



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

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Dear *****

This is in reference to your letter dated October 7, 2005 requesting information about benefits provided by a collectively bargained Multi-Employer Welfare Benefit Plan funded by a voluntary employees' beneficiary association (VEBA) described in section 501(9) of the Internal Revenue Code.

VEBAs are associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries. Under the applicable Income Tax Regulations, the term "other benefits" includes benefits similar to life, sick, or accident benefits if :

(1) It is intended to safeguard or improve the health of a member of a member's dependents, or

(2) It protects against a contingency that interrupts or impairs a member's earning power.

For collectively bargained plans, "other benefits" include any benefit provided in the manner permitted by paragraph (5) et. seq. of section 302(c) of the Labor Management Relations Act (LMRA). Significant benefits allowed under the LMRA that are not permissible for non-collectively bargained plans include the provision of educational benefits to members' dependents and personal legal services.

The benefits enumerated in the final paragraph of your letter are all permitted benefits for collectively bargained plans, specifically: dependent burial expenses, holiday pay, legal services, reimbursement of expenses for education and training, severance pay and vacation pay.

We trust this information will be of assistance to you.

Sincerely,

Robert C. Harper, Jr.
Manager, Exempt Organizations
Technical Group 3