

March 12, 1976

Dear :

This is reply to your letter of October 4, 1974 to the Internal Revenue Service and confirms a telephone conversation between you and of the office November 4, 1975.

Relative to your question as to what constitutes plan assets, it appears clear that annuities purchased by a plan would, in fact, be included. However, their valuation should be restricted to the present value of future benefits less present net premiums (or payments) as determined by a certified actuary.

Therefore, the reserves held by the insurance company and consisting of previously purchased annuities constitute plan assets and should be valued in accordance with the procedure outlined above.

We trust that this responds to your question.

Sincerely,