

**Southwest Ohio Regional Council of Carpenters Pension Plan  
Checklist Item #19**

Does the application include the plan information required by Section 5.02?

The plan information required by Section 5.02 is set forth on the attached Document 19.1.

**Southwest Ohio Regional Council of Carpenters Pension Plan  
Document 19.1**

The information requested by Section 5.02 of Internal Revenue Service Revenue Procedure 2016-27 is included as follows:

**Summary of Hourly Contribution Rates 2000 through Present**

<b>Effective Date of Change#</b>	<b>Hourly Contribution Rate</b>
June 1, 1999	\$2.40
June 1, 2003	\$2.90
June 1, 2004	\$3.40
June 1, 2005	\$3.90
June 1, 2006	\$4.15
June 1, 2007	\$4.50 <sup>^</sup>
June 1, 2008	\$4.85 <sup>^</sup>
June 1, 2009	\$5.20 <sup>^</sup>
June 1, 2010	\$5.70
June 1, 2011	\$5.95
July 1, 2012	\$6.20
July 1, 2013	\$6.45
June 1, 2014	\$6.70
June 1, 2015	\$6.95 <sup>*</sup>
Through Present	\$6.95

#A few of the Collective Bargaining Agreements change the Hourly Contribution Rate as of the September that follows the dates above.

<sup>^</sup>A temporary additional contribution of \$2.00 per hour (in addition to the hourly contribution rate set forth in the table above) from July 1, 2007 through June 30, 2010 accomplished by the diversion of a portion of the hourly contributions the bargaining parties allocated to the Ohio and Vicinity Regional Council of Carpenters Health and Welfare Plan.

\*On September 10, 2015, the Board of Trustees determined that the continued increase in the hourly contribution rate would not forestall insolvency, and ceased the annual \$0.25 increase to the hourly contribution rate. The Board of Trustees determined that the Plan had exhausted all reasonable measures at the December 4, 2014 Board of Trustees meeting.

**Levels of Benefit Accruals**

A Year of Credited Service is defined as 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).

Prior to January 1, 2002, a Year of Credited Service earned a \$99 benefit credit.

Effective January 1, 2002, a Year of Credited Service was reduced to an \$80 benefit credit.

Effective June 1, 2003, a Year of Credited Service was further reduced to a \$50 benefit credit.

### **Prior Reductions of Adjustable Benefits under §432(e)(8)**

The following adjustable benefits have been reduced:

#### **Early Retirement Reductions:**

Effective January 1, 2009, an increase the early retirement reduction for benefits accrued after January 1, 2009 to 3/10 of 1% for each month by which the commencement of the Participant's Early Retirement Benefit precedes the Normal Retirement Date (from the previous ¼ of 1%).

For retirements commencing on or after September 1, 2010, the accrued benefits of terminated vested participants who commenced receipt of pension benefits before their Normal Retirement Date would be subject to a full actuarial reduction to reflect the early commencement of their benefits.

For retirements commencing on or after September 1, 2010, the accrued benefits of vested participants who retired from active service and commence receipt of pension benefits before their Normal Retirement Date would be subject to a reduction of 0.003 for each month that the early commencement of their benefits precedes their Normal Retirement Date.

For a Participant who commenced receipt of an Early Retirement Benefit on or after January 1, 2013, the Early Retirement Benefit would equal the Participant's actuarially reduced accrued benefit.

#### **Reduction and Elimination of "Rule of 80."**

Effective January 1, 2009, only years of continuous membership in the United Brotherhood of Carpenters and Joiners of America through December 31, 2008 would be considered for eligibility of the "Rule of 80." The Rule of 80 exempted a Participant's benefits from the application of the early retirement reduction, provided the Participant had attained age 50 and whose age and years of continuous membership in the United Brotherhood of Carpenters and Joiners of America equal at least 80.

Benefits accrued on or after January 1, 2009 would not be exempted from the early retirement reduction as a result of a Participant's continuous membership in the United Brotherhood of Carpenters and Joiners of America.

For retirements on or after September 1, 2010, the Plan's Rule of 80 Early Retirement benefit was replaced with a Rule of 85 Early Retirement benefit. Eligibility for the Rule of 85 Early Retirement benefit would require a minimum age of 55, and the sum of the participant's age plus years of vesting service must equal or exceed 85. In addition, a participant would be required to have at least 1,000 hours of contributions to the Plan for work in Covered Employment during the 24-month period immediately preceding their Early Retirement Date. Only vesting service earned under the Plan would be counted in calculating the vesting service required for Rule of 85 Early Retirement eligibility. For the participant to receive an unreduced Early Retirement benefit, they would be required to satisfy these requirements.

The Rule of 85 was completely eliminated for Early Retirement Benefits commencing on or after January 1, 2013.

### Expansion of Suspension of Benefit Rules for Early Retirement Benefits

For retirements commencing on or after April 30, 2010, the Plan's suspension rules for Disqualifying Employment before Normal Retirement Age were expanded by applying the rules in effect for benefits accrued on or after July 1, 2005 to benefits accrued before July 1, 2005 as well.

### Reduction of Total and Permanent Disability Benefit

For disabilities incurred on or after July 1, 2010, the Plan's Total and Permanent Disability benefit was modified to provide that vested participants who were eligible for an Early Retirement Benefit would receive a monthly pension equal to their Early Retirement Benefit. In addition, for vested participants who had not yet attained age 55 and incurred a total and permanent disability, the participant would receive a monthly pension equal to their accrued benefit subject to a full actuarial reduction.

### Reduction of Qualified Pre-Retirement Survivor Annuity and Delay until Age 55

For deaths occurring on or after July 1, 2010, the Plan would continue to provide a Qualified Pre-Retirement Survivor Annuity to the surviving spouses of vested participants; however, the amount payable to the surviving spouse would be determined as if the participant retired on the date before his date of death or age 55 if later, elected the Joint & 50% Survivor Annuity form of payment, and died. Payments would not commence before the first month the deceased participant would have attained age 55.

### Elimination of Return of Contributions Ancillary Benefit

Effective as of April 29, 2010, the Board of Trustees amended the Plan to eliminate the lump sum return of contributions benefit for (1) those participants who died with less than five (5) years of vesting service, (2) deceased unmarried participants who were receiving a single life annuity and did not receive benefits in excess of the amount of employer contributions made on their behalf, and (3) married participants who died before they or their spouse received benefits in aggregate less than the employer contributions made on behalf of the participant.

Effective April 30, 2010, the Plan's lump sum return of contributions Total and Permanent Disability benefit was eliminated.

### Any Prior Suspensions of Benefits Under §432(e)(9).

The Board of Trustees has not applied for nor received approval for any prior suspensions of benefits under §432(e)(9).

### Measures Undertaken by the Plan Sponsor to Retain or Attract Contributing Employers

The Board of Trustees has worked to retain and attract contributing employers through consultation and engagement with the employers and the various associations through the rehabilitation plan process. Through this communication, in response to employer association request, the Board of Trustees adopted a "free look" plan amendment on June 21, 2007.

Additionally, the Board of Trustees has had several withdrawing employers re-sign and proceed through the abatement process rather than pay withdrawal liability.

**The Impact on Plan Solvency of the Subsidies and Ancillary Benefits Available to Active Participants.**

As of January 1, 2013, the Plan does not provide any subsidy or ancillary benefit to any active participant. All adjustable benefits have been eliminated from the Plan effective as of January 1, 2013.

**Compensation Levels of Active Participants Relative to Employees in the Participants' Industry Generally.**

During the review of the suspension of benefits and determination of the exhaustion of all reasonable measures, the Board of Trustees reviewed the hourly contribution rate and the amount of benefit credit received by the active participants of the Plan. Notably, as part of the determination that the Board of Trustees had exhausted all reasonable measures, resulting in the cessation of the continued annual increases to the hourly contribution rate, it was demonstrated that continued annual increases to the hourly contribution rate would not prevent the eventual projected insolvency of the Plan.

In comparison to the \$6.95 per hour contribution rate and \$50.00 benefit credit based on 1500 hours worked, the other larger nearby Carpenter pension funds each provide a significantly higher benefit.

<b>Union / Craft</b>	<b>Year</b>	<b>Contribution Rate</b>
Ohio Carpenters Pension Plan	2016	Between \$7.18 - \$8.53 per hour contribution rate (for a 1.0% benefit credit), which would equal approximately between \$107.70 - \$127.95 annual benefit credit based on 1500 hours worked.
Indiana / Kentucky/ Ohio Regional Council of Carpenters Pension Plan	2016	\$8.04 per hour contribution rate (for a 0.90% benefit credit), which would equal approximately \$108.54 annual benefit credit based on 1500 hours worked.

**Competitive and other Economic Factors Facing Contributing Employers**

Contributing employers have faced significant competitive and economic difficulties over the last 15 years, including a general slowdown in construction activity within the Plan's geographic area after the financial crisis of 2008, and an increase in non-union competition.

The geographic area from which contributions are made to the Plan suffered a reduction in hours worked for which contributions were due from 4,590,926 in the 2000 Plan Year to 2,147,042 in the 2016 Plan Year. In addition, the number of signatory contractors dropped from 256 during the 2000 Plan Year to 182 during the 2016 Plan Year.