



**Contact:**

Susan Swigart, Senior Director, Media Relations  
(916) 669-3242

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**SCHOOL BOARDS ASSOCIATION RECEIVES GROUNDBREAKING  
RULING FROM IRS ON ITS GASB 45 SOLUTIONS PROGRAM TRUST**

**(West Sacramento, CA)** – The California School Boards Association has blazed the trail for school post-retirement health benefits funding by obtaining a groundbreaking ruling from the Internal Revenue Service on its recently developed GASB 45 Solutions Program Trust. The IRS Private Letter Ruling is believed to be the first of its kind for a multiple-employer trust program, established for school districts and other public agencies exclusively to fund and pay post retirement health care obligations.

The PLR protects school districts participants, retirees and beneficiaries of the trust from taxation of the health care benefit at retirement. The PLR has been issued by the IRS exclusively to CSBA and cannot be applied by other public agencies or associations.

Obtaining a ruling is a long, involved and costly process. School districts that join the CSBA trust can benefit from the legal and tax protections afforded by the special letter ruling. It is cost-prohibitive for most school districts to obtain separate PLR, costing tens of thousands of dollars in legal costs and IRS application costs.

“We’ve worked for more than a year with our trust administrator, PARS, on the design and legal development of this unique trust,” said Scott P. Plotkin, executive director, California School Boards Association. “Receiving this IRS PLR was a critical aspect of our new trust program, particularly since historically funding post retirement health care obligations had been uncharted territory for most school districts.”

CSBA’s GASB 45 Solutions program focuses completely on school districts and the public sector. The program designed the first multiple-employer trust for schools using a special section of the IRS Code to help districts comply with GASB 45 requirements. This multiple employer 115-concept is a unique solution available only to government entities.

The law firm of O’Melveny & Myers prepared CSBA’s trust in accordance with Section 115 of the IRC. Both, PARS and O’Melveny & Myers, were instrumental in helping CSBA obtain a PLR from the IRS, which now validates CSBA’s trust under Section 115 of the Code. O’Melveny & Myers has cited that the employer’s adoption of the Plan and Trust agreement satisfies the requirement under the GASB statements, which is that a trust is permissible, as long as it is constructed to be exclusive benefit, irrevocable and not subject to creditors.

For more information, contact Marci McFadden at 916.371.4691.

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