

# Memorandum

MEETING DATE

MAR 09 2011

AGENDA ITEM

#6

**Date:** March 1, 2011  
**To:** Board of Retirement  
**From:** Karen Levy, General Counsel  
**Subject:** Update On Application for Internal Revenue Service Letter of Determination

## Recommendation:

Receive and file.

## Background:

A "Letter of Determination" is a favorable ruling from the Internal Revenue Service stating that the terms of the retirement plan comply with applicable provisions of the Internal Revenue Code and IRS rules. It means that the retirement plan is "tax-qualified" under the Internal Revenue Code and IRS rules, and plan participants will not be taxed when contributions are made to the plan, but rather upon receipt of benefits at retirement.

## Current Status:

CCCERA filed an application with the IRS for a letter of determination within Cycle E, which ended on January 31, 2011. The application was made after the Board adopted changes and compliance policies, as recommended by tax counsel. Included with the application was a Voluntary Compliance Program ("VCP") application, whereby certain plan amendments and corrections were raised. CCCERA received in late February the first ruling from the IRS, regarding the VCP portion of the application. The ruling provides that the plan amendments will be treated as if they were adopted timely. The IRS advised that the application will now be transferred to the group in charge of handling the determination letter portion of the application. No time horizons were provided for the next steps in the process.