

Checklist Item #23	Resubmitted Application for Approval of a Suspension of Benefits Under MPRA
<p>Iron Workers Local 17 Pension Fund EIN: 51-0161467 Plan No.: 001</p>	
<p>Does the application include a copy of the proposed ballot, excluding the information regarding the statement in opposition, the individualized estimate and the voting procedures? See section 6.01.</p>	<p>The application on behalf of the Iron Workers Local 17 Pension Fund includes a proposed Ballot attached as pages IW17PF_846 – IW17PF_ 852. This Ballot includes the following:</p> <ul style="list-style-type: none"> • A description of the proposed suspension and its effect, including the effect of the suspension on each category or group of individuals affected by the suspension and the extent to which they are affected; • A description of the factors considered by the plan sponsor in designing the benefit suspension, including but not limited to the factors in paragraph (d)(6)(ii) of this section; • A description of whether the suspension will remain in effect indefinitely or will expire by its own terms (and, if it will expire by its own terms, when that will occur); • A statement from the plan sponsor in support of the proposed suspension; • A statement that the proposed suspension has been approved by the Secretary of the Treasury, in consultation with the PBGC and the Secretary of Labor; • A statement that the plan sponsor has determined that the plan will become insolvent unless the proposed suspension takes effect (including the year in which insolvency is projected to occur without a suspension of benefits), and an accompanying statement that this determination is subject to uncertainty; • A statement that insolvency of the plan could result in benefits lower than benefits paid under the proposed suspension and a description of the projected benefit payments in the event of plan insolvency; • A statement that insolvency of the PBGC would result in benefits lower than benefits

	<p>otherwise paid in the case of plan insolvency;</p> <ul style="list-style-type: none">• A statement that the plan's actuary has certified that the plan is projected to avoid insolvency, taking into account the proposed suspension of benefits and an accompanying statement that the actuary's projection is subject to uncertainty; and• A statement that the suspension will go into effect unless a majority of all eligible voters vote to reject the suspension and that, therefore, a failure to vote has the same effect on the outcome of the vote as a vote in favor of the suspension. <p>The Board of Trustees will update this proposed Ballot upon request or at such a time as the Department of Treasury issues a model ballot.</p>
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PROPOSED BALLOT FOR RATIFICATION OF THE
BENEFIT SUSPENSION PLAN FOR THE
IRON WORKERS LOCAL 17 PENSION FUND
[DATE]

PARTICIPANTS AND BENEFICIARIES:

The Board of Trustees for the Iron Workers Local 17 Pension Fund previously sent you a Notice that an Application for Approval of a Suspension Plan was filed with the Secretary of Treasury on December 23, 2015 and then resubmitted on July 29, 2016. This notice detailed the proposed benefit reductions pursuant to the Multiemployer Pension Reform Act of 2014 (MPRA) which would take effect on February 1, 2017 if the Application was approved by the U.S. Department of Treasury. The Notice explained that if the Pension Fund's application was approved by the Department of Treasury, then the participants and beneficiaries will have the ability to vote on whether the Benefit Suspension Plan should go into effect. On [DATE], the Secretary of Treasury approved the Pension Fund's proposed Suspension Plan.

THIS BALLOT IS INTENDED TO ASSIST YOU IN MAKING YOUR DECISION ON WHETHER TO VOTE FOR OR AGAINST THE PROPOSED BENEFIT SUSPENSION PLAN.

This Ballot includes the following important information:

- DETAILED INFORMATION ON THE PROPOSED SUSPENSION PLAN;
- FACTORS CONSIDERED BY THE TRUSTEES IN PREPARING THIS SUSPENSION PLAN;
- THE SUSPENSION PLAN'S IMPACT ON YOUR BENEFITS;
- A STATEMENT FROM THE BOARD OF TRUSTEES IN SUPPORT OF THE SUSPENSION PLAN; AND
- IMPORTANT INFORMATION ON WHAT WILL HAPPEN NOW THAT THE SUSPENSION PLAN IS APPROVED BY TREASURY.

PROPOSED SUSPENSION PLAN AND ITS IMPACT ON YOUR PENSION

The application filed on behalf of the Iron Workers Local 17 Pension Fund gives you the details on the Proposed Suspension Plan which will go into effect on February 1, 2017 and stay in place indefinitely.

The Trustees propose to amend the Pension Fund to recalculate all accrued benefits or benefits in pay status for all affected participants, beneficiaries and Alternate Payees without regard to any different category or classifications based upon employer, date of retirement or years of service etc. However, this recalculation will not reduce any benefit below 110% of the level guaranteed by the PBGC.

The recalculation will include the following changes:

1. Proposed Reduction of Benefit Credit Rate

The accrued benefit earned for each participant under the Pension Fund has historically depended upon the Benefit Credit amount in effect during the your working career and at your retirement. The rates ranged from \$12.00 to \$100.00 per Benefit Credit since the Pension Fund's inception. The current Benefit Credit rate of \$50.00 was adopted in November 2004.

Under the Proposed Suspension Plan, the accrued benefit and benefit in pay status for any affected participant, beneficiary or Alternate Payee will be recalculated as of April 30, 2016 (the fiscal plan year-end immediately prior to the Suspension Date) to be reduced so the highest average accrual rate is no more than \$72.00 per year of Benefit Credit.

For example: A participant had 12 full Benefit Credits and at retirement earned an unreduced monthly benefit of \$1,020, then under the suspension his average benefit accrual rate would be determined by dividing \$1,020 by 12 Benefit Credits. The average rate is \$85. Under the Suspension Plan, since \$85 is greater than the \$72 reduced rate, the average rate of \$72 will be multiplied by the 12 Benefit Credits for an adjusted monthly benefit of \$864.

2. Proposed Elimination of Excess Benefit Credits.

During the period of May 1, 1986 to April 30, 2005, participants that worked more than 1,200 hours in a Plan Year could earn more than one (1) full year of Benefit Credit. Effective May 1, 2005, the Pension Fund changed the crediting schedule to require 1,900 hours in a Plan Year to earn one (1) full year of Benefit Credit and eliminated the ability of any participant to earn more than one (1) credit.

Under the Proposed Suspension Plan, the accrued benefit and benefits in pay status will be adjusted so any additional Benefit Credits over one (1) will be eliminated as of February 1, 2017.

For example: During the years of 1986 through 2005 participants could earn more than 1 year of Benefit Credit if they worked over 1,200 hours in the plan year. If the participant's monthly benefit was based upon the 35 years of Benefit Credit, but this included 4 years when the participant earned 1½ Benefit Credits, the total years of Benefit Credit would be reduced by 2 years to 33 for purposes of calculating the reduced monthly benefit.

3. Proposed Modification of Unreduced Early Retirement Benefit

Prior to 2009, the Pension Fund provided for an unreduced early retirement for participants with long service of 30+ years of vesting service referred to as the 30 Year Service Pension.

Under the Proposed Suspension Plan, the benefits in pay status for any affected participant, beneficiary or Alternate Payee that received an unreduced early retirement benefit will be recalculated as of February 1, 2017 to apply a 1.5% reduction for each month that the person's pension commenced prior to age 62.

For example: If a participant retired prior to May 2009 with 30 years of vesting service at age 57, he would receive an unreduced pension. If the monthly benefit was \$3,200 without a reduction, the benefit would now be reduced by 7.5% (1.5% x 5 years) or \$290. The adjusted monthly benefit would be \$2,960.

These changes will only apply to "Affected" participants, beneficiaries and Alternate Payees. You will be considered part of this "affected" group if you do not fall into one of the following exemptions:

- All participants that were awarded with a disability pension and beneficiaries of these participants;
- All participants and beneficiaries who are at least age 80 as of March 1, 2017; and
- Any participant or beneficiary that is receiving or would receive a benefit that is less than 110% of the PBGC guarantee in the absence of these changes.

Additionally, the Proposed Suspension Plan will limit the application of these proposed reductions for any participant, beneficiary or Alternate Payee that is between age 75 and 80 as of February 28, 2017. This group, which the Suspension Plan refers to as "Limited Suspension Participants", will have their accrued benefit or benefit in pay status recalculated under the changes that apply to the Affected Participants above called the recalculated benefit. However, the Pension Fund will then determine 1/60th of the difference between the current benefit and recalculated benefit. This factor will be multiplied by the number of months that you are over age 75 as of February 28, 2017 to determine an increase factor. The new benefit under the Proposed Suspension Plan for this group of Limited Suspension Participants is the sum of the reduced benefit plus the increase factor.

Finally, the Pension Fund currently does not allow retirees that are younger than age 65 to return to any work in the industry. Under the Proposed Suspension Plan, the Trustees would amend the current return to work restrictions on retirees who are younger than age 65 to allow participants in pay status as of February 1, 2017 to return to work for up to 39.5 hours per month under the same rules that currently apply to retirees that have reached Normal Retirement Age without having their monthly benefit suspended.

The proposed Suspension Plan does not have a different set of benefit reductions that applies to different categories or groups of participants and beneficiaries. All three proposed reductions will apply to any participant, beneficiary or Alternate Payee that does not qualify for an exemption. However, each participant in the Pension Fund has a

different work history and retirement date. This means that the proposed Suspension Plan will impact people in different ways. To help you understand the impact each of the proposed reductions will have on you, we have designated the following 7 categories based upon the pre-suspension benefit accrual formula:

- Category 1 – Participants with a pre-suspension \$100 Benefit Credit
- Category 2 – Participants with a pre-suspension \$90 Benefit Credit
- Category 3 – Participants with a pre-suspension \$85.50 Benefit Credit
- Category 4 – Participants with a pre-suspension \$75 Benefit Credit
- Category 5 – Participants with a pre-suspension \$72.50 Benefit Credit
- Category 6 – Participants with a pre-suspension \$72 or less Average Benefit Credit
- Category 7 – Participants with a pre-suspension Average Benefit Credit between \$99.99 and \$72.01

If you are in any Category except 6, your post-suspension benefit will be reduced to the average of \$72.00 per Benefit Credit as describe in Proposed Reduction #1 above.

Within each of these Categories, everyone is further impacted differently depending upon whether you retired on an Unreduced Early Retirement Benefit (30 Year Service Pension) or if you earned more than one Benefit Credit in any year. To help you understand the impact of these additional benefit reductions on you if the proposed Suspension Plan is approved and effective February 1, 2017, we have designated 4 separate sub-groups as follows:

- Subgroup A = Includes the participants that did **not** have any extra Pension Credits and did **not** retire on an Unreduced Early Benefit prior to May 2009. If you are in this sub-group, your monthly benefit after February 1, 2017 will not be further reduced.
- Subgroup B – Includes the participants that **did** earn extra Pension Credits but did **not** retire on an Unreduced Early Benefit prior to May 2009. If you are in this sub-group, all of the extra Pension Credits will be eliminated on February 1, 2017 as described in Proposed Reduction #3 above.
- Subgroup C – Includes the participants that did **not** earn any extra Pension Credits but **did** retire on an Unreduced Early Benefit prior to May 2009. If you are in this sub-group, your monthly benefit will be reduced by an Early Retirement reduction factor of 1.5% per year for each you retired prior to age 62 on February 1, 2017 as described in Proposed Reduction #2 above.
- Subgroup D – Includes the participants that **did** earn extra Pension Credits and also **did** retire on an Unreduced Early Benefit prior to May 2009. If you are in this sub-group, all of the extra Pension Credits will be eliminated and your monthly benefit will be reduced by an Early Retirement reduction factor of 1.5% per year for each year you retired prior to age 62 on February 1, 2017 as described in Proposed Reductions #2 and #3 above.

FACTORS CONSIDERED BY THE TRUSTEES IN MAKING THIS SUSPENSION PLAN

Federal law requires that any reduction of benefits under a suspension plan be distributed fairly among the various categories or groups of participants and beneficiaries under the Plan. In deciding whether the proposed reduction would be distributed fairly under the Plan, the Board of Trustees took into account the following factors:

- (1) Age and Life expectancy of the participants in the Plan;
- (2) The length of time the participants are in pay status;
- (3) The amount of the benefits being provided by the Plan;
- (4) The extent to which the benefits provided contain subsidies, specifically with regard to the unreduced early retirement benefits;
- (5) The history of benefit increases and reductions. Specifically the extent to which the benefits being received are subject to the reductions which took place starting in 2004 and which changed the entire Pension Fund for participants that did not retire prior to May 2009;
- (6) Discrepancies between the benefits provided to active and retired participants;
- (7) The extent to which the current active participants are reasonably likely to withdraw support for the Plan which will cause employer withdrawals and increase the risk of additional benefit reductions for all participants and beneficiaries in this Pension Fund because of the burdensome level of contributions being paid for a maximum of \$50 per Benefit Credit.

BOARD OF TRUSTEES' STATEMENT IN SUPPORT OF THE PROPOSED SUSPENSION PLAN

As you are aware, the Board of Trustees has the obligation to manage and preserve the long-term financial viability of the Pension Fund to make sure we protect the retirement security of all the people that have been promised a benefit upon their retirement including retirees, beneficiaries, terminated vested participants and active members.

We continually monitor the state of your Pension Fund and where the Fund is headed based on future projections. We regularly meet with our advisors, including investment advisors, actuaries and attorneys, to review the Pension Fund's status and discuss possible options to strengthen the Fund and protect your benefits.

The Current State of Our Pension Fund

Various economic and financial factors impact pension funds. For much of the past two decades, these factors have provided our Fund with unprecedented challenges.

- **The investment markets continue to be volatile.** While the markets have performed better in recent years, the Fund has not fully recovered from the downturns of the last two decades.
- **Employment in our industry—nationally and throughout the Cleveland area—is still significantly down** from the highs prior to the Great Recession. Cleveland was once an industrial based economy which provided industrial maintenance hours in the steel mills and auto plants, but now our area's economy is focused on education and

healthcare. Because hours worked are down, **employer contributions to the Pension Fund are also down.**

- **Retirees outnumber active participants and are retiring earlier and living longer,** causing our benefit payments to be greater than our contributions. This causes a decline in Fund assets.

Over the last decade, the Board of Trustees has taken a series of steps designed to mitigate these risk factors and strengthen your Pension Fund. We first took corrective action in 2004 by reducing the credit from \$100.00 to \$50.00. Then in 2006, we increased the number of hours required to earn a credit from 1,200 to 1,900 and also instituted the requirement that a Total and Permanent Social Security Award is required for a disability pension from the Fund. We then adopted a Rehabilitation Plan in 2008 when the Fund was designated in Critical Status, as defined by the Pension Protection Act of 2006. Even with this series of corrected measures, we were forced to amend that plan in 2011, when we projected that the Fund would run out of money in 2024.

This year, the Pension Fund was certified in Critical and Declining Status, a new category created by MPRA. Until MPRA was passed, there was no real way to truly fix the problem of underfunded multiemployer pension funds like ours, which is only 32% funded today and projected to be insolvent in 8 years.

Under MPRA, trustees of severely underfunded multiemployer pension funds are allowed to develop relief plans that include benefit reductions for active workers, terminated vested participants, retirees and beneficiaries, in order to reduce the plan costs and continue paying benefits in the future. The relief offered by MPRA is only for funds that are in very dire situations.

We are taking action now because, the longer we wait, the larger that benefit reductions will have to be. If we wait too long, no suspension plan will be able to save the Pension Fund from running out of money. If that happens, the Pension Benefit Guaranty Corporation (PBGC) will be responsible for paying out your pension, and your payments will be reduced significantly more than under our proposed changes. The PBGC is projecting that its own fund will run out of money. If this occurs, then the pension payments the PBGC makes would be reduced even further and possibly to zero. Additionally, in the event this Pension Fund does become insolvent, the PBGC does not follow the same rules with regard to exempt participants. ***The PBGC guaranteed levels will apply regardless of your age or status as a disabled participant.***

We realize that these changes are big and will impact you and your family. This has been a very difficult decision for the Board. Reducing pensions for current retirees and beneficiaries is not something we ever thought we'd have to do. But it's come to that point where we have to take drastic steps. We have worked very hard to create a series of benefit reductions that are equitably distributed between all of the groups of participants and beneficiaries in this Pension. There are certain groups which will not be impacted including participants over age 80 and those that retired on a disability pension. The only reason we are attempting to make these changes to the remaining participants and

beneficiaries is to prevent the Pension Fund from going bankrupt, and your pension payments from being cut even more at insolvency. Our proposed Suspension Plan is not designed to be a band-aid or a short-term solution; it is designed to keep your Pension Fund solvent for the future.

WHAT WOULD HAPPEN IF THE PROPOSED SUSPENSION PLAN IS REJECTED?

The Board of Trustees, in consultation with the Pension Fund's Actuary, have determined that the Pension Fund will become insolvent in 2024 if the proposed Suspension Plan is not implemented on February 1, 2017. This means that during the Plan Year beginning May 1, 2023, the Pension Fund will no longer have enough money to make the monthly pension benefit payments when due. This projected insolvency date is determined using certain assumptions that are reasonably expected to occur in the future, but not guaranteed. For example, if the investment markets are better than expected and the Pension Fund earns more than a 6.5% return for several years, the insolvency date may be postponed beyond 2024. The opposite is true if the Pension Fund's investment returns are less than 6.5% in the future.

As illustrated by the Individual Benefit Estimate provided, insolvency of the Pension Fund may result in a monthly benefit lower than benefits paid under the reductions proposed in the Suspension Plan. At the time that the Pension Fund becomes insolvent, the PBGC will step in and provide the Pension Fund with financial assistance to continue paying a portion of your monthly retirement benefit. This is capped as a maximum guaranteed amount that is significantly less than the current benefit for most participants in this Pension Fund. For example, a participant with 30 years of service and a \$3,000 per month benefit, would receive less than \$1,100 from the PBGC. Additionally, the PBGC does not take into account your age or status as a disabled participant in making these adjustments to your benefits.

The ability of the Pension Fund to receive financial assistance from the PBGC upon insolvency is also based upon the financial stability of the PBGC. In a recent report, the PBGC projected that its Multiemployer Plan Program would fully exhaust its own assets within ten years, possibly becoming insolvent at the same time the Pension Fund does.

In the event that the Pension Fund and the PBGC both become insolvent, participants and beneficiaries in pay status would be at risk of receiving benefits that would be dramatically lower than benefits otherwise paid in the case of the Pension Fund's insolvency. If both the Pension Fund and the PBGC Multiemployer Program become insolvent, your benefits could be reduced to almost zero.

THE PENSION FUND IS PROJECTED TO AVOID INSOLVENCY IF THE SUSPENSION PLAN IS IMPLEMENTED

The Pension Fund's Actuary has certified as part of the Application Process that the Pension Fund will avoid insolvency if the proposed benefit reductions under the

Suspension Plan are implemented. This projection requires the use of certain assumptions, so the determination is subject to some uncertainty.

SECRETARY OF TREASURY'S APPROVAL OF THE PROPOSED SUSPENSION PLAN

This proposed Suspension Plan which includes the reduction of the accrued benefit, elimination of some early retirement subsidies and excess benefit credits, was reviewed and approved by the Secretary of Treasury, in consultation with the PBGC and Secretary of Labor.

IMPORTANT INFORMATION ON WHAT WILL HAPPEN NOW THAT THE SUSPENSION PLAN IS APPROVED BY TREASURY

Now that the Suspension Plan is approved by Treasury, all participants and beneficiaries have the ability to vote on whether you approve of it. The effect of not voting by the deadline IS the same as approving the proposed Suspension Plan. MPRA was written to allow the proposed Suspension Plan to go into effect UNLESS a majority of the participants and beneficiaries vote against the Suspension Plan.

In the event that the majority of the participants and beneficiaries vote against this Suspension Plan, the proposed Suspension Plan will not go into effect February 1, 2017. The Board of Trustees will have the ability to prepare a new application with a different proposed suspension plan; however, this is very unlikely to occur based upon the limitations under the federal law and the significant expenses this process requires. Accordingly, if the proposed Suspension Plan is rejected, then the Pension Fund will likely become insolvent in approximately 2024 as projected.