

ACT NOW, CHARTER SCHOOLS: IRS Retirement Regulation

Please Distribute to All Charter School Employees

Deadline for Comments to U.S. Department of Treasury (IRS) - Monday, February 6, 2012

The Issue

The Internal Revenue Service (IRS) has proposed a regulation to clarify the definition of which entities can participate in “government retirement plans.” The proposed definition outlines five “major” factors and eight “other” factors that an entity would have to meet for its employees to be eligible to participate in government retirement plans.

According to the proposed criteria, **charter schools do not meet any of the “major” factors and only four or five of the “other” factors.**

The Consequence

The proposed regulation **would force states to prohibit participation by public charter school employees in state government retirement plans.** If those plans did not prohibit participation, they would face a loss of their status as government plans and a series of new regulations that currently apply to private retirement plans.

The Impacts

The regulation has the potential to greatly affect the pension wealth of over 90,000 charter school employees across the United States. *In Minnesota, over 3,900 charter school teachers in TRA and several hundred other charter employees that are in PERA would be affected.* **For experienced teachers and other employees, it could mean significant losses of retirement wealth if they were forced to leave the state plans mid-career.** It is your future at stake!

It also has the potential to significantly affect hiring of charter school employees, especially teachers, if they cannot participate in state retirement plans.

The Position of the Charter School Community

The charter school community across the country is **requesting that the IRS do the following:**

Amend the proposed regulation to specify that public charter schools, authorized by state charter statutes, be considered agencies or instrumentalities of the state for the purposes of the governmental plan definition of state retirement plans.

More Information

[IRS Proposed Regulation – Webinar](#)

[IRS Proposed Regulation – Description](#)

[IRS Proposed Regulation – Position Statement](#)

ACTIONS TO BE TAKEN NOW - Deadline Monday, February 6, 2012

Given the over 4,500 Minnesota charter school employees that would be affected, our hope is that there will be hundreds and hundreds of messages sent to the IRS and our Congressional Delegation in Washington, DC.

1] Register your comments with the U.S. Treasury (IRS) about the proposed regulation: *state your opposition, how it would affect you personally or your school, and propose the solution.* All comments must be submitted electronically at: <http://www.regulations.gov/#!submitComment;D=IRS-2011-0039-0001>

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2] Contact our U.S. Senators and U.S. Congressmen to ask them to oppose the proposed IRS regulation:

Senator Al Franken - (202) 224-5641, [Email Form](#)

Senator Amy Klobuchar - (202) 224-3244, [Email Form](#)

Congressman Tim Walz (District 1) - 202-225-2472, [Email Form](#)

Congressman John Kline (District 2) - 202-225-2271, [Email Form](#)

Congressman Erik Paulsen (District 3) - 202-225-2871, [Email Form](#)

Congresswoman Betty McCollum (District 4) - 202-225-6631, [Email Form](#)

Congressman Keith Ellison (District 5) - 202-225-4755, [Email Form](#)

Congresswoman Michelle Bachmann (District 6) - 202-225-2331, [Email Form](#)

Congressman Collin Peterson (District 7) - 202-225-2165, [Email Form](#)

Congressman Chip Cravaack (District 8) - 202-225-6211, [Email Form](#)

If you do not remember who your representative is in the **U.S. Congress**, please check your school's profile page in the school directory on the MACS website at: www.mncharterschools.org

Sincerely,

Eugene Piccolo
Executive Director

CC: Authorizer Representatives