On June 28, 2019, the Board of Trustees (Trustees) of the IBEW Local Union No. 237 Pension Plan (Fund) filed an application, on behalf of the Fund, with the Secretary of the Treasury (Treasury) proposing to reduce certain pension benefits under the Multiemployer Pension Reform Act of 2014 (MPRA), a federal law.

MPRA requires Treasury (in consultation with the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor (Labor)) to approve the application if it meets the requirements of MPRA.

After careful review of the application, and consultation with PBGC and Labor, Treasury determined that the application meets the requirements of MPRA and, as required by MPRA, approved the proposed reduction on February 5, 2020.

Before the proposed benefit reduction is allowed to go into effect, MPRA requires that the Fund’s eligible participants and beneficiaries vote on whether to approve or reject the proposed reduction.

You are now being asked to vote on whether the proposed benefit reduction should go into effect.

You may vote to either approve or to reject the proposed benefit reduction. If a majority of eligible participants and beneficiaries does not vote to reject the proposed benefit reduction, the Trustees will be authorized to implement the benefit reduction, as described below, beginning on July 1, 2020.

MPRA sets specific rules for how votes are counted. If you do not vote, or if your vote is received after the voting period closes at 11:59 AM ET on March 13, 2020, you will be treated as though you voted to approve the proposed benefit reduction. In other words, unless you vote by March 13, 2020, you will be counted as voting in favor of reducing benefits regardless of whether you support or oppose the proposed benefit reduction. Counting an unreturned ballot as a “yes” vote is required by MPRA. The results of the vote will be posted at www.Treasury.gov/mpra within 7 days of the end of the voting period.

This explanation is intended to help you decide whether to vote to approve or reject the proposed benefit reduction. The statements and opinions in this ballot explanation are those of the Trustees, or are compiled from public comments regarding the proposed benefit reduction, and do not reflect the views or opinions of any government agency.
This ballot explanation includes the following important information:

- Detailed information about the proposed benefit reduction;
- The factors considered by the Trustees in designing the proposed benefit reduction;
- A statement from the Trustees in support of the proposed benefit reduction;
- A statement in opposition to the proposed benefit reduction; and
- Information about what would happen if the proposed benefit reduction is rejected.

**DETAILED INFORMATION ABOUT THE PROPOSED BENEFIT REDUCTION**

The Trustees propose to recalculate the benefits of all participants and beneficiaries effective July 1, 2020, as follows:

- For Plan Years (January 1 to December 31) from 1976 through 2008, Pension Service credits will be limited to a maximum of 1.4 credits in a year. This is the same service limit that applies currently for Plan Years from 2009 and later. With this change, all Plan Years from 1976 and later will use the same service limit to calculate benefits.
- The benefit multiplier for Pension Service credits earned up through 2008 will be limited to $71. This is a reduction from the current benefit level of $85 per Pension Service credit for service up through 2008. Members who had a benefit multiplier of less than $71 because they retired before January 1, 2001, or because they had a previous break in service will have their currently applicable multiplier remain in place.
- The benefit multiplier for Pension Service credits earned in 2009 and later will be reduced to $76. This is a reduction from the current benefit level of $80 per service credit for service in 2009 and later.

Each participant has his or her own work history, so the recalculation of benefits will impact each participant differently based on his or her pre-suspension benefit accrual formula and previous Pension Service credits. To help you understand the impact each of the proposed reductions will have on you, the Trustees designated the following 7 categories based upon the pre-suspension benefit accrual formula and average number of hours:

- Category 1 – Participants with service before 2009 only, with average hours per year of less than 1400,
- Category 2 – Participants with service before 2009 only, with average hours per year between 1400 and 1800,
- Category 3 – Participants with service before 2009 only, with average hours per year of more than 1800,
- Category 4 – Participants with service both before and after 2009, with average hours per year of less than 1400,
- Category 5 – Participants with service both before and after 2009, with average hours per year between 1400 and 1800,
- Category 6 – Participants with service both before and after 2009, with average hours per year of more than 1800, and
- Category 7 – Participants with service after 2008 only.
Under MPRA, even if the proposed benefit reduction is approved and goes into effect:

- Disability benefits (as defined under the plan document) will not be reduced;
- The benefits of Fund participants and beneficiaries who are at least 80 years old on July 31, 2020, will not be reduced;
- The benefits of participants and beneficiaries who are at least 75 years old on July 31, 2020, will be reduced to a lesser degree, as the reduction phases out between age 75 and age 80. This means that the closer a participant or beneficiary is to age 80, the less his or her benefits will be reduced; and
- No benefit will be reduced below 110% of the PBGC guaranteed amount.

If a majority of eligible participants and beneficiaries does not vote to reject the proposed benefit reduction, the benefit reduction will be permitted to go into effect on July 1, 2020, and remain in effect indefinitely. **Note: An estimate of the effect of the proposed benefit reduction on your current monthly benefit is shown in the accompanying document labeled “Ballot Overview.”**

The Fund’s actuary has certified that the Fund is projected to avoid insolvency if the proposed benefit reduction goes into effect. However, the Fund actuary’s projection is based on certain assumptions that are subject to uncertainty.

**FACTORS CONSIDERED BY THE TRUSTEES IN DESIGNING THE PROPOSED BENEFIT REDUCTION**

In deciding how to design the proposed benefit reduction, the Trustees considered the following factors:

- Age and life expectancy of Fund participants;
- Status in the Fund (active, terminated vested, retired);
- The amount of benefits;
- History of benefit increases and decreases;
- Current and past contribution levels;
- Discrepancies between benefits provided to active and retired participants; and
- The extent to which active participants are reasonably likely to withdraw support for the plan.

**STATEMENT IN SUPPORT OF THE PROPOSED BENEFIT REDUCTION – PROVIDED BY THE TRUSTEES**

The Trustees encourage you to vote “Yes” on this ballot. The Trustees strongly believe that this suspension is the only viable means of keeping the Plan solvent to provide for retirement benefits. As reported in the suspension application, the Fund’s actuary projects that without these suspensions the assets in the Plan will be depleted in 2029, at which time the PBGC will provide assistance to pay only a minimal retirement benefit of approximately $35 per Plan Year of service. We considered numerous other options for keeping the Fund solvent long-term so as to maximize the benefits under the Plan, and ultimately concluded that this suspension under MPRA was the best option for current and future retirees. Again, we strongly encourage you to vote “Yes” on this ballot.
STATEMENT IN OPPOSITION TO THE PROPOSED BENEFIT REDUCTION – COMPILED BY THE DEPARTMENT OF LABOR

In response to the solicitation of comments in the Federal Register, Treasury received no comments on the application submitted on June 28, 2019, or the review process.

WHAT WOULD HAPPEN IF THE PROPOSED BENEFIT REDUCTION IS REJECTED?

The benefit reduction described above will take effect on July 1, 2020, unless a majority of the Fund’s eligible participants and beneficiaries votes to reject the proposed benefit reduction. If a majority of participants and beneficiaries votes to reject the proposed benefit reduction, the benefit reduction will not go into effect. The Trustees could submit a new benefit reduction application to Treasury, but it is not known whether the Trustees would do so.

Based on projections made by the Fund’s actuary, the Trustees have determined that the Fund will become insolvent, or run out of money to pay benefits, by the end of the Plan Year that begins in 2029, unless the benefit reduction takes effect. This means that, if the projections are correct, the Fund would not have enough money to make monthly pension benefit payments when due by the end of the 2029 Plan Year. This projection of the Fund’s insolvency is based on certain assumptions about events that are reasonably likely to take place in the future, but are not certain. For example, if the Fund’s investments perform better than expected, the date on which the Fund runs out of money could be later than 2029. On the other hand, if the Fund’s investments perform worse than expected, the date on which the Fund runs out of money could be earlier than 2029.

If the Fund runs out of money, PBGC will provide the Fund with financial assistance that will allow it to continue paying a portion of your monthly pension benefit. The amount that the Fund will be allowed to pay, however, is capped by law at a maximum guaranteed amount. That guaranteed amount may be less than your current monthly benefit and less than the estimated monthly benefit payment you would receive if the proposed benefit reduction takes effect. Also, by law, the PBGC guaranteed benefit determination does not take into account your age or the disability status of your benefit in making adjustments to your monthly benefit.

Whether the Fund is able to receive financial assistance from PBGC (if the Fund becomes insolvent) also depends on the financial stability of PBGC at that time. In a recent report, PBGC projected that its Multiemployer Fund Program, which insures the Fund’s ability to pay up to the maximum guaranteed amount, could become insolvent by 2025. In other words, PBGC could run out of money before the Fund is projected to run out of money in 2029. If both the Fund and the PBGC Multiemployer Fund Program become insolvent, participants and beneficiaries of the Fund would be at risk of receiving benefits that would be much lower than the benefits they would have received if only the Fund had run out of money. If both the Fund and the PBGC Multiemployer Fund Program became insolvent, your pension benefits could be reduced to nearly zero.