Southwest Ohio Regional Council of Carpenters Pension Plan
Checklist Item #13

Does the application include a demonstration that the proposed suspension is equitably distributed, including:

- information on the effect of the suspension on the plan in the aggregate;
- information on the effect of the suspension for different categories or groups;
- a list of the factors taken into account;
- an explanation of why none of the factors listed in § 432(e)(9)(D)(vi) were taken into account (if applicable);
- for each factor taken into account that is not one of the factors listed in § 432(e)(9)(D)(vi), an explanation why the factor is relevant; and
- how any difference in treatment among categories or groups of individuals results from a reasonable application of the relevant factors.

See Section 4.04.

The demonstration that the proposed suspension is equitably distributed is set forth in the attached Document 13.1, which includes a statement of the number of participants, beneficiaries, alternate payees; the average monthly benefit before the suspension; the average monthly benefit after the suspension (determined taking into account the individual limitations); and the aggregate present value reduction in benefits for all individuals.

In addition, included as an attachment to Document 13.1 are tables that illustrate the percentage reduction for monthly benefits as distributed between all participants, actives and retirees.

Document 13.2 sets forth an explanation of the factors taken into account in the design and adoption of the proposed suspension of benefits in the "Pension Recovery Plan" adopted by the Board of Trustees of the Southwest Ohio Regional Council of Carpenters.

Document 13.3 is a copy of the PowerPoint presentation titled "Understanding the Pension Recovery Plan" used to describe the proposed suspension of benefits to the participants and beneficiaries of the Southwest Ohio Regional Council of Carpenters Pension Plan.

Southwest Ohio Regional Council of Carpenters Pension Plan
Document 13.1

The benefit suspension tables that illustrate the percentage reduction for monthly benefits as distributed between all participants, actives and retirees are attached hereto as Document 13.1.

The statement of the number of participants, beneficiaries, alternate payees; the average monthly benefit before the suspension; the average monthly benefit after the suspension (determined taking into account the individual limitations); and the aggregate present value reduction in benefits for all individuals is as follows:

Status	Total Participants*	Average Monthly Benefit before Suspension	Average Monthly Benefit after Suspension
Participants	4,917	$922.23	$732.05
Beneficiaries	580	$563.97	$532.68
Alternate Payees	81	$521.26	$495.90
Total	**5,578**	**$879.16**	**$707.89**

As of January 1, 2018, the aggregate present value of the reduction in benefits for all individuals is $103,717,192. The present value is based on the assumptions, methods and plan provisions outlined in Document 7.1.

*Based on data summarized in the January 1, 2016 Actuarial Valuation Report.

Southwest Ohio Regional Council of Carpenters Pension Plan

Actives - Pension Recovery Plan

Benefit Suspension Percentage

Age at Suspend	< 5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	41-45%	46-50%	51-55%	56-60%	61-65%	66%+	Total
<19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	18	3	9	0	0	0	0	0	0	0	0	0	0	30
25-29	0	69	15	28	0	0	0	0	0	0	0	0	0	0	112
30-34	0	70	29	63	0	0	0	0	0	0	0	0	0	0	162
35-39	0	103	34	116	0	0	0	0	0	0	0	0	0	0	253
40-44	0	69	21	148	0	0	0	0	0	0	0	0	0	0	238
45-49	0	65	21	206	0	0	0	0	0	0	0	0	0	0	292
50-54	1	39	14	214	0	0	0	0	0	0	0	0	0	0	268
55-59	0	28	20	203	0	0	0	0	0	0	0	0	0	0	251
60-64	0	5	6	98	0	0	0	0	0	0	0	0	0	0	109
65-69	0	4	1	14	0	0	0	0	0	0	0	0	0	0	19
70-74	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
75-79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
80+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	470	164	1,100	0	0	0	0	0	0	0	0	0	0	1,735

* Seven participants excluded because of missing dates of birth.

SWORCCPP-000075

Southwest Ohio Regional Council of Carpenters Pension Plan

All Participants - Pension Recovery Plan

Benefit Suspension Percentage

Age at Suspend	< 5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	41-45%	46-50%	51-55%	56-60%	61-65%	66%+	Total
<19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	18	3	9	0	0	0	0	0	0	0	0	0	0	30
25-29	2	70	15	28	0	0	0	0	0	0	0	0	0	0	115
30-34	3	89	32	67	0	0	0	0	0	0	0	0	0	0	191
35-39	7	121	40	159	0	0	0	0	0	0	0	0	0	0	327
40-44	6	78	25	251	0	0	0	0	0	0	0	0	0	0	360
45-49	6	75	23	368	0	0	0	0	0	0	0	0	0	0	472
50-54	31	44	17	427	1	0	0	0	0	0	0	0	0	0	520
55-59	42	61	27	478	1	1	1	1	1	2	1	5	2	1	624
60-64	80	94	23	323	10	4	13	21	18	30	31	24	12	2	685
65-69	136	107	12	136	23	8	27	25	28	28	21	13	6	6	576
70-74	147	65	12	94	16	11	11	20	21	23	13	4	5	0	442
75-79	275	49	34	22	12	9	6	8	6	2	0	0	0	0	423
80+	805	0	0	0	0	0	0	0	0	0	0	0	0	0	805
Total	1,540	871	263	2,362	63	33	58	75	74	85	66	46	25	9	5,570

* Eight participants excluded because of missing dates of birth.

Southwest Ohio Regional Council of Carpenters Pension Plan

Retirees - Pension Recovery Plan

Benefit Suspension Percentage

Age at Suspend	< 5%	6-10%	11-15%	16-20%	21-25%	26-30%	31-35%	36-40%	41-45%	46-50%	51-55%	56-60%	61-65%	66%+	Total
<19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20-24	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50-54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55-59	3	17	4	6	0	1	1	0	1	2	1	5	2	1	44
60-64	14	58	9	42	10	4	11	20	16	30	31	23	12	2	282
65-69	34	79	10	86	21	5	26	25	26	28	19	13	6	6	384
70-74	53	54	12	83	14	10	9	20	21	22	13	4	5	0	320
75-79	149	39	29	19	10	9	6	8	6	2	0	0	0	0	277
80+	459	0	0	0	0	0	0	0	0	0	0	0	0	0	459
Total	712	247	64	236	55	29	53	73	70	84	64	45	25	9	1,766

SWORCCPP-000077

Southwest Ohio Regional Council of Carpenters Pension Plan
Document 13.2

The Board of Trustees of the Southwest Ohio Regional Council of Carpenters Pension Plan propose a suspension of benefits formula that applies a uniform series of steps to recalculate the participant or beneficiary's accrued benefit, effective as of December 31, 2017, whether the participant or beneficiary is presently in pay status or has not yet commenced payment of benefits. After consideration of the factors set forth below and several possible alternative designs, the Board of Trustees determined that the proposed suspension of benefits set forth in this application was equitable to the Plan's participants and beneficiaries and the preferred implementation for a suspension of benefits for this Plan.

The first step of the recalculation is the application of the early retirement factors, a full actuarial reduction, that would have been applicable to the participant's age at retirement had the participant retired subject to the same Plan provisions that apply to monthly benefits with an annuity starting date on or after January 1, 2013 (the date of the final removal of any and all subsidies for early retirement). Similarly, beneficiaries presently receiving monthly benefits would have their benefits recalculated to apply the early retirement factors that would have been applicable on or after January 1, 2013 to the accrued benefit of the participant on whom the beneficiary's benefit is based.

This purpose of the first step is to "level the playing field" and eliminate any subsidy that any participant or beneficiary may receive from the Plan for monthly benefits going forward. Thus, for any participant who retired at age 62 (Normal Retirement Age) or after January 1, 2013, the first step would not result in any reduction of their monthly benefit because either no early retirement reduction was applicable due to retirement on or after age 62 or the participant or beneficiary would be or already has been subject to the early retirement reduction.

The second step of the recalculation is a uniform seventeen percent (17%) reduction of the monthly benefit of every participant and beneficiary.

Each of the above steps is limited by the application of the guarantee-based limitation, described in 26 C.F.R. §1.432(e)(9)-1(d)(2), the age-based limitation, described in 26 C.F.R. §1.432(e)(9)-1(d)(3), and the disability-based limitation, described in 26 C.F.R. §1.432(e)(9)-1(d)(4).

Basically, the proposed suspension of benefits eliminates all subsidies for all participants, beneficiaries for any monthly payments on or after January 1, 2018, and then applies a uniform seventeen percent (17%) reduction. As a result of this design for the suspension of benefits, over ninety percent (90%) of participants and beneficiaries have a benefit suspension that is twenty percent (20%) or less.

Through the analysis, consideration and adoption of the proposed suspension of benefits that the Board of Trustees refers to as the "Pension Recovery Plan" for the Southwest Ohio Regional Council of Carpenters Pension Plan, the Board of Trustees considered the following factors:

Age and Life Expectancy

The Board of Trustees considered the age and life expectancy of the participants and beneficiaries, noting the protection that the age-based limitation and the disability-based limitation provided by the Multiemployer Pension Reform Act of 2014, and the regulations promulgated thereunder. The Board of Trustees did not choose to advantage or disadvantage any participant or beneficiary based on their life expectancy other than the removal of the subsidies for those individuals who retired prior to age 62 or their beneficiaries and commenced benefits prior to January 1, 2013.

Amount of Benefit

The Board of Trustees reviewed and considered the impact of the amount of benefit each participant had accrued. However, the Board of Trustees determined a uniform percentage reduction of participants' accrued monthly benefit, after the elimination of the pre-2013 subsidies for those participants who retired prior to attaining age 62 (subject to the various statutory limitations), resulted in a more equitable suspension of benefits than any reduction of historical accrual rate or flat dollar reduction targeted at any particular group of participants or beneficiaries.

Type of Benefit: Survivor, Normal Retirement, Early Retirement

The Board of Trustees reviewed the possible impact of distinguishing between the various types of benefits. As set forth above, the Board of Trustees resolved to remove any subsidy for retirement prior to age 62 (Normal Retirement Age), which resulted in the imposition of early reduction factors to the monthly benefit of those participants, or their beneficiaries, who retired prior to January 1, 2013 and had not attained age 62 at retirement. However, all participants, and their beneficiaries, who retired on or after January 1, 2013 were already subject to those same early reduction factors. Except for the elimination of early retirement subsidies, the Board of Trustees did not distinguish between the type of benefit that a participant or beneficiary received.

Extent to which participant or beneficiary is receiving a subsidized benefit

The Board of Trustees determined that the Plan would remove all subsidies from early retirement before the imposition of additional reductions to participants' accrued benefits. The accrued benefit is the core promise of the Plan, and thus, the Board of Trustees determined that it would be inequitable to continue to provide costly subsidies to retirees that would result in more significant reductions to other participants' and beneficiaries' accrued benefits.

The Board of Trustees considered the fact that the last of all of the subsidized adjustable benefits were removed as of January 1, 2013 and, thus, not available to any participant who retired on or after that date. Due to the anti-cutback rule of Internal Revenue Code §411(d)(6), significant liabilities from subsidized benefits existed in the form of unreduced early retirement benefits, referred to as the "Rule of 80" (and later "Rule of 85"), that allowed participants to retire with an unreduced monthly benefit after meeting certain requirements (i.e. that age plus either Years of Vesting Service or continuous membership in the United Brotherhood of Carpenters and Joiners of America ("Union") equals or exceeds 80, or later 85).

In the absence of the approval and implementation of the proposed suspension of benefits, an additional $190 million would be paid over current retirees' expected lifetimes due to early retirement benefits in excess of what current active participants would receive if they retired today. Further, a participant with an accrued benefit of $2,000 per month who retired on or after January 1, 2013 at age 55 would be subject to a 49.8% reduction of their monthly benefit amount. In comparison, under the previous available "Rule of 80", a participant who joined the Union at age 20 and worked until age 50 with an accrued benefit of $2,000 could have retired and received an unreduced monthly benefit for five (5) full years until age 55 and still receive a monthly benefit almost double that of the participant with an identical monthly benefit solely due to the existing subsidy.

Finally, as set forth in the final regulations, 26 C.F.R. §1.432(e)(9)-1(d)(6)(iv), the application of the uniform set of early retirement reduction factors through the elimination of the Plan's early retirement subsidy does not result in different pre-suspension or post-suspension benefit formulas; therefore, the post-suspension benefit formula is a straightforward equitable reduction of each participants' and beneficiary's monthly benefit amount by seventeen percent (17%).

History of benefit increases and reductions

The Board of Trustees considered the history of benefit reductions. Prior to January 1, 2002, the benefit accrual rate for a Year of Credited Service was $99 per month. The benefit accrual rate for a Year of Credited Service was reduced to $80 for all Years of Credited Service on or after January 1, 2002. The Board of Trustees further reduced the benefit accrual rate to $50 per Year of Credited of Service for all Years of Credited Service on or after June 1, 2003.

With consideration of the history of the reduction of the value of a Year of Credited Service, the Board of Trustees also considered the history of the increased amount of the hourly contribution rate. In 1999, the contribution rate was $2.40 per hour. The rate was incrementally raised over the years to the current rate of $6.95 per hour.

As a result of the reduction in the benefit accrual rate, the monthly benefit that a participant receives at retirement has been shrinking since 2003 and will continue to do so through 2030 (followed shortly thereafter by insolvency unless the proposed suspension of benefit is approved). The monthly benefit of a participant who worked 1,500 hours a year for 30 straight years and retired at age 62 in 2016 would be twenty percent (20%) less than a participant who worked the same amount and retired in 2000. Similarly, the monthly benefit a participant who worked 1,500 hours a year for 30 straight years and retired at age 62 in 2030 will be forty percent (40%) less than a participant who worked the same amount and retired in 2000. These differences do not account for the time value of money (that a dollar in 2030 will be worth less than in 2000).

In addition, the increase in amount of contributions made on behalf of the participant has risen over the same time period. A participant who retired in 2016 would have had more than twice the contributions made on their behalf than a participant who worked the same amount and retired in 2000. Similarly, a participant who retired in 2030 would have had 3.5 times more contributed on their behalf than the participant who worked the same amount and retired in 2000.

Ultimately, the Board of Trustees decided that each participant and beneficiary would have the same percentage, seventeen percent (17%), reduction to their monthly accrued benefit following the application of the standardized early retirement reduction factors, subject to the various guarantee-based, age-based, and disability-based limitations required by law.

Any discrepancies between active and retiree benefits

This factor was considered and discussed in conjunction, and with the same conclusion, as with the history of benefit reductions set forth in the previous paragraph.

Extent to which active participants are reasonably likely to withdraw support for the plan, accelerating employer withdrawals from the plan and increasing the risk of additional benefit reductions for participants in and out of pay status.

As demonstrated in the history of benefit increases and reductions above, and the summary of the actions taken by the Board of Trustees to avoid insolvency detailed in the response to Checklist Item #18, the active participants who had not retired prior to January 1, 2013, have already lost the opportunity to retire prior to age 62 without significant reduction in their monthly benefit, earned a smaller benefit over their career despite having a significant amount more contributed to the Plan on their behalf. Active participants are aware that not all participants and beneficiaries have "shared the pain" imposed by the Rehabilitation Plan to date. The Board of Trustees was concerned that any perceived additional unfair allocation of benefit reductions to active participants would risk their rejection of the Pension Recovery Plan.

Although some individuals who retired under the Rule of 80 or Rule of 85 advocated to the Board of Trustees for an uniform flat percentage reduction applied to all participants' benefits, without the standardization of early reduction retirement factors, the Board of Trustees did not feel that an increased reduction for thousands of active participants and beneficiaries to preserve the significant subsidy received by some retirees that was never available to the others was an equitable allocation of the necessary suspension of benefits. Further, the Board of Trustees had concern that the significant majority of the participants and beneficiaries would reach the same conclusion and not support the proposed Pension Recovery Plan.

Ultimately, the Board of Trustees decided that after the application of standardized early retirement reduction factors, each participant and beneficiary will receive a uniform seventeen percent (17%) reduction to their monthly benefit, subject to the various statutory age-based, guarantee-based, and disability-based limitations.

Ease of communication

In addition to the statutory factors listed in Internal Revenue Code §432(e)(9)(D) set forth and described above, the Board of Trustees also considered the practical difficulties of communicating any adopted design for the suspension of benefits to the participants and beneficiaries of the Plan.

The Board of Trustees considered various designs of suspensions of benefits, including various maximum percentage or dollar reductions, the standardization of prior accrual rate, and concluded that the proposed design provided the most equitable allocation of benefit reductions and remained

FACTORS THAT WERE NOT TAKEN INTO ACCOUNT

Through the analysis, consideration and adoption of the proposed suspension of benefits that the Board of Trustees refers to as the "Pension Recovery Plan" for the Southwest Ohio Regional Council of Carpenters Pension Plan, the Board of Trustees did not consider the following factors:

Length of Time in Pay Status

As set forth above, the Board of Trustees' proposed elimination of the early retirement subsidies that caused all participants and beneficiaries to be subject to the same early retirement reduction factors. After applying that reduction, the Board of Trustees did not make any further distinction regarding length of time in pay status.

Extent to which participant or beneficiary has received post-retirement benefit increases

The Board of Trustees did not consider or take into account the extent to which participant or beneficiaries received any post-retirement benefit increases. The last post-retirement increase was 1997 (a lump sum post-retirement payment of $700 was made to retirees in 1999 and again for $725 in 2000) and combined with the age-based limitation, attempting to make any distinguishing adjustment would not have been worth the additional administrative burden.

The Board of Trustees and the Plan's professionals were concerned that the claw back of pre-retirement and post-retirement increases, all of which were at least 18 years old, would cause unnecessary administrative difficulty trying to confirm applicable historical increases subject to reduction for individuals' recalculated benefits.

Years to retirement for active employees

The Board of Trustees did not make any distinction between the age or year of retirement of any active participants. All active participants are subject to the same terms and conditions for retirement, including early retirement reduction factors, as well as benefit accrual rate and employer hourly contribution rate.

Extent to which benefits are attributed to service with an employer that failed to pay its full withdrawal liability.

As a Plan that primarily covers individuals in the building and construction industry plan, an employer that ceases its obligation to contribute to the Plan and does not perform work in the jurisdiction of the collective bargaining agreement of the type for which contributions were due within 5 years of the cessation of the employer's obligation to contribute to the Plan would not owe withdrawal liability pursuant to ERISA §4203(b). As a result, only a few employers incurred a complete withdrawal and ultimately failed to pay the full amount of withdrawal liability assessed, whether due to the eventual bankruptcy of the employer, arbitration settlement, or other reasons. None of the failures to pay the full amount of assessed withdrawal liability resulted in a significant loss that compelled the Board of Trustees to consider imposing an additional reduction on the accrued benefit or monthly payments of participants who worked for such an employer.

Southwest Ohio Regional Council of Carpenters Pension Plan
Document 13.3

"Understanding the Pension Recovery Plan" – March 16, 2017, by the Southwest Ohio Regional Council of Carpenters Pension Plan.

Southwest Ohio Carpenters Pension Fund

Understanding the Pension Recovery Plan

March 16, 2017

Today's Meeting

- Overview
- How We Got Here
- Multiemployer Pension Reform Act of 2014
- Our Proposed Pension Recovery Plan
- What Happens Next

Overview

- The Southwest Ohio Carpenters Pension Fund is facing very serious troubles because it is seriously underfunded
- If we do not take action, **the Pension Plan will become insolvent and run out of money in 15 years or less**
- At that point, our Plan will have zero assets and will not be able to pay benefits to current and future retirees
- While the Trustees have taken many steps to address this issue, the situation now requires a Pension Recovery Plan

How We Got Here: Short-Sighted Government Regulations

1974: ERISA passes, establishes anti-cutback rule

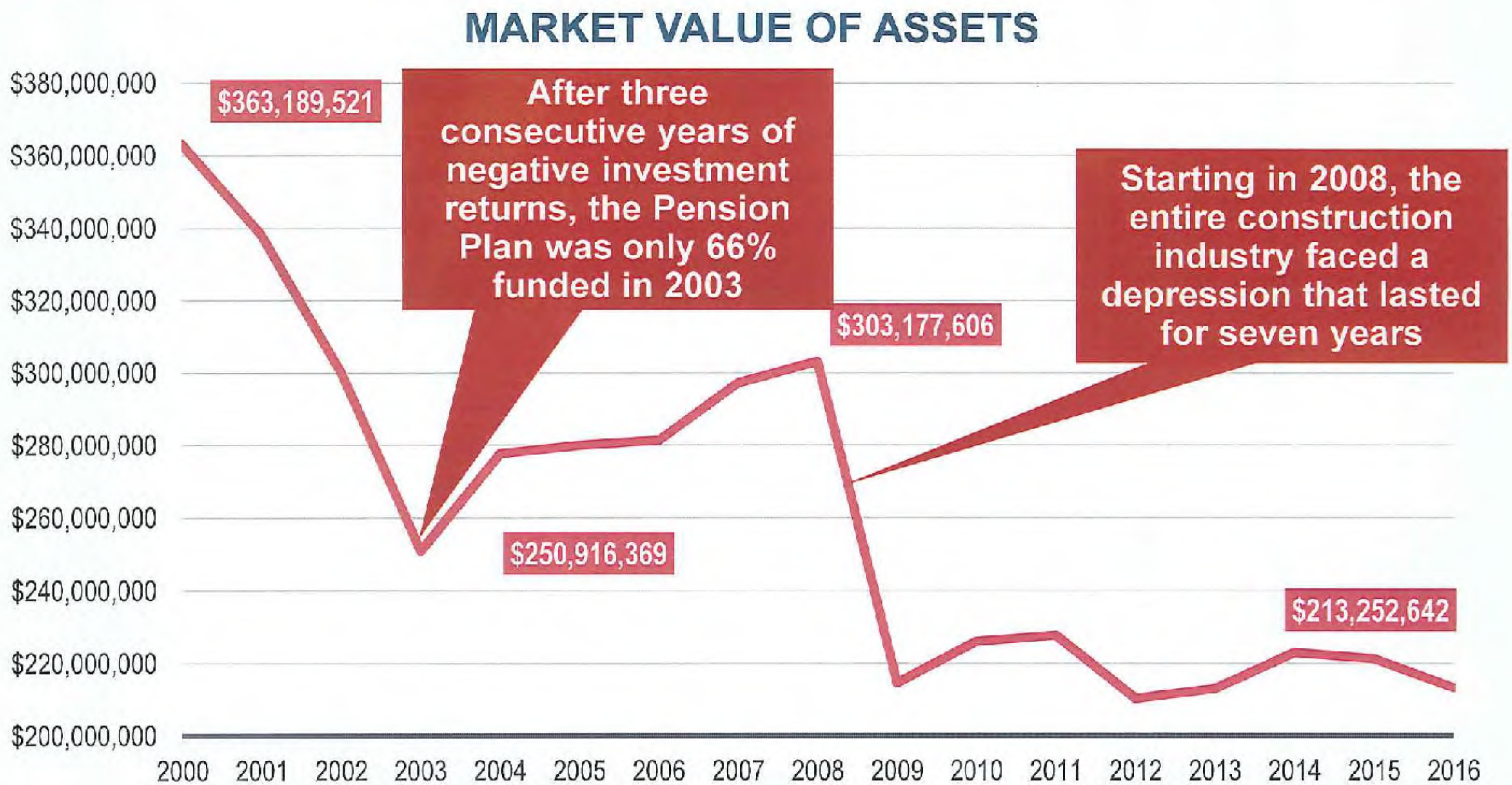
1980: Multiemployer Pension Plan Amendments Act passes, requiring plans to turn surpluses into benefit increases

1970s | 1980s | 1990s | 2000s

1998: Our Pension Plan became more than 100% funded, and we were forced to increase benefits rather than maintain a "rainy day fund"

These short-sighted regulations left us unable to cope with severe economic downturns

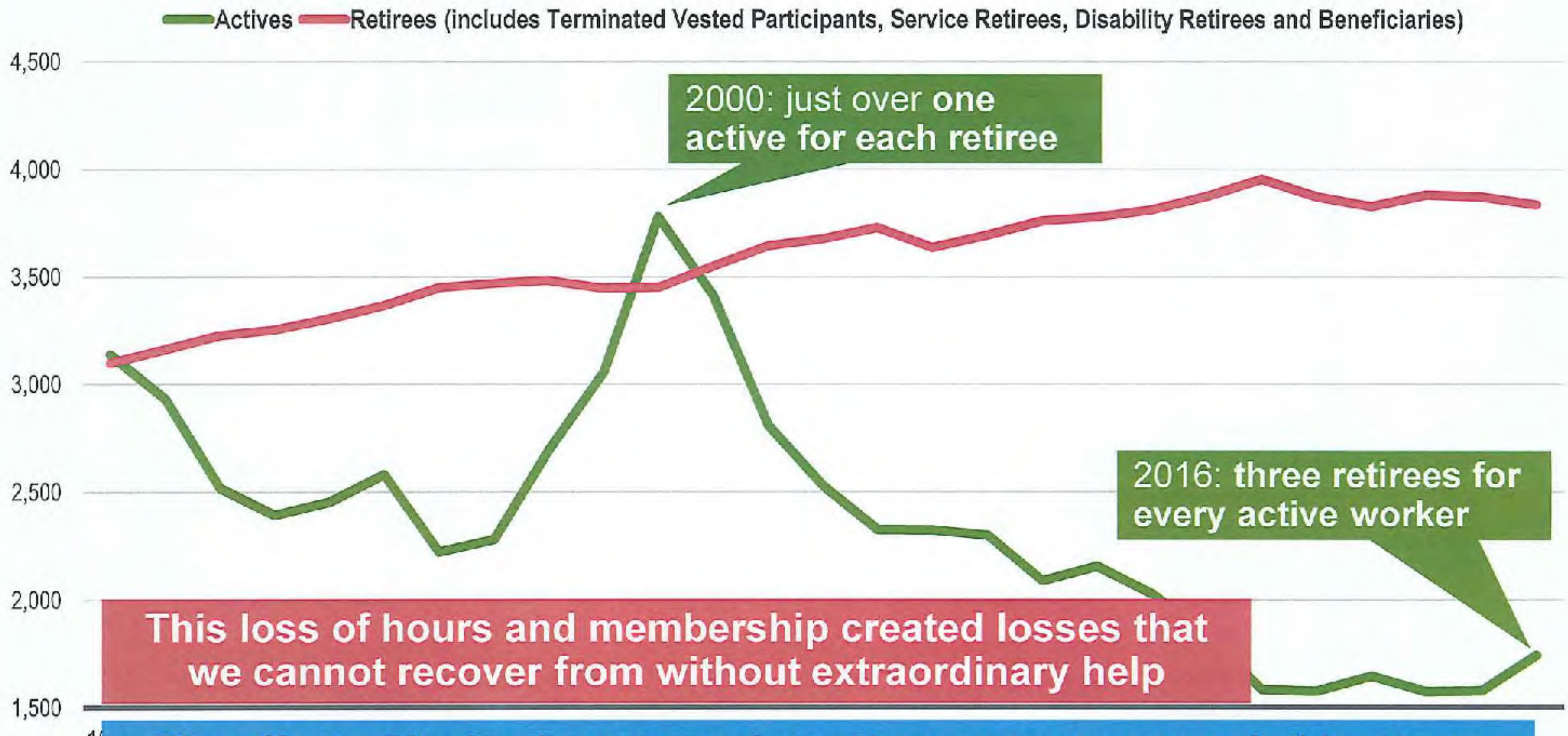
How We Got Here:
Stock Market Crashes



The Pension Plan's funding levels dropped to 45% after these two historic crashes and faced huge setbacks

How We Got Here:
More Members Retiring & A Decrease In Actives

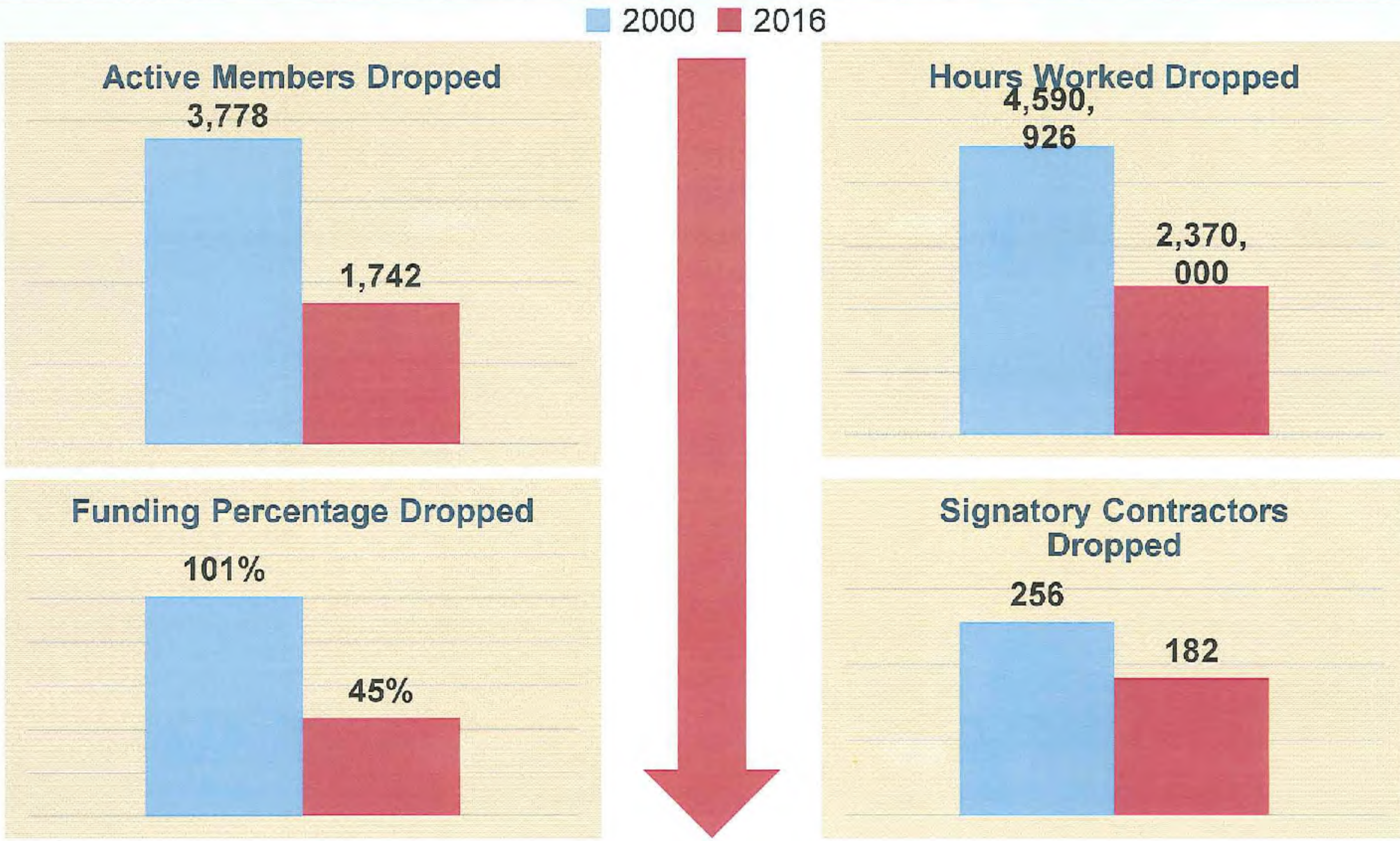
RETIREES KEEP INCREASING AS ACTIVES DECREASE



The effect of losing income and members was compounded by many Plan members retiring—the Plan became too reliant on market returns and vulnerable to crashes

SWORCCPP-000089

How We Got Here:
Changes That Hurt Our Pension Plan



Attempts To Fix The Pension Plan

- Over the last 15-20 years, the Trustees took the actions we needed to keep the Pension Plan on course based on historical factors and legal regulations
  - Increased Contribution Rate
    - 1999: $2.40 per hour
    - 2003: $2.90 per hour
    - 2010: $5.70 per hour
    - 2012: $6.20 per hour
    - 2015: $6.95 per hour
  - 2002: Reduced the credit service benefit to $80
  - 2003: Reduced the credit service benefit to $50
  - Removed all additional adjustable benefits from the Pension Plan
    - 2010: Changes to Early Retirement, Disability and Death Benefits; No lump sums; Changes to suspension of benefit rules
    - 2012: Further changes to Early Retirement Benefit; Rule of 80 went to Rule of 85
    - 2013: Eliminated unreduced Early Retirement Benefit; Removed the "Rule of 85" Benefit

Despite these steps to try to fix this problem, the funding shortage has become worse

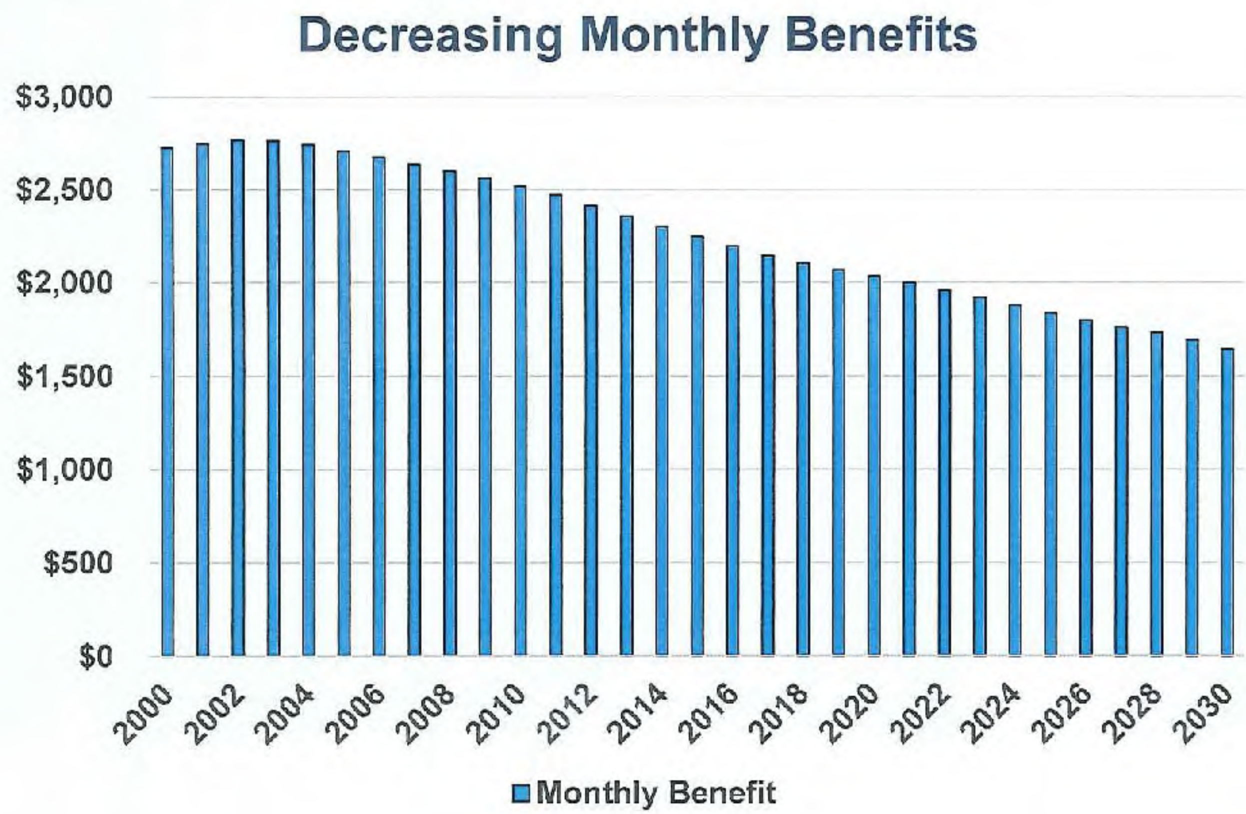
Plan Benefits Today

- **Benefit Credit**
  - $50 per year of Credited Service effective June 1, 2003
- **Credited Service**
  - One year for each Plan Year in which 1,500 Hours of Service are earned at the base journeyman rate (pro-rated for hours other than 1,500)
- **Base Journeymen Rate**
  - Hourly contribution rate effective June 1, 2015 is $6.95
- **When Can You Retire?**
  - Age 62 with 5 Years of Participation
  - Age 55 with 5 Years of Service
    - Actuarially reduced from age 62 (49.8% reduction at age 55)

Benefits Decreasing Over Time. . .

A Participant works 1,500 hours a year for 30 straight years and retires at age 62

The monthly benefit that he will get at retirement has been shrinking since 2003 and will continue to shrink through 2030

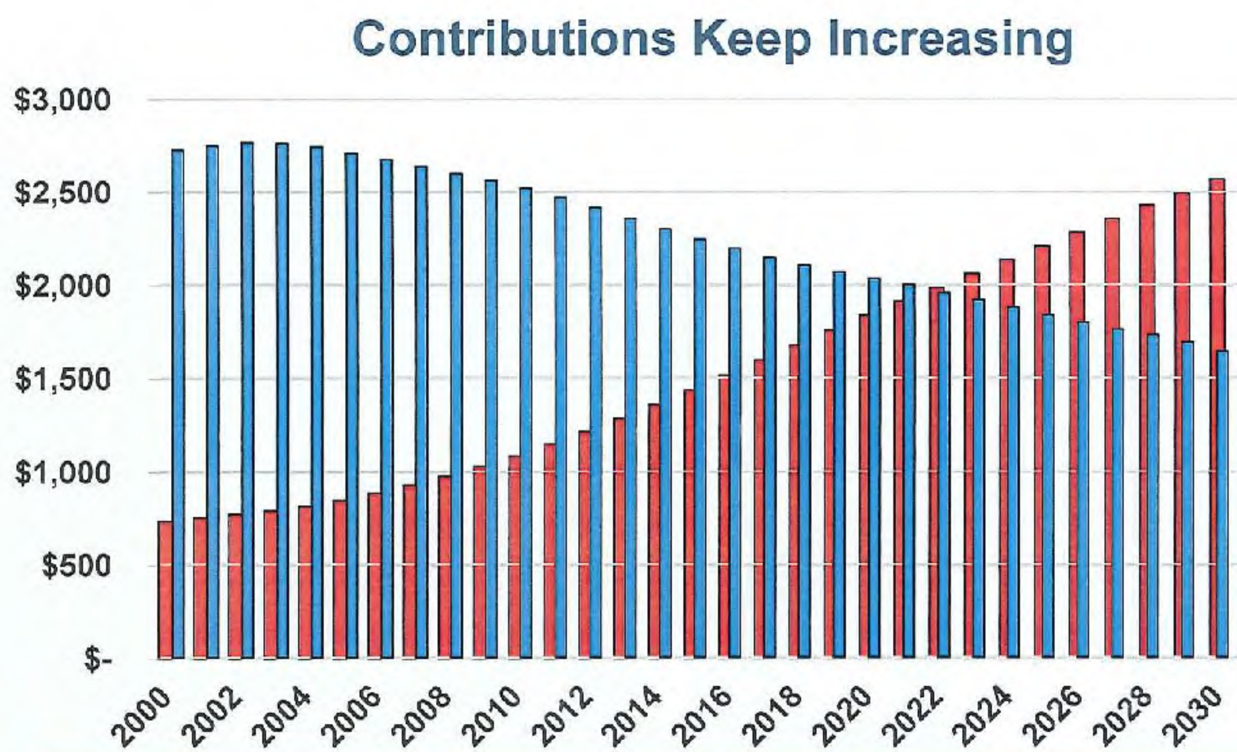


A participant who retired in 2016 will receive 20% less in monthly benefits than a Participant who worked the same amount and retired in 2000

Similarly, the 2030 retiree will receive 40% less in monthly benefits than someone who retired in 2000

. . . Despite Increasing Contributions

Over that same time, contributions to pay for his benefits have been steadily increasing



A participant who retired in 2016 would have made more than twice the contributions than a Participant who worked the same amount and retired in 2000

Similarly, the 2030 retiree will contribute 3.5 times more than the 2000 retiree

A Participant who retires in 2030 will **contribute 3.5 times more** than the 2000 retiree and **receive 40% less** in monthly benefit

SWORCCPP-000094

The Cost Of Subsidized Benefits

- **What are subsidized benefits?**
  - Unreduced Retirement Before Age 62
  - Rule of 80 Pensions
- **If you started collecting an unreduced pension before age 62, *there is a cost for that benefit***
  - **Jimmy worked 1,500 hours a year for 30 years and retired at age 55 in 2007;** He collects a monthly benefit of **$3,610** until he reaches 90, for a total of **$1,516,200** in payments from the Fund
  - **His twin brother Joey also worked 1,500 hours a year, but decided to work for seven more years and retired at age 62 in 2014;** He collects a monthly benefit of **$3,921** until he reaches 90, for a total of **$1,317,456** in payments from the Fund

Expected Lifetime Payments:
Subsidized Pensions Are Expensive

An additional **$190 million** will be paid over current retirees' expected lifetimes due to retirement benefits in excess of what current members can receive if they retired today

What Is The Multiemployer Pension Reform Act Of 2014?

In December 2014, the Multiemployer Pension Reform Act of 2014 (MPRA) was enacted and signed into law

MPRA allows trustees of severely underfunded multiemployer pension funds to develop benefit suspension plans that include benefit reductions for ***both*** active workers and retirees, in order to save the funds and continue paying benefits for years to come

Under MPRA provisions, there can be no benefit changes for retirees 80 years of age and older or those participants receiving a disability benefit from a multiemployer plan

Any proposed benefit reductions for retirees ages 75-80 would be done on a sliding scale to minimize impact

SWORCCPP-000096

Why A MPRA Benefit Suspension?

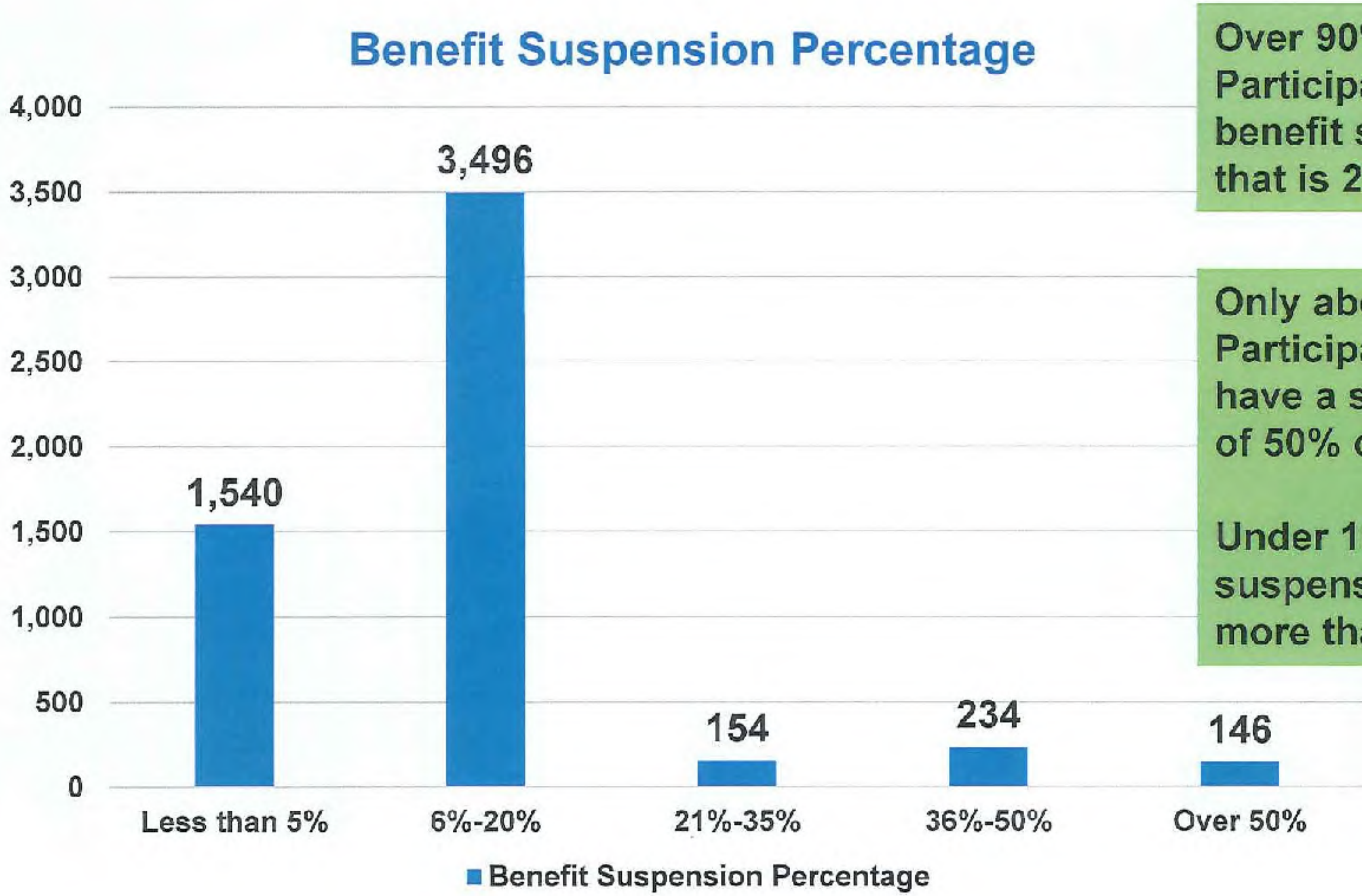
- The Pension Plan has been certified as in "critical and declining" status with the Department of Labor so it qualifies to use MPRA
- This is the only way we can keep our Pension Plan from becoming insolvent—so that you won't have more cuts in the foreseeable future
- This Pension Recovery Plan is designed to stabilize the Pension Fund's finances and allow it to continue to pay benefits indefinitely
- **This is a one-time reduction**
- This allows the Pension Plan to preserve the greatest benefit amount to all participants

If circumstances improve sufficiently—more active members, more contributions, stronger investment performance—we may be able to restore the suspensions we are making now

How Will Pensions Be Suspended?

- We have worked very hard to create reductions that are equitably distributed between all of the groups of participants and beneficiaries in the Pension Plan
- Because of the way the Pension Plan works, the percentage by which benefits will be reduced will differ based on whether a participant retired before or after age 62, when they retired and if they have started receiving benefits yet
- **Active Members or Any Member Not Yet Receiving Benefits**
  - You're facing an accrued benefit suspension of 17%
- **Retired After Age 62 (Normal)**
  - You're facing an accrued benefit suspension of 17%
- **Retired Before Age 62 (Early)**
  - You're facing a benefit suspension based on your age when you retired and what reductions you took when you began receiving benefits
    - **If you retired during or after 2013,** your suspension will be 17%
    - **If you retired before 2013,** your suspension calculation will include first applying reductions for Early Retirement based on your age at retirement as they exist today, and then applying the 17% suspension; the current reductions for retiring before age 62 take into account the extra payments you are expected to receive by taking the benefit before age 62

How Are Benefit Suspensions Distributed?



Over 90% of Participants have a benefit suspension that is 20% or less

Only about 150 Participants (2.62%) have a suspension of 50% or more

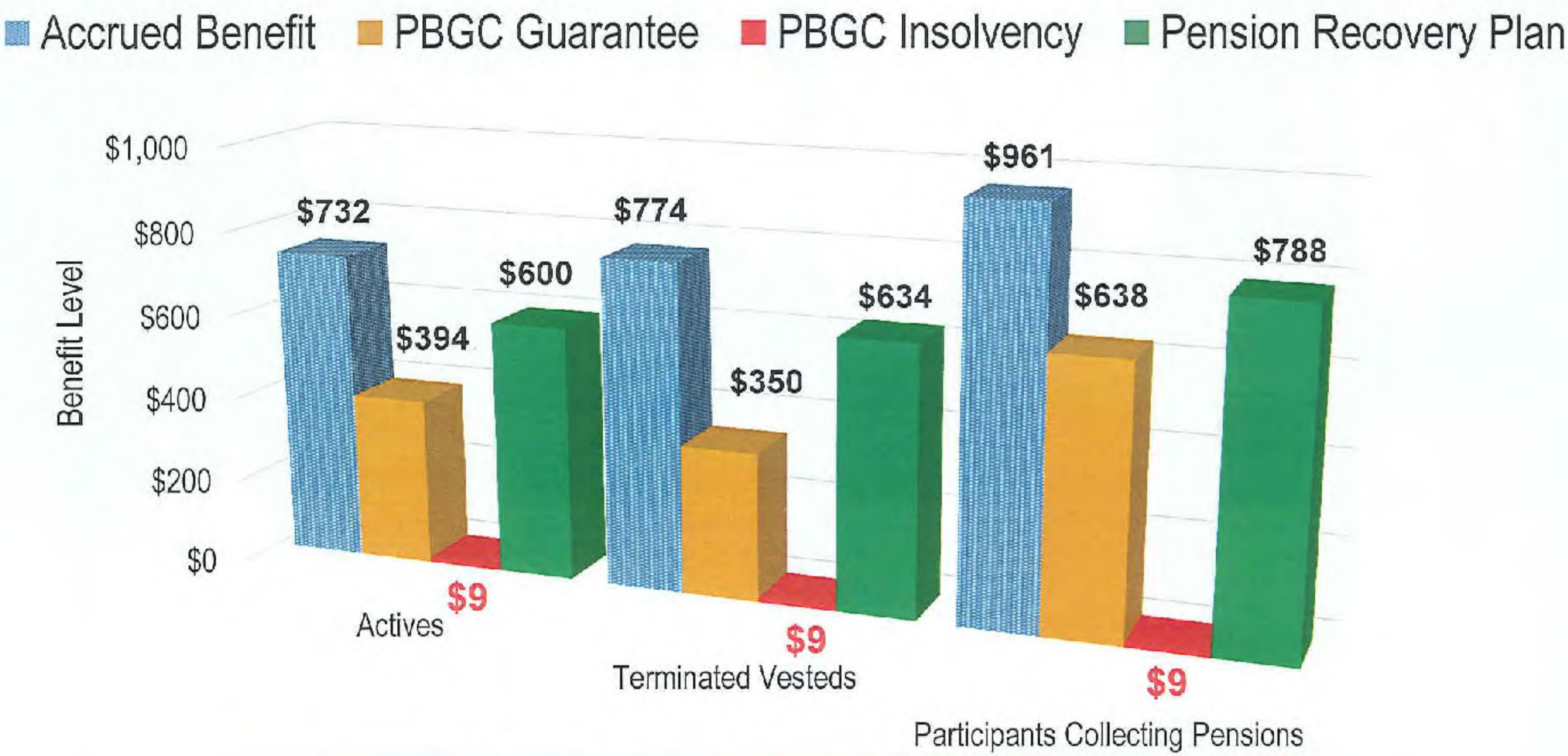
Under 10% have a suspension that is more than 20%

What About The PBGC?

- The Pension Benefit Guaranty Corporation's (PBGC's) multiemployer program protects over 10 million workers and retirees in about 1,400 pension plans
- Without MPRA benefit suspensions, our Pension Plan would become insolvent and go to the PBGC
- If that happens, all participants would face pension cuts that average 36% per person, regardless of age, active or retired status, or disability
- If our Pension Plan goes to the PBGC, it is essentially dead and cannot be changed
- And the PBGC is expected to become insolvent in 2025—so even these reduced benefits might disappear and our participants will be left with almost nothing

What's At Stake?

MPRA BENEFIT SUSPENSIONS ARE BETTER THAN PBGC PENSION CUTS



If the PBGC runs out of money, your benefits will be reduced to almost NOTHING

The Vote

- The vote takes place within 30 days of the Pension Recovery Plan's approval by Treasury, and the voting period runs for 21 days
- The Treasury Department has sole responsibility for the voting process, which will be conducted by a third-party administrator that they select
- Voting will be completed online, by mail ballot or by phone
- If participants vote to support the Pension Recovery Plan, it will go into effect around January 1, 2018
- If participants do not vote to support the Pension Recovery Plan, it does not mean that the Pension Plan can simply continue the way it is today
- Without the suspensions, the Pension Plan will become insolvent and participants will face far greater reductions

What Will Happen If The Proposed Pension Recovery Plan Is Rejected?

- The Board of Trustees, in consultation with the Pension Plan's Actuary, has determined that the Pension Plan will become insolvent around 2032 or sooner if the proposed Pension Recovery Plan is not implemented in 2018
- When the Pension Plan becomes insolvent, the PBGC will step in and provide the Pension Plan with financial assistance to continue paying a portion of your monthly retirement benefit
- When that happens, the PBGC will make cuts that apply to ***ALL*** participants; disabled participants and participants over age 75 will also be cut to the PBGC-guaranteed level
- The PBGC has projected that it may run out of funds within 10 years; if this happens, participants and beneficiaries in pay status would be at risk of receiving benefits that would be dramatically lower than the maximum PBGC guaranteed amount
- *Your benefits could be reduced to almost nothing*

The Trustees can refile the MPRA Pension Recovery Plan, but this will result in deeper cuts

Resources Available

- We want to share as much information with you as we can in as many ways as possible

Meetings **Mail** **Website** **Call Center** **Video**

Conclusion

- **This is not a case of mismanagement:** A combination of external factors caused this situation
- Over the last 15-20 years, **the Trustees took the actions we needed to keep the Pension Plan on course** based on historical factors and legal regulations
- **While we are not happy at having to suspend some benefits; our Pension Recovery Plan is far better than the alternative**—running out of money by 2032 and having to rely on a shaky PBGC for an even lesser benefit—or possibly nothing at all if the PBGC runs out of money
- **We need you to vote for the MPRA Pension Recovery Plan:** If it fails, all participants will face much larger cuts

Questions?

If you have questions or want more information after today's meeting:

- **Call the Pension Recovery Plan Hotline: (330) 779-8862**
- **Visit our Pension Recovery Plan Website: www.SORCCPensionRecovery.org**