Checklist Item #18	**Application for Approval of a Suspension of Benefits Under MPRA**
Iron Workers Local 17 Pension Fund	EIN: 51-0161467 Plan No.: 001
Does the application include information on past and current measures taken to avoid insolvency. See section 5.01.	The application on behalf of the Iron Workers Local 17 Pension Fund does include a detailed description of the measures taken in order to avoid insolvency over the 10 year period beginning May 1, 2004. A year-by –year analysis, starting with 1998, when the negotiated benefit improvements first took effect, is provided that includes the annual changes in funding levels, demographics, contributions, investments along with the corresponding Trustee action to reverse the Pension Fund's path toward insolvency. This Trustee Action Summary, which is based upon our interpretation of the requirements under Revenue Procedure 2015-34, Section 5.01, is attached as IW17PF_234-239

Summary of Board of Trustees' Actions to Avoid Insolvency
May 1, 2004 through Present

As of the Plan Year beginning May 1, 1998, the Iron Workers Local 17 Pension Fund was 83.4% funded on a market basis and assets returned 25.2% also on a market basis. Iron Workers Local Union No. 17 negotiated increases in contribution rates to support increases in benefit accrual rates over the five year term of Collective Bargaining Agreement. The Collective Bargaining Agreement called for an increase effective May 1, 1998 from $75.00 to $85.50 per Benefit Credit. At this time, there were 987 active participants working an average 1,833 hours. The Present Value of Accumulated Vested Benefits was $172.6 million and the market value of assets was $143.9 million. Since that time; however, the Pension Fund's demographic and asset bases have consistently declined to the current levels. This Pension Fund is 32% funded and facing a projected insolvency date of 2025. Since the Pension Fund's funding issues started back in the late 1990s, we are providing the additional historical information as background for the changes implemented by the Board of Trustees over the years.

Years Ended	Active Participants	Retirees	Ratio of Active to Inactive	Annual Hours /participant	Investment Return on a Market Valuation Basis	Funded Percentage on a Market Basis
1999	1,017	1,015	1.14	1,766	7.81%	77.0%
2000	1,037	1,023	1.12	1,848	9.32%	76.6%
2001	1,016	1,053	1.19	1,016	1.90%	66.1%
2002	912	1,132	1.46	1,421	-5.61%	54.7%
2003	928	1,136	1.42	1,651	-6.72%	45.4%
2004	818	1,130	1.67	1,437	17.75%	48.5%

The Board of Trustees for this Pension Fund began working with the Fund's Actuary as early as May 1, 2002 to review possible plan benefit changes to lower the plan's liabilities in light of the actuarial losses in 2000 and 2001. As of May 1, 2002, the Present Value of Accumulated Vested Benefits was $235.5 million and the market value of assets was $128.8 million. This drop in funding levels was due to another significant drop in contribution hours, decline in active participants and market returned negative 5.6%. Additionally, the number of retirees increased by 8% resulting in higher benefit payment obligations than projected. The Collective Bargaining Agreement called for an increase effective May 1, 2002 from $90.00 to $100.00 per Benefit Credit under the five year plan adopted in 1998. These changes were implemented as scheduled because the Pension Fund still had not realized the losses from the prior market declines under the 5-year smoothing method. Due to prior gains still being realized under the 5-year smoothing method, the actuarial return was still meeting the projected 7.5%. Due to significant difficulty facing the Insurance Benefit Fund, the contribution increase of $1.00 was allocated to the Insurance Benefit Plan and the Pension Fund hourly contribution rate was frozen.

With the following year's valuation, the Iron Workers Local 17 Pension Fund's level of funding fell for the third consecutive year to 45.4% on a market basis. The active population increased slightly by 2%, and contribution hours increased by 18%. The Pension Fund's contribution rate was increased by $0.35, and the Fund Actuary worked with the Trustees to develop a plan of actuarial changes and benefit changes to correct the funding issues. One of these changes included the borrowing of contributions for the 2 ½ months following the end of the Plan Year for purposes of meeting the minimum funding requirements similar to the actuarial methods used in single employer defined benefit plans. The Present Value of Accumulated Vested Benefits was $242.7 million and the market value of assets was $110.3 million.

2004 – As of May 1, 2004, the Iron Workers Local 17 Pension Fund's level of funding rose slightly to 48.5% on a market basis. The active population fell again by 12% and the contribution hours decreased by 23%. Additionally, the assets returned 17.4% on a market basis. In response to the funding concerns, the bargaining parties increased the contribution rate by $2.15 per hour. The Board of Trustees adopted a series of benefit changes including reducing the annual benefit credit rate from $100 to $50 and delaying the ability to obtain a 30-Year-and-Out Service Pension from age 55 to age 58. Additionally, an application was filed with the Internal Revenue Service to allow the Pension Fund to extend the time horizon to realize the impact of the losses from 2001 – 2003 under Internal Revenue Code Section 412(e) on April 28, 2005. The Trustees sought this extension to allow additional time to improve the funding levels and avoid minimum funding deficiencies and excise tax obligations. Notice of this filing was provided to all contributing Employers along with all Participants in the Pension Fund. The Present Value of Accumulated Vested Benefits was $244.8 million and the market value of assets was $118.8 million.

2005 – As of May 1, 2005, the Iron Workers Local 17 Pension Fund's level of funding decreased slightly to 46.2% on a market basis. The active population fell slightly by 1%, however, contribution hours improved by 8.7%. During this Plan Year, the bargaining parties added an additional $0.50 per hour in contributions to the Pension Fund. The Trustees also eliminated the ability to earn more than one full Benefit Credit for hours worked in excess of 1200 per year. The Present Value of Accumulated Vested Benefits was $248.1 million and the market value of assets was $114.7 million.

2006 – As of May 1, 2006, the Iron Workers Local 17 Pension Fund's level of funding showed slight improvement to 47.3% on a market basis. The active population fell again by 2%, but the contribution hours remained level and contribution rate increased another $0.50 per hour. The Trustees increased the annual hours requirement to earn a full benefit credit from 1200 to 1900 and tightened the eligibility requirements to obtain a disability pension benefit. The Pension Protection Act of 2006 was passed in August 2006 providing new rules for defined benefit pension plans that were less than 80% funded and/or had a projected minimum funding deficiency. These new requirements would become effective for the Iron Workers Local 17 Pension Fund effective with the Plan Year beginning May 1, 2008. The Present Value of

Accumulated Vested Benefits was $251.0 million and the market value of assets was $118.7 million.

<u>2007</u> – As of May 1, 2007, the Iron Workers Local 17 Pension Fund's level of funding continued to improve to 50.0% on a market basis. The active population fell again by 11%, however, the contribution hours improved significantly rising by 16%. Additionally, the contribution rate increased by another $0.75. On August 23, 2007, the IRS ruled in favor of the Pension Fund and granted the 412(e) Extension of the Amortization Periods from 2004 forward. This left a minimum funding deficiency for the Plan Year beginning May 1, 2003 in the amount of $855,898 which was determined to be improper based upon an IRS interpretation taken under a Private Letter Ruling to another taxpayer. A meeting took place with the Trustees and contributing Employers to review funding deficiency and excise tax obligations. The Trustees began looking at changes that could be made under the new Pension Protection Act ("PPA"). The Present Value of Accumulated Vested Benefits was $247.9 million and the market value of assets was $123.6 million.

<u>2008</u> – As of May 1, 2008, the Iron Workers Local 17 Pension Fund's level of funding decreased to 46% on a market basis. The active population and contributions hours fell off slightly by 3% and 2% respectively. The contribution rate increased for a final $0.50 to the current $9.50 per hour. However, the assets returned a negative 0.43% on a market basis, resulting in the further decline of the funding level. On May 28, 2008, the Trustee met with the Steel and Iron Contractors' Association and presented the proposed Rehabilitation Plan which reduced adjustable benefits effective May 1, 2009 and left the $9.50 hourly contribution rate. This rate was the highest rate of any other building trade fund pension fund in Northeastern Ohio.

Under this Rehabilitation Plan, the Pension Fund was projected to exceed 80% funded by the Plan Year beginning May 1, 2021. The Pension Fund was certified as being in "Critical" status by its Actuary on July 29, 2008. A Notice of Critical Status was issued to the contributing Employers and Participants on August 15, 2008. The Rehabilitation Plan was adopted August 4, 2008 and effective August 15, 2008. The Bargaining Parties received notice of the Rehabilitation Plan Schedule and adopted the Schedule with significant benefit reductions effective August 21, 2008. The benefits under the Pension Fund were modified as follows:

- All early retirement subsidies, except for the 30-Year and Out Service Pension for participants who reach age 62, were eliminated.
- The disability pension benefit was eliminated for participants who did not receive a Social Security Disability Award.
- The Return of Contribution Death Benefit, which was previously suspended, was eliminated.
- The Lump Sum Payment Option, which was previously suspended, was eliminated.
- The Sixty Payment Guarantee Option was eliminated.
- The Hours Bank Restoration Credit which was effective May 1, 2006 was eliminated.

These benefit cuts combined reduced the Present Value of Accumulated Benefits by approximately $25 million. The Present Value of Accumulated Vested Benefits was $250.6 million and the market value of assets was $114.4 million.

2009 – As of May 1, 2009, the Iron Workers Local 17 Pension Fund's level of funding further decreased to 36% on a market basis. The active population decreased again by 4% but the contributions hours were even. In 2009, however, the assets plunged with a negative 20.39% return on a market basis. Congress passed the Worker, Retiree, Employer Recovery Act of 2008, which allowed the Trustees to freeze the current Rehabilitation Plan in place for a one-year period in order to evaluate the impact of the asset losses caused by the market crash in 2008. The Trustees took this one year freeze and began to evaluate the impact of the asset losses on the Rehabilitation Plan in place. An additional contribution requirement of $11.95 per hour would be needed to get the Pension Fund back above 80% funded in the 10 years remaining on the Rehabilitation Plan. To recover the funding levels over a 30 year period (by 2040), additional contributions would be needed in the amount of $3.15 per hour. The Present Value of Accumulated Vested Benefits was $227.0 million and the market value of assets was $81.9 million.

2010 – As of May 1, 2010, the Iron Workers Local 17 Pension Fund's level of funding improved slightly to 41% on a market basis. The active population decreased again by 16% and contributions hours decreased by 13%. In 2010, however, the assets returned 28.8% on a market basis. Even with this outperformance on the assets, the contribution rates needed for the Plan attain 80% funding and eliminate the minimum funding deficiency were similar to those provided in 2009. The Trustees then adopted a new Rehabilitation Plan that contains two schedules for the Bargaining Parties to adopt upon negotiations for the May 1, 2013 Collective Bargaining Agreement. These are:

- Increase contributions by $0.50 per hour to forestall insolvency by one year from 2025 to 2026; or
- Eliminate the disability pension benefit.

The Present Value of Accumulated Vested Benefits was $224.0 million and the market value of assets was $91.0 million.

2011 As of May 1, 2011, the Iron Workers Local 17 Pension Fund's level of fund stayed even at 41% on a market basis. The active population increased by 11% and contributions hours increased by 16.5%. The assets returned 14.3% on a market basis. The Board of Trustees authorized the change of the funding basis to reflect the market basis as of this annual valuation. At this time, the market value of assets were $92.3 million.

At this time the Board of Trustees retained The Groom Law Group to provide information and services relating to the possible termination of the Pension Fund under a managed mass withdrawal. Meetings were held with the contributing employers to the Pension Fund during the following Plan Year. Financial information was received from these employers and submitted to a financial valuation firm for analysis of the solvency projections of each employer to pay its withdrawal liability upon termination of the Pension Fund. Meetings were held with the Pension Benefit Guaranty Corporation in mid-2013 at which time they requested supplemental information on the contributing employers.

During this time period between 2011 and 2013, the Board of Trustees did not make any additional benefit changes. The contribution rate of $9.50 per hour was still among the highest rates for any other building trade fund pension fund in Northeastern Ohio. Additionally, the impact of the prior decade of Plan changes and contribution increases had resulted in an active participant having to work 1900 hours a year, contributing $19,000 in pension contributions, to receive a $50 Benefit Credit. This would earn the active participant a $1,500 per month benefit after 30 years at age 65. This is only slightly higher than the guaranteed benefit that the active participant will receive from the PBGC at insolvency.

Also during this same time period, contributing employers that had been in the industry for many years, decided to terminate the Collective Bargaining Agreement with the Iron Workers Union Local No. 17 upon expiration April 30, 2013. These employers have either stopped performing the work, or have re-assigned the work previously performed by Iron Workers to other trades. These jurisdictional disputes were not pursued by the International Association of the Bridge, Structural, Ornamental and Reinforcing Iron Workers – AFL-CIO (Iron Workers International Union), so the Pension Fund lost a $5 million withdrawal liability arbitration that is currently on appeal to the U.S. District Court of the Northern District of Ohio.

Further, the Iron Workers International Union has negotiated National Agreements that contributing employers can execute with the Iron Workers International Union instead of the Iron Workers Local 17 Union that allows the employer to make all contributions specified in the Iron Workers Local 17 Collective Bargaining Agreement **with the express exception of contributions to this Pension Fund.** The International argued that these new Agreements were needed to increase market share by bringing in new employers that otherwise would not use Union Iron Workers because of the fear of withdrawal liability to underfunded pension funds. Regardless of the explanation, the Board of Trustees for the Pension Fund sought to collect the contributions from the one employer that worked under one of these new Agreements in the area covered by the Pension Fund. However, the Sixth Circuit Court of Appeals upheld the Iron Workers International Union's actions. This leaves the door open to more employers coming into the territory covered by the Iron Workers Local 17 Pension Fund under one of these new International Agreements and avoiding the payment of much needed contributions to this Pension Fund.

Even after the Trustees made a decade of changes to this Pension Fund, as of May 1, 2014, it was still facing certain insolvency. The Trustees have discontinued efforts to terminate the Pension Fund under a managed mass withdrawal at this time in order to file this application for approval of Benefit Suspension as a better solution for the participants and beneficiaries based upon the fact that under this proposed Suspension Plan the active members will not have their burdens increased and the other affected participants will still receive a greater benefit than under either a mass withdrawal termination or insolvency in 2025.