SHEET METAL WORKERS LOCAL PENSION PLAN

APPLICATION FOR APPROVAL OF

SUSPENSION OF BENEFITS

UNDER THE

MULTIEMPLOYER PENSION REFORM ACT OF 2014

MARCH 30, 2018

NOVARA, TESIJA & CATENACCI, PLLC

SECTION 1. BACKGROUND AND PROCEDURE

The Board of Trustees of the Sheet Metal Workers Local Pension Fund (the "Plan") submits this application and the accompanying Exhibits to the Secretary of the Treasury for approval of suspension of benefits. The application is made pursuant to Internal Revenue Procedure 2017-43 (the "Revenue Procedure") and the Department of the Treasury's final regulations issued under § 432(e)(9) of the Internal Revenue Code of 1986 (the "Code") as published in the Federal Register on April 28, 2016 (the "Regulations").

Under §432(e)(9)(G) of the Code the Secretary of the Treasury shall approve an application for the approval of suspension of benefits upon finding that the Plan is eligible and has satisfied the criteria of subparagraphs (C), (D), (E) and (F) of §432(e)(9) of the Code. As set out in detail below, the Plan is eligible to suspend benefits and has satisfied each of the criteria under the Regulations. The Plan respectfully requests that the Secretary approve this application to suspend benefits.

SECTION 2. APPLICATION PROCEDURES

2.01 Application submitted by plan sponsor.

This application for approval of a proposed benefit suspension is submitted by the Plan Sponsor as defined at §432(j)(9) of the Code and as required under the Regulations. The application is signed by the current Chairman Trustee of the Plan who is so authorized under the Plan's agreement and declaration of trust and the letter of authorization executed by the full Board of Trustees for purposes of the application.

2.02 Term of the plan's proposed suspension of benefits.

(1) Effective date.

The Trustees of the Plan propose to make the suspension effective (the "Effective Date") after the application has been approved and the result of the participant vote has been determined, on the first day of the next Plan Year beginning after the approval, May 1, 2019.

(2) Expiration date.

The proposed suspension shall remain in effect indefinitely. It will not expire by its own terms.

(3) The proposed suspension.

The application proposes that there shall be a reduction in monthly benefits such that the revised monthly amount is based on a level accrual rate of $48.00, multiplied by years of service earned through April 30, 2019. Participants whose "current level accrual rate" under the Plan (*i.e.* prior to suspension) is less than the $48.00 post-suspension level accrual rate will not have their benefits reduced. A participant's "current level accrual rate" is determined by dividing their present earned benefit amount by their years of service. No special groups of participants will be treated differently except those required by law – (a) participants or beneficiaries with benefits based on disability will have no reduction, (b) participants or beneficiaries who are at least 80 years of age on May 31, 2019, will have no reduction to their benefit; and (c) participants or beneficiaries who are at least 75 years of age on May 31, 2019, will have a lesser benefit reduction.

Although the proposed reduction does not include a different set of benefit reductions that applies to different categories of participants or beneficiaries, each participant has a different work history and retirement date. Additionally, over time the Plan has had a number of benefit level changes that were determined by changes to the Plan's percentage-of-contribution accrual rate. This means that the proposed suspension, although based upon a level accrual rate of $48, will necessarily impact participants in different ways. The chart below summarizes the affected categories of participants based on their pre-suspension accrual rates under the Plan.

	Retirement/ Termination Date	**% of Employer Contribution Accrual Rate**
Category 1	May 1, 1983 – April 30, 1984	2.6%
Category 2	May 1, 1984 – April 30, 1987	2.8%
Category 3	May 1, 1987 – April 30, 1990	3.0%
Category 4	May 1, 1990 – April 30, 1994	3.5%
Category 5	May 1, 1994 – April 30, 2003	3.65%
Category 6	May 1, 2003 – July 31, 2009	3.65% of contributions through April 30, 2003; plus 2.2% of contributions from May 1, 2003 through April 30, 2006; plus .36% of contributions from May 1, 2006 through July 31, 2009.
Category 7	On or after August 1, 2009	3.65% of contributions through April 30, 2003; plus 2.2% of contributions from May 1, 2003 through April 30, 2006;plus .36% of contributions from May 1, 2006 through July 31, 2013; plus 0% of contributions after August 1, 2013. As of August 1, 2009, subsidies for early retirement and optional forms of payment were eliminated from the Plan.

Participants in Categories 1 - 4 will not be impacted by the proposed suspension because all in those categories either have benefit protections under law (as described previously), or have a current level accrual rate that is already less than the proposed $48.00 level accrual rate.

Participants in Category 5 - 7, who have a benefit that is eligible for a reduction, will be impacted as follows:

Category 5 - average pre-suspension level accrual rate reduced from $75* to $48

Category 6 - average pre-suspension level accrual rate reduced from $74* to $48

Category 7 - average pre-suspension level accrual rate reduced from $69* to $48

[*As noted above a participant's pre-suspension level accrual rate is determined by dividing their presently earned benefit amount by their years of service. The pre-suspension level accrual rate shown above is the **average** for all participants in the category eligible for reduction. Each individual participant has a different retirement date and form of payment, as well as a different pre-suspension level accrual rate depending on their years of service, annual hours worked, and hourly contribution rate made on their behalf].

Participants entering the Plan after July 31, 2013 are excluded from the proposed suspension because those participants have not earned any benefits under the Plan (the accrual rate was reduced to 0% for all service after July 31, 2013) and thus are not impacted by the proposed suspension.

Under the proposed suspension no participant or beneficiary's benefit will be reduced below the 110% of the level guaranteed by the Pension Benefit Guaranty Corporation ("PBGC").

2.03 Penalties of perjury statement. *See*, **Exhibit 1.**

2.04 Public disclosure statement. *See*, **Exhibit 1.**

SECTION 3. DEMONSTRATION THAT THE PLAN IS ELIGIBLE FOR SUSPENSION

3.01 Plan actuary's certification of critical and declining status.

The Plan actuary's required certification (issued July 28, 2017) is found at **Exhibit 2** to the application as required under Code §432(b)(3)(A). The Plan is certified as being in critical and declining status for the Plan Year beginning May 1, 2017. The certification is supported by the May 1, 2016 actuarial valuation (issued August 17, 2017) and **Exhibit 4**, the actuary's *Supplemental Information to Actuarial Certification for the Plan Year Beginning May 1, 2017* (issued March 9, 2018), which includes a year-by-year projection of the Plan's available resources and the benefits under the Plan demonstrating that the Plan is projected to become insolvent during the Plan Year beginning May 1, 2031.[1] The documentation includes

[1] Changes to the demographic data, assumptions, actual contributions received and investment performance through December 31, 2017, resulted in the extension of the projected insolvency year from during the plan year beginning 2031 as shown in the *Certification* and *Supplemental Information* to during the plan year beginning 2035, as shown

descriptions of the assumptions and methods applied. The year-by-year projection separately identifies the market value of assets as of the beginning and end of the Plan Years beginning May 1, 2016 though April 30, 2031, and the following cash-flow items for those years: (1) employer contributions, (2) withdrawal liability payments, (3) benefit payments (by category), (4) administrative expenses, and (5) investment returns.

3.02 Plan actuary's certification that the plan is projected to avoid insolvency.

Exhibit 4 is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* This certification (dated March 27, 2018) includes at Part C. the actuary's *Deterministic Projection of Current Plan Without Proposed Suspension.* Part C. includes a year-by-year solvency projection that demonstrates that the Plan will become insolvent in the Plan year beginning May 1, 2035. Part D. *Deterministic Projection of Proposed Suspension* of the certification satisfies the requirements of §432(e)(9)(C)(i) by providing a year-by-year projection demonstrating that with the proposed suspension taking effect on May 1, 2019, the Plan is projected to avoid insolvency within the meaning of Code § 418E. The *Report* also separately identifies the available resources during each year and the market value of assets and changes in cash flow.

3.03 Plan sponsor's determination of projected insolvency.

The Trustees of the Plan have made a prudent determination under Code §432(e)(9)(C)(ii), after consideration of all of the available information and possible plan changes that the Plan is projected to become insolvent unless benefits are suspended as proposed in the application. The Trustees have determined this to be so even though they have taken all reasonable measures to avoid insolvency. The Trustees determination of projected insolvency includes consideration of all measures taken to avoid insolvency over the past 10 plan years, as discussed below.

On July 1, 2009, the Plan's actuary certified the Plan's funding status as critical for the 2009 Plan Year. The Plan was considered to be in critical status because the funded percentage was 47.2% and there were projected funding deficiencies starting at the end of the 2009-2010 Plan Year. The decline in funding that lead to this certification was largely a function of the crisis in the financial markets in 2008, and the "Great Recession" that followed, which resulted in a reduction in work hours.

In the years since being first certified as "critical" under the PPA the Trustees have adopted steps under the auspices of a Rehabilitation Plan and further "all reasonable measures" intended to forestall insolvency and improve the funding status of the Plan. The Trustees have determined that notwithstanding those steps, the Plan cannot be projected to avoid insolvency if the proposed suspension of benefits is not applied to the Plan.

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in **Exhibits 2, 3**, **and 4** the *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019*.

3.04 Consideration of Specific Plan Factors.

(1) The determination that all reasonable measures have been taken to avoid insolvency includes the consideration of the Plan factors specified in Section 432(e)(9)(C)(ii) for the 10 plan years immediately preceding 2018.

(a) Current and past contribution levels.

Contribution rates have increased by at least 50% of the pre-2009 levels due to the Rehabilitation Plan. Under the preferred schedule to the Plan's Rehabilitation Plan there were cumulative contribution increases of 10% in 2009, 2010, and 2011. In 2012, there was a contribution rate increase of 14%. These contribution rate increases resulted in significant wage deferments to the Plan by its active participants and have made it very difficult for signatory contractors to remain competitive in the sheet metal construction market. The Trustees believe that additional contribution rate increases will result in a loss of members by the Union and will make it extremely difficult for the Union to attract new members. This could result in a decrease in future contributions to the Plan and, if that were to occur, cause a net decrease in future funding of the Plan. Further contribution rate increases are therefore counterproductive to the goal of avoiding insolvency.

(b) Levels of benefit accruals including any prior reductions in the rate of benefit accruals.

The future benefit accrual rate has been reduced multiple times since 2003 and was suspended effective August 1, 2013. *See*, the table reproduced under Section 2.02(3) which sets out the history of percentage of contribution accrual rates under the Plan from May 1, 1983, through August 1, 2013 (for service after which date the accrual rate is 0%).

(c) Prior reductions of adjustable benefits under Section 432(e)(8).

The benefit reductions in the Plan's Rehabilitation Plan include all permissible adjustable benefit reductions, excepting an increase to the Plan's normal retirement age.

(d) Prior suspension of benefits under Section 432(e)(9).

Not applicable as the Plan has not had a prior suspension of benefits under Section 432(e)(9).

(e) Measures taken to retain or attract contributing employers.

At present, any would-be contributing employer is faced with participation in a Plan that is projected to become insolvent, that imposes an almost punitive contribution rate, and for which new participants will accrue a 0% future benefit notwithstanding the deferral of wages into the Plan as contributions. Additionally, any would-be employer who commences participation in the Plan will face substantial withdrawal liability. Under these circumstances, it is the belief of the Trustees that no rational employer will be interested in signing a CBA that requires contributions to the Plan. The financial position of the Plan makes it practically impossible to attract new long term participating employers.

The only response to this reality is for the Trustees to seek to retain the contribution base that the Plan has. This is reflected in the determination not to seek additional contribution rate increases from the existing employers, which would foreseeably lead to employer bankruptcies and likely uncollectible withdrawals.

(2) The impact on plan solvency of the subsidies and ancillary benefits available to active participants.

As noted above, all adjustable benefits have been eliminated under the Rehabilitation Plan, excepting an increase to the Plan's normal retirement age.

(3) Compensation levels of active participants relative to employees in the participants' industry generally.

Sheet Metal Workers Local Union #33 represents over 4,500 skilled craftsmen throughout most of Ohio and West Virginia. Hourly wage rates for active participants in the Plan were on average $25-$27 hour in 2016. The average national hourly wage in 2016 for Sheet Metal Workers was $24.56/hour. The 2016 median average wage for Sheet Metal Workers in Akron Ohio was $22.09/hour and $28.06/hour in the Wheeling, West Virginia according to the Bureau of Labor & Statistics ("BLS") study published in April 2017.

(4) Competitive and other economic factors facing contributing employers.

Significant contribution increases to the Plan have been made by signatory contractors since May, 2008 (See, **Exhibit 10**, Narrative Statement). This has resulted in significant wage deferments by members. These significant contribution increases have made it very difficult for signatory contractors to remain competitive in the sheet metal construction market.

How Plan factors were taken into account/other factors considered

- The impact of benefit and contribution levels on retaining active participants and bargaining groups under the plan.

With reference to the descriptions above, the Trustees observe that current active participants are making significant wage deferments to the Plan but are not accruing any additional pension benefits. Any further increase in the contribution rate would likely result in employer withdrawals and a loss of members by the Union.

- The impact of past and anticipated contribution increases under the plan on employer attrition and retention levels.

With reference to the description above, there are no further plans to increase the required contribution rate as such an action is reasonably anticipated to have a significantly detrimental impact on the Plan's future funding.

<u>SECTION 4</u>. DEMONSTRATION THAT THE PLAN'S PROPOSED SUSPENSION SATISFIES THE STATUTORY REQUIREMENTS

4.01 <u>Demonstration that limitations on individual suspensions are satisfied</u>.

Exhibit 6 to the application demonstrates how the proposed suspension satisfies the limitations described in Code § 432(e)(9)(D)(i), (ii) and (iii). Section 4.01 of Revenue Procedure 2017-43 requires information demonstrating that certain statutory limitations with respect to the proposed suspension are satisfied. The limitations set forth in Section 4.01 are satisfied based upon the following (summarized) individual demonstrations.

(1) and (3) <u>Sample Calculations</u>

- Example 1 – An individual currently receiving benefits under age 75 (including contingent beneficiary)
- Example 2 – A future retiree under age 75
- Example 3 – An individual currently receiving benefits between age 75 and 80 (including contingent beneficiary)
- Example 4 – A future retiree between ages 75 and 80
- Example 5 – An individual currently receiving benefits over age 80 (including contingent beneficiary)
- Example 6 – An individual currently receiving benefits below 110% of PBGC guarantee (including contingent beneficiary)
- Example 7 – A future retiree with current accrued benefit below 110% of PBGC guarantee
- Example 8 – An individual currently receiving benefits based on disability (pre-5/1/1995 disability award)(including contingent beneficiary)
- Example 9 – An individual currently receiving benefits based on disability (post-5/1/1995 disability award)
- Example 10 – A future retiree with benefits based on disability
- Example 11 – An individual currently receiving benefits that were increased for late retirement

The proposed suspension does not affect any participant or beneficiary that is at least 80 as of May 31, 2019.

In determining the extent to which any participant's benefit will be reduced pursuant to the proposed suspension, no participant's monthly guaranteed benefit as calculated under §4022A of ERISA is reduced on account of any of the following limitations or exclusions:

(a) The Section 4022A(a) exclusion of certain forfeitable benefits;

(b) The Section 4022A(b)(1)(A) exclusion of certain benefits and benefit increases in effect for less than 60 months;

(c) The limitations contained in the section 4022A(c)(2) definition of the accrual rate used for calculating the monthly guaranteed benefit in order that the accrual rate is based on a benefit that is no greater than the monthly benefit payable under the Plan at normal retirement age in the form of a single life annuity and is calculated without regard to any reduction under §411(a)(3)(E) of the Code, divided by the participant's years of credited service through the date that future benefit accruals were suspended (limited to 1 year for any one year of participation);

(d) The Section 4022A(d) limitation that the guaranteed benefit will not exceed the benefit calculated under the Plan as reduced under §411(a)(3)(E) of the Code; and

(e) The Section 4022A(e) exclusion, pursuant to §4022(b)(6) of benefits that would not be guaranteed if paid under a single employer plan.

(2) Disability.

The proposed suspension does not affect any participant or beneficiary under the Plan that was awarded a disability pension. The Plan currently does not offer a disability benefit to current active participants. Effective September 1, 2013, the Plan's disability benefit was eliminated as part of the Rehabilitation Plan adopted under the Pension Protection Act of 2006.

For participants that earned at least 10 years of service and became qualified for a Social Security disability benefit* before September 1, 2013, the Plan paid a temporary disability benefit payable until age 55. The amount of the benefit was 80% of the participant's accrued benefit (100% of accrued benefit for participants that became disabled before May 1, 1995) payable as a single life annuity.

*The Social Security disability award requirement was effective only for those that became disabled on or after August 1, 2009 (but before September 1, 2013) as part of the Rehabilitation Plan.

4.02 Demonstration that the proposed suspension is reasonably estimated to enable the plan to avoid insolvency.

(1) Deterministic Illustrations

Exhibit 4 is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* This certification (dated March 27, 2018) includes a demonstration pursuant to Code §432(e)(9)(D)(iv) that the proposed suspension is reasonably estimated to enable the Plan to avoid insolvency. The Plan is not a plan which, pursuant to Code §432(e)(9)(B)(v)(I), must use stochastic projections in its illustrations demonstrating that it will avoid insolvency.

The *Report* contains a year-by-year projection demonstrating that the Plan is projected to avoid insolvency within the meaning of Code §418E for the extended period with the proposed suspensions going into effect on May 1, 2019. It also contains illustrations as to the Plan's solvency ratio and available resources for each year of the extended period.

(2) Illustration that the proposed suspension is reasonably estimated to achieve the level necessary to avoid insolvency for the extended period utilizing stochastic projections.

The Plan is not required to appoint a retiree representative under Code §432(e)(9)(B)(v)(I). The application therefore does not include an illustration using stochastic projections.

(3) Information on the actuarial assumptions used for the illustrations.

See, **Exhibit 4**.

4.03 Demonstration that the proposed suspension is reasonably estimated to not materially exceed the level necessary to avoid insolvency

Exhibit 4 is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* This certification (dated March 27, 2018) includes a demonstration pursuant to Code §432(e)(9)(D)(iv) that the proposed benefit suspension is reasonably estimated to not materially exceed the level necessary to avoid insolvency. The *Report* summarizes this demonstration under the heading "Limitation on Aggregate Size of Suspension". The Plan's actuary certifies that the Plan would fail deterministic tests relating to the solvency ratio and/or the projected funded ratio at the end of the extended period if the dollar amount of the proposed benefit suspension for each participant and beneficiary were reduced (but not below zero) by the greater of 5% of the individual's monthly amount proposed to be suspended and 2% of the individual's monthly amount without regard to the proposed suspension.

Part E of the *Report* is captioned *Deterministic Projection Demonstrating Proposed Suspension Does Not Materially Exceed the Level That is Necessary to Avoid Insolvency*. Part E demonstrates that if the suspension is reduced by the amounts described in the preceding paragraph the suspension will no longer be sufficient to enable the Plan to satisfy the requirement to avoid insolvency under §1.432(e)(9)-1(d)(5)(i)(A) of the Regulations. Part E includes calculations, on a year-by-year basis for the relevant period, of available resources, solvency ratio, the market value of assets, contributions, investment earnings, plan benefit payments, and expenses.

4.04 Demonstration that the proposed benefit suspension is distributed equitably.

The proposed benefit suspension is distributed in an equitable manner across the Plan's participant and beneficiary population as required pursuant to Code §432(e)(9)(D)(vi). Although the proposed reduction does not include a different set of benefit reductions that applies to different categories of participants or beneficiaries, each participant has a different work history and retirement date. Additionally, the Plan has had a number of benefit level changes over time. This means that the proposed reduction will impact participants in different ways depending on the periods during which members worked.

See, **Exhibit 7** for the actuary's calculations that demonstrate the equitable distribution of the proposed suspension and for information on the effect of the suspension on the Plan's participants in the aggregate as required per Section 4.04(1)(a) and (b) of Revenue Procedure 2017-43. In addition, the information includes the effect on the suspension for the 7 different categories of participants shown in application Section 2.02, above.

In deciding whether the proposed reduction is equitably distributed the Board of Trustees took into account the following factors listed in § 432(e)(9)(D)(vi):

(V) The extent to which a participant or beneficiary is receiving a subsidized benefit. Retirees prior to the adoption of the Pension Fund's Rehabilitation Plan have early retirement and optional form of benefit subsidies.

(VII) The Plan's history of benefit increases or reductions. There was a series of Plan accrual rate increases from the inception of the Plan until May 1, 1994, at which time that benefit accrual rate remained in place until May 1, 2003. The Plan's accrual rates were reduced after April 30, 2003, and again after April 30, 2006, until all accruals were eventually suspended after July 31, 2013. The actuary's analysis shows that participants with benefits earned from 1994 through 2003 earned the highest accrual rates.

(IX) Any discrepancies between active and retiree benefits. Participants who retired before April 1, 2003, generally have benefited from higher accrual rates than current active participants.

After considering the above factors, the Trustees decided on a reduction in the benefit accrual rates earned under the Plan to a level accrual rate amount for all participants. This type of reduction protects more of the participants with the lowest benefits (those who benefited least or not at all from the high accrual rates under the Plan prior to 2003) and therefore reduces disparity in benefits earned among participants due to the decreases in benefit accruals after April 30, 2003, and the removal of other benefit subsidies in 2009 as part of the Rehabilitation Plan.

In addition to factors above other factors taken into consideration by the Trustees that are relevant to their decision to reduce benefits to a level accrual rate amount for all participants are:

- That applying a level accrual rate will reduce administrative complexity related to the recalculation of benefits; and

- Applying a level accrual rate will facilitate clear and direct communication to the participants because the level accrual rate applies to all participants regardless of what "group" they are in.

4.05 Notice.

The Trustees have satisfied the notice requirements of Code §432(e)(9)(F) as follows:

(1) Individual notices.

Appendix A to the application contains each type of notice that will be given to each participant and beneficiary under the Plan, as well as to each employer that has an obligation to contribute to Plan and to each employee organization representing participants in the Plan.

(2) Efforts made to contact participants, beneficiaries and alternate payees.

The Board of Trustees for the Pension Fund has complete and up to date records of the Plan's participants and beneficiaries. If an address were found to be invalid the matter would be referred to the Plan's third party administrator (Benesys, Inc.) which would refer the matter to PBI, the entity used by Benesys to monitor participant death records and locate missing participants. Benesys also conducts searches using on-line search tools.

(3) Notices will not be delivered electronically.

(4) Lists of:

(a) Each employer that has an obligation to contribute to the Plan within the meaning of section 4212(a) of ERISA.

A list of the contributing employers that have an obligation to contribute to the Plan within the meaning of § 4212(a) of ERISA is attached as **Exhibit 8**.

(b) Employee organization representing participants under the plan.

The employee organization representing participants under the Plan is the International Association of Sheet Metal, Air, Rail and Transportation Workers Local Union No. 33.

SECTION 5. PLAN SPONSOR DETERMINATION RELATING TO REASONABLE MEASURES TAKEN TO AVOID INSOLVENCY

5.01 Measures taken to avoid insolvency.

See, discussion in Section 3.03, above, and the Narrative Statement (**Exhibit 10**).

5.02 Plan factors.

See, discussion in Section 3.03, above, and the Narrative Statement (**Exhibit 10)**.

5.03 How plan factors were taken into account.

See, discussion in Section 3.03, above, and the Narrative Statement (**Exhibit 10)**.

5.04 Other factors considered.

See, discussion in Section 3.03, above, and the Narrative Statement (**Exhibit 10)**.

SECTION 6. OTHER REQUIRED INFORMATION

6.01 Ballot.

See, **Appendix A** for a proposed ballot package intended to satisfy the requirements of Code §432(e)(9)(H)(iii). In keeping with the Revenue Procedure, the ballot package does not include the information described in Regulation §1.432(e)(9)-1(h)(3)(i)(E), (L) or (M)(the statement in opposition to the proposed benefit suspension, the individual estimate that will be provided as part of the notice, and the voting procedures, including the deadline for voting).

6.02 Partition.

The Plan is not requesting approval for a partition.

6.03 Description of assumptions used in projections.

The application is supplemented with attachments intended to fulfill the requirements of Section 6.03 of the Revenue Procedure and its Appendix B. **Exhibit 4** is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* The information required under this section is found in Part K of that report.

6.04 Ten-year experience for certain critical assumptions.

See, **Exhibit 4** which is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* This certification (dated March 27, 2018) includes, under the heading *Part K-2 – Supporting Documentation For Selection of Certain Actuarial Assumptions*, a subsection under the heading *Contribution Base Units and Employer Withdrawals*. A separate copy of this information is attached at the end of **Exhibit** 4. This section presents a table showing the 10-year experience for certain critical assumptions including the total employer contributions, pension hours, average hourly contribution rate, withdrawal liability payments, and the market value return on assets for the last 10 plan years. This section fulfills the requirements of Section 6.04 of the Revenue Procedure.

6.05 Demonstration of sensitivity projections.

See, **Exhibit 4** which is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* This certification (dated March 27, 2018) includes

- Part F. Deterministic projection of proposed suspension assuming annual rate of return is reduced by 1.00%

- Part G. Deterministic projection of proposed suspension assuming annual rate of return is reduced by 2.00%

- Part H. Deterministic projection of proposed suspension assuming the industry activity assumption continues under the same trend as the Plan experienced over the last 10 years (0.1% per year)

- Part I. Deterministic projection of the proposed suspension assuming the industry activity assumption continues under the same trend as the Plan experienced over the last 10 years, reduced by 1.00% (-0.9% per year)

This exhibit satisfies the requirements of Section 6.05 of the Revenue Procedure.

6.06 Projection of funded percentage.

See, **Exhibit 4** which is the Plan actuary's *Report of Required Actuarial Information – Application for Proposed Benefit Suspension as of May 1, 2019.* This certification (dated March 27, 2018) includes Part J which projects the Plan's market value of assets, unit credit accrued liability, and funded percentage for each year of the extended period.

This exhibit satisfies the requirements of Section 6.06 of the Revenue Procedure.

6.07 Plan sponsor certifications relating to plan amendments.

See, **Exhibit 9** for the Trustees' certification that if they receive final authorization to implement the suspension of benefits as described in Code §432(e)(9)(H)(vi), and choose to implement the authorized suspensions then they will adopt in a timely manner the following plan amendments which shall not be modified at any time thereafter before the suspension of benefits expires:

(1) in accordance with Code §432(e)(9)(C)(ii) a plan amendment providing that the benefit suspension will cease as of the first day of the first Plan Year following the Plan Year in which the Trustees fail to determine that both: (a) all reasonable measures to avoid insolvency continue to be taken during the period of benefit suspension; and (b) the Plan is projected to become insolvent unless benefits continue to be suspended; and

(2) a plan amendment providing that any future benefit improvements must satisfy the requirements of Code §432(e)(9)(E).

6.08 Whether the plan is a plan described in §432(e)(9)(D)(vii).

The Plan is not a plan described in Code §432(e)(9)(D)(vii).

6.09 Narrative statement.

See, **Exhibit 10**.

SECTION 7. IDENTIFICATION AND BACKGROUND INFORMATION ON THE PLAN

7.01 Plan sponsor.

The Plan Sponsor is the Board of Trustees of the Sheet Metal Workers Local Pension Plan. The address of the Board is P.O. Box 368, Troy, MI 48099-0368. The Telephone number is (248) 641-4902. The Board does not have a separate Employment Identification Number (EIN).

7.02 Plan identification.

The name of the Plan is the Sheet Metal Workers Local Pension Plan. The Plan has been assigned Plan Number 001. Its Employment Identification Number (EIN) is 34-6666753. The Plan is a multiemployer plan within the meaning of Code §414(f) and ERISA §3(37).

7.03 Retiree representative.

The Plan is not required to appoint a Retiree Representative under the Regulations because it is not a plan with 10,000 or more participants.

7.04 Plan's enrolled actuary.

The Plan's enrolled actuary is Kevin M. Campe, EA, MAAA (EA #17-05356) of Milliman, Inc., located at 71 South Wacker Drive, 31st Floor, Chicago, IL 60606. The telephone number is (312) 726-0677.

7.05 Power of attorney.

See, **Appendix C**. The Plan's representatives as attorney-in-fact are Michael A. Novara and Paul M. Newcomer of Novara, Tesija & Catenacci, PLLC.

7.06 Plan documents.

See, **Exhibit 11** for the Plan's most recently restated Plan Document, including all amendments, the most recent summary plan description as defined under §102 of ERISA and any subsequent summaries of material modifications, and the Plan's most recent determination letter.

7.07 Collective bargaining and side agreements.

See, **Exhibit 12**, for excerpts from the collective bargaining agreements and side agreements pursuant to which the Plan is maintained, including language from any portions of a collective bargaining agreement or side agreement that are relevant to the Plan or proposed suspension.

7.08 Annual return.

See, **Exhibit 13** for the following sections of the Plan's most recently filed form 5500: (1) pages 1 and 2 of Form 5500, (2) Schedule MB, including attachments, (3) Schedule R, with attachments, and (4) accountant's report under section 103(a)(3) of ERISA.

7.09 Rehabilitation plan.

See, **Exhibit 14**, for a copy of the Plan's most recently updated Rehabilitation Plan.

7.10 Valuation reports.

See, **Exhibit 15** for the May 1, 2017 actuarial valuation report for the Plan. The May 1, 2016 actuarial valuation is provided as **Exhibit 16**.

7.11 Completed checklist.

See, **Appendix D** for the completed checklist of information required to be included in the Plan's application.

The Trustees appreciate Treasury's review of this important matter for the Plan. Should you have any questions or require any additional information please contact Michael A. Novara or Paul M. Newcomer at T: (248) 354-0380.

[redacted]SION FUND

3-28-2018

Philip Chiarappa, Chairman   Date