



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C.

September 24, 2018

Raymond Cleland, Trustee  
Board of Trustees of Ironworkers Local Union 16 Pension Fund  
800 LaSalle Road, Suite 624  
Towson, MD 21286

Re: Ironworkers Local Union 16 Pension Fund (Fund) Application for Reduction of Benefits

Dear Mr. Cleland:

On August 3, 2018, you were notified that the Secretary of the Treasury (Treasury), in consultation with the Secretary of Labor (DOL) and the Pension Benefit Guaranty Corporation (PBGC), had reviewed your application (Application) for a reduction in benefits, which was submitted on December 28, 2017, and determined that the Application satisfied the requirements of subparagraphs (C), (D), (E), and (F) of section 432(e)(9) of the Internal Revenue Code (Code), which were added to the Code by Multiemployer Pension Reform Act of 2014 (MPRA). The notification explained that, as required under MPRA, before any benefit reduction could go into effect, Treasury would administer a vote of eligible participants and beneficiaries to approve or reject the proposed benefit reduction.

As required by MPRA, Treasury, in consultation with PBGC and DOL, began administering a vote of participants and beneficiaries on August 17, 2018. The voting period was scheduled to run until September 7, 2018. Shortly after the ballot materials were mailed, Treasury learned that a mechanical error occurred during the printing process and, as a result, a small number of individuals received misdirected ballot materials intended for other eligible voters. To ensure the integrity of the process and the results, Treasury, after consulting with PBGC and DOL, determined that it was necessary to cancel the original vote and to administer a replacement vote. All eligible voters were notified by mail and informed that replacement ballot materials were forthcoming.

The replacement voting period began on August 27, 2018, and ended on September 17, 2018. On September 18, 2018, the vote administrator counted the votes, certified the results, and informed Treasury of the outcome. The Fund identified 1,044 participants and beneficiaries who were eligible to vote, and ballots were delivered successfully to 1,038 of these individuals by the vote administrator.<sup>1</sup> Of the eligible voters identified by the Fund, 496 returned a ballot; 352 (or 33.9% of all eligible voters) voted to reject the benefit reduction, 144 voted to approve the benefit reduction and 542 did not return a ballot.

Because a majority of voters identified as eligible by the Fund did not vote to reject the benefit

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<sup>1</sup> Six ballots were returned to the vote administrator as undeliverable, and the voters could not be located using reasonable means.

Page 2

reduction, the benefit reduction is permitted to go into effect. Treasury, in consultation with DOL and PBGC, has issued a final authorization to reduce benefits under the Fund as described in the Application, effective October 1, 2018, subject to the conditions described below.

Under MPRA, the Fund's ability to reduce benefits is conditioned on the Fund's compliance with subparagraphs (C) and (E) of section 432(e)(9). Under subparagraph (C), after the benefit reduction goes into effect, the plan sponsor of the Fund must make an annual determination that, despite all reasonable measures to avoid insolvency, the Fund is projected to become insolvent unless a benefit reduction continues. The Fund must maintain a written record of these annual determinations, and this record must include a description of the factors considered to determine whether all reasonable measures have been taken to avoid insolvency. The written record must be made available to participants and beneficiaries. If the Fund fails to satisfy the annual plan sponsor determination requirement for a plan year (including maintaining the written record), then the reduction of benefits will expire as of the first day of the following plan year.<sup>2</sup>

Subparagraph (E) of section 432(e)(9) establishes rules that apply to any benefit improvements that are made under the Fund during the period that the benefit reduction remains in effect.

A copy of this letter will be posted on the Treasury Department website. Please contact Treasury staff if you have any questions or need any additional information.

Sincerely,



Sam J. Alberts  
MPRA Special Master

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<sup>2</sup> 26 C.F.R. § 1.432(e)(9)-1(c)(5).