Partner Russell Greenblatt Quoted in *Pension & Benefits Daily* on Captive Insurance

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Russell Greenblatt, a partner in the Employee Benefits and Executive Compensation Practice, was quoted in an article in *Pension & Benefits Daily* on “captive insurance,” which may provide a solution for some employers struggling to fund retiree health benefits. Mr. Greenblatt says that using captive insurance in conjunction with voluntary employees' beneficiary associations (VEBAs) raises some tax questions which need to be carefully considered. Under tax code Sections 4976 and 501(c)(9), this arrangement can be viewed as prohibited inurement to the employer. Mr. Greenblatt notes that the IRS previously disapproved of an analogous arrangement wherein a VEBA paid premiums on an insurance policy owned by the employer. “The IRS has viewed this as a reversion to the employer from the VEBA's assets, albeit indirectly through the carrier,” he says. (“Retiree Benefit Funding Challenges Elevate Interest in Benefit 'Captives,'” May 27, 2009)

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