P/OPINION 77-17

3(32)

January 11, 1977

Dear :

Thank you for your letter dated May 10, 1976, requesting a determination under the Employee Retirement Income Security Act of 1974 (ERISA). I am sorry we could not reply sooner.

According to your letter the City of (named) provides insurance for its employees, giving them the option of choosing one of two plans, (named) or (named). The City pays the total premium for either plan. You would like to know if the insurance plan of the City is exempt from the ERISA.

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 foregoing, 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,