did not reduce the amount of tax imposed by Chapter 1 of the Code. That section, in part, codifies the "tax benefit rule". Generally, the tax benefit rule requires the inclusion in income of certain amounts that were deducted in a prior year and that generated a tax benefit through a reduction in the amount of tax liability in the prior tax year. Estate of Block v. Comm'r, 39 B.T.A. 338 (1939), aff'd sub nom. Union Trust Co. v. Comm'r, 111 F. 2d 60 (7th Cir. 1939), cert. denied, 311 U.S. 658 (1940); Rev. Rul. 85-186, 1985-2 C.B. 84. In Hillsboro Nat'l Bank v. Comm'r, 460 U.S. 370 (1983), the Supreme Court held, in part, that income may arise under the tax benefit rule even though there is no actual recovery of funds that were previously deducted, if an event occurs that is "fundamentally inconsistent" with the premise on which a deduction was taken in a prior year.

Contributions to a welfare benefit fund are deductible when paid, but only if they qualify as ordinary and necessary business expenses under section 162 of the Code and only to the extent allowable under sections 419 and 419A. Those sections impose strict limits on the amount of tax deductible prefunding permitted for contributions to a welfare benefit fund. The deduction limitations imposed by sections 419 and 419A apply to contributions paid or accrued with respect to a welfare benefit fund after December 31, 1985. Prior to this date, deductions for contributions paid to a welfare benefit fund were controlled by section 162.

Section 1.162-10 of the regulations provides, in part, that amounts paid or accrued within the taxable year for a sickness, accident, hospitalization, medical expense, or similar benefit plan, are deductible under section 162(a) of the Code if they are ordinary and necessary expenses of the trade or business.

Rev. Rul. 69-478, 1969-2 C.B. 29, holds that a taxpayer's nonrefundable contribution to an employee's trust to provide group health and life insurance for both active and retired employees is deductible under section 162 of the Code, when contributions are actuarially determined and made by the employer on a level basis so that at the time of an employee's retirement there is enough money in the fund to enable the trustee to continue to make the premium payments on the contracted insurance.

Rev. Rul. 69-382, 1969-2 C.B. 28, holds that for taxable years ending on or before June 17, 1969, premiums paid or incurred by an employer policyholder under contracts providing

group term life and health and accident coverage for its active and retired employees are deductible in full even though a portion of the premium is credited to a retired lives reserve if (1) the balance in the reserve is held by the insurance company solely for the purpose of providing insurance coverage on active or retired lives so long as any active or retired employees remain alive, and (2) the amount added to the retired lives reserve is not greater than an amount which would be required to fairly allocate the cost of the insurance coverage provided over the working lives of the employees involved. This revenue ruling also stated that for taxable years ending after June 17, 1969, such premiums paid or incurred are deductible if in addition to the two requirements, the insurance contract states that the employer policyholder has no right to recapture any portion of the reserve so long as any active or retired employee remains alive.

Rev. Rul. 73-599, 1973-2 C.B. 40, holds that the annual contributions by the taxpayer to the fund maintained by the trustee for retired lives are business expenses deductible under section 162 of the Code in the taxable year paid or incurred but only to the extent that such contributions are actuarially determined and made on a level basis.

As stated above, the tax benefit rule is implicated when a taxpayer has taken a deduction in a prior year, and in a subsequent year an event occurs that is fundamentally inconsistent with the premise of the deduction. The rule protects the Government and taxpayers from the adverse effects of reporting a transaction on the basis of assumptions that an unforeseen event in a subsequent year proves to have been erroneous. However, not every unforeseen event will require the taxpayer to report income in the amount of the prior deduction. Rather, the tax benefit rule will "cancel out" a prior deduction only when the subsequent event is indeed "fundamentally inconsistent with the premise on which the deduction was based. That is, if that event had occurred within the same taxable year (as the deduction), it would have foreclosed the deduction." Hillsboro, 460 U.S. at 383-84 (footnote omitted). The facts and circumstances of each case must be considered "in light of the purpose and function of the provisions granting the deductions." Id. at 385.

Section 4976(a) of the Code imposes a 100% excise tax if an employer maintains a welfare benefit fund, and there is a disqualified benefit provided during any taxable year.

Section 4976(b)(1)(c) of the Code provides that for purposes of subsection (a), the term "disqualified benefit" means any portion of a welfare benefit fund reverting to the benefit of the employer.

Section 4976(b)(3) of the Code provides that paragraph 1(c) shall not apply to any amount attributable to a contribution to the fund that is not allowable as a deduction under section 419 for the taxable year or any prior taxable year.

ANALYSIS:

Concerning Ruling Request #1, the life insurance and health coverage benefits currently provided by N and O, which are permissible benefits under Code section 501(c)(9), will continue to be provided following the implementation of the proposed transactions. All members of the two VEBAs, whether "represented" or "nonrepresented", share an employment related common

bond; see section 1.501(c)(9)-2(a)(1) of the regulations. Further, the separation of covered retirees into the Represented Welfare Trust for represented employees and the Nonrepresented Welfare Trust for nonrepresented employees is a reasonable classification of workers per section 1.501(c)(9)-2(a)(2)(i).

The transfer of assets from N to another VEBA, the Nonrepresented Welfare Trust, will not result in the prohibited inurement of the net earnings of any of the VEBAs involved in the transaction. After the transaction, coverage for all the employees presently covered by N will be assumed by the Represented Welfare Trust and the Nonrepresented Welfare Trust. Under section 1.501(c)(9)-4(a) of the regulations, the provision of permissible benefits does not result in inurement. Under section 1.501(c)(9)-4(d), there is no prohibited inurement where, upon a VEBA's dissolution, assets are used to discharge existing plan obligations and any remaining assets are used for additional permissible benefits. Further, the fact that a VEBA trust that provides postretirement health benefits reimburses the sponsoring employer for postretirement health benefits and related expenses initially paid by the sponsoring employer does not result in prohibited inurement. Any such reimbursement will simply make the employer whole by compensating for outlays that the employer made on behalf of the VEBA.

Based on the foregoing, the proposed transfer of assets should not cause N or O, the other VEBA currently funded by M, to lose their tax exempt status under section 501(c)(9) of the Code.

In Ruling Request #2, M wants a ruling that the proposed transactions will not cause it to include any amount in gross income under section 61(a) of the Code. M represents that the Pre-DEFRA Reserve is comprised of amounts contributed prior to the applicability of section 419. As such, all deductions for these contributions would have been taken under section 162 for ordinary and necessary business expenses limited by the rules set out in Rev. Rul. 69-382 and Rev. Rul. 73-599. The transfer of funds from M's retired lives reserves to the separate postretirement health account within the VEBAs results in a transfer of assets from an account that provides welfare benefits to another that provides welfare benefits. For the deduction taken under section 162 for a contribution to a welfare benefit fund prior to the enactment of section 419, no distinction was made between the type of welfare benefit provided under the fund. Accordingly, the release to the separate accounts within each of the New VEBAs to provide postretirement health benefits is not fundamentally inconsistent with the deductions taken under section 162. Therefore, the application of the tax benefit rule will not result in gross income to M.

With regard to the transfer of assets from the Life Trust (N) to the life insurance policy in the Represented Welfare Trust, the life insurance benefits in the New VEBAs will maintain the provision that trust amounts will only be used to provide postretirement life insurance benefits and to pay related administrative expenses (with the exception of the amendment to allow the release of Pre-DEFRRA amounts to pay for retiree health benefits as discussed above). Additionally, these trusts and the life insurance policies thereunder contain provisions prohibiting the reversion of any amount held in the retirement funding account to M as long as any retiree of M remains alive. These provisions are effective to preserve the integrity of the assets transferred to the Represented Welfare Trust. Accordingly, this transaction will not be

fundamentally inconsistent with the deductions taken in previous years with respect to those assets, and the application of the tax benefit rule will not result in gross income to M. Similarly, the transfer of the proportionate assets to the new VEBA that provides retiree life benefits to nonrepresented employees, from N, subject to the limitation that funds in those trusts be used exclusively to provide postretirement life insurance benefits, and to pay related administrative expenses, except to the extent that Pre-DEFRA Reserves are released to pay postretirement health benefits and related administrative expenses, will not result in gross income to M.

Ruling Request #3 deals with the tax consequences under section 4976 of the Code of the proposed transactions. M represents that only amounts attributable to the Pre-DEFRA Reserve will be used to pay postretirement life and health benefits under the proposed transactions. The Pre-DEFRA Reserve is solely attributable to contributions that were not allowable as deductions under section 419 of the Code. Moreover, M represents that it has no right to any transferred funds, and all of the assets held by the various welfare benefit funds will be used for the exclusive purpose of providing welfare benefits to M's retired employees (and eligible beneficiaries), as applicable.

Based on the foregoing, the proposed transactions will not result in the provision of any "disqualified benefit" within the meaning of section 4976 of the Code and, consequently, will not cause M to be liable for the tax imposed by section 4976.

Concerning Ruling Request #4, all of the income of a VEBA is generally treated as unrelated business income, except to the extent it is set aside to provide permissible benefits (including health benefits) and the amount set aside does not exceed the account limit under section 419A of the Code (disregarding any reserve for postretirement health benefits).

The transfer of a Pre-DEFRA Reserve from a retired lives reserve of a life insurance policy to the VEBA that is the policyholder of the policy is simply a transfer from one welfare fund to another one. The transfer in question does not involve an investment return on the VEBA's capital nor compensation to the VEBA for services rendered. Instead, the transfer will effectuate a reallocation of assets between different welfare benefit funds. As such, the transfer should not cause any of the VEBAs involved to receive unrelated business taxable income under Code section 512.

Rulings:

Based on the foregoing, we rule as follows:

1. The proposed transactions will not jeopardize the tax exempt status of N and O under section 501(c)(9) of the Code.

2. The proposed transactions will not result in any taxable gross income to M under section 61 of the Code.

3. The proposed transactions will not result in the provision of any "disqualified benefit" within the meaning of Code section 4976. Accordingly, M will not be liable for the tax imposed under section 4976.

4. The proposed transactions will not cause N or O to receive unrelated business taxable income under section 512 of the Code.

This ruling is based on the understanding that there will be no material changes in the facts upon which it is based. Any changes that may have a bearing upon the exempt status of N and O should be reported to the Ohio Tax Exempt and Government Entities (TE/GE) Customer Service Office. The mailing address is: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The telephone number there is (a toll free number).

Pursuant to a Power of Attorney on file in this office, we are sending a copy of this letter to your authorized representatives.

We are also sending a copy of this ruling to the Ohio TE/GE Customer Service Office. Because this letter could help resolve any questions about the exempt status of N and O, it should be kept with their permanent records.

If there are any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter.

This ruling is directed only to the organizations that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Thank you for your cooperation.

Sincerely,

/s/

Debra Kawecki
Manager, Exempt Organization
Technical Group 4