



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

DEC 20 2004

In re:

Company =

Original Plan Sponsor =

This letter constitutes notice that pursuant to your request of August 29, 2003, your request for a waiver of the minimum funding standard for the above-named plan for the plan year ending _____ has been withdrawn, and the case has been closed by this office. A withdrawn waiver request does not count against the statutory limit of 3 waivers within a 15-year period. This letter also constitutes notice that a waiver of the 100 percent tax under § 4971(b) of the Internal Revenue Code ("Code") has been granted for the above-named plan for the plan year ending _____, on the condition that the Company's application to the Pension Benefit Guaranty Corporation ("PBGC") for a distress termination of the Plan is approved. If the distress termination application is not approved, the Company may petition that the request for a waiver of the minimum funding standard for the plan year ending _____ be re-opened for consideration.

The waiver of the 100 percent tax has been granted in accordance with § 3002(b) of the Employee Retirement Income Security Act ("ERISA"). The amount for which the waiver has been granted is equal to 100 percent of the accumulated funding deficiency in the funding standard account as of June 30, 2003, the end of the plan year for which the waiver has been granted, to the extent such funding deficiency has not been corrected.

The Company is a non-profit organization dedicated to health care policy. The Company also provides direct healthcare services through its affiliates. The Original Plan Sponsor, a non-profit organization, established the Plan in . In , a proposed merger of the Original Plan Sponsor and another healthcare agency was not completed. Facing the prospect of bankruptcy and the resulting jeopardization of patient care and safety, staff employment, and abandonment of the Plan, the assets of the Original Plan Sponsor were sold to a for-profit healthcare agency. This agency did not agree to adopt the Plan. At the time of the sale, the Plan's assets were not sufficient to satisfy the Plan's benefit obligations on a termination basis. Rather than have the Plan abandoned and presumably taken over by the PBGC, the Company accepted sponsorship of the Plan on . Benefit accruals to the plan ceased in 1996 with the intent of terminating the Plan when sufficient assets were available to satisfy benefit obligations under the Plan.

When the Company assumed sponsorship of the Plan, and through the plan year ending , the Plan was sufficiently well-funded that no annual contributions were required to satisfy the minimum funding requirement. However, declines in the equity market reduced the value of Plan assets, and the enrolled actuary servicing the Plan determined that a minimum contribution of would be required for the plan year ending (this amount was subsequently reduced to). As a non-profit organization, almost all the Company's assets are restricted funds set aside for charitable purposes. Without these restricted funds, the Company's net worth is nominal. Since the Company cannot use restricted funds to meet the Plan's minimum funding requirements, the Company does not have the financial resources to satisfy the requirements for the plan year ending .

The Company has determined that it is not able to both continue its charitable activities and meet its obligations to the Plan. In , the Company adopted a resolution to terminate the Plan effective . Concurrently, the Company submitted an application to the PBGC to approve a distress termination of the Plan. This request is still pending.

The Company has filed a Form 5330 for the plan year ending and has paid the excise taxes due under section 4971(a) of the Code on the accumulated funding deficiency for that plan year. Hence, a waiver of the 100 percent tax under § 4971(b) of the Code has been granted for the plan year ending June 30, 2003.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

We have sent a copy of this letter to the Manager, EP Classification in and to your authorized representative pursuant to a power of attorney (Form 2848) on file in this office.

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If you require further assistance in this matter, please contact

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. M. Prestia", with a long, sweeping horizontal line extending to the right.

Donna M. Prestia, Manager
Employee Plans Actuarial Group 2