

December 10, 1976

Dear :

This is in reply to the letter dated May 14, 1976, from Mr. (x), former City Auditor, requesting a determination under the Employee Retirement Income Security Act of 1974 (ERISA). I am sorry we could not reply sooner.

According to Mr. (x)'s letter and your conversation with a member of my staff, the City of (named) maintains a health insurance plan with (named). The City negotiates and holds the contract, pays the entire premium and administers the plan.

Section 4(b)(1) of the ERISA exempts governmental plans from coverage thereunder. Section 3(32) defines the term "governmental plan", in part, to mean a plan established or maintained for its employees by the Government of the United States, by the government of any State or political subdivision thereof, or by any agency or instrumentality of any of the foregoing.

Based on the above, it is concluded that the plan is established and maintained for its employees by (City), a political subdivision of (State). Accordingly, it is a "governmental plan" as defined in section 3(32) of the ERISA, and is exempt from coverage under Title I pursuant to the provisions of section 4(b)(1).

Sincerely,