NEW POLICY

FINANCE

Fund Balance and Solvency

Under Policy number 220, the Trustees for the Everett School Employee Benefit Trust ("Trustees") are responsible for ensuring that the Everett School Employee Benefit Trust ("Trust") is managed:

- effectively and prudently, in full compliance with law and the Trust.
- for the exclusive purposes of providing benefits to participants in the Trust and defraying the costs of administering the Trust.

The Trustees believe this responsibility includes the requirement that sufficient funds be retained to meet the Trust's liquidity needs, which vary from time to time. To retain a stable financial base and to comply with regulatory solvency requirements, the Trust needs to maintain a Trust fund balance sufficient to: (i) pay claims for benefits funded directly by the Trust, (ii) pay costs associated with administering the Trust, and (iii) provide financial reserves for unanticipated benefit and cost expenditures and/or revenue shortfalls of an emergency nature.

The Trustees will develop and adopt procedures for carrying out this Policy.

Cross Reference:	Trust Policy 200	Financial Policy
	Trust Policy 220	Investment Guidelines and Rules
	Trust Procedure 250P	Fund Balance and Solvency

Legal Reference:	WAC 80-65-040	Standards for solvency—Program funding requirements

Proposed: December 2010