

**Bricklayers & Allied Craftsmen Local No. 7 Pension Plan
Checklist Item #21**

Does the application describe how the plan sponsor took into account – or did not take into account – in the determination that all reasonable measures have been taken to avoid insolvency the impact of:

- benefit and contribution levels on retaining active participants and bargaining groups under the plan; and
- past and anticipated contribution increases under the plan on employer attrition and retention levels?

See section 5.03.

Document 21.1 provides a description of the benefit and contribution levels taken into account to avoid insolvency.

Document 21.1**Benefit and Contribution Levels Taken into Account to Avoid Insolvency**

To avoid insolvency over the past ten (10) years, the Board of Trustees has considered the following factors, as listed Code § 432(e)(9)(c)(ii)(VIII) and Code § 432(e)(9)(c)(ii)(VIII). See also Revenue Procedure 2016-27, section 5.03.

1. The Impact of Benefit and Contribution Levels on Retaining Active Participants and Bargaining Groups under the Pension Plan

Decreases in benefit levels under the Pension Plan have drastically reduced union membership, participant numbers, and morale. Given the sizable unaccredited portion of contributions to the Pension Plan, it is generally known by the union members that the Pension Plan is in critical and declining status and heading quickly toward insolvency. Qualitative data also suggest that union members and members in the other local unions have low morale and are pessimistic about the future of the Pension Plan. Continuous reductions in pension benefits have caused considerable transfers from Local 7 to other neighboring local unions, whose pension plans are not in critical and declining status.

Quantitative data suggest greater losses in Local 7 than in comparable local unions in the northeast Ohio area. For instance, in 2005, based on the U.S. Department of Labor statistics, Bricklayers Local 7 had 415 members, compared to 240 members in 2015, a decrease of 42.2%. While geographically similar locals also have experienced membership losses, their losses have not been as drastic as Local 7's losses. For instance, Local 6 in Canton, Ohio, had 392 members in 2005 and 307 members in 2015, a decrease of only 21.7%. Similarly, Local 5 in the Cleveland area had 1,563 members in 2005 and 1,294 in 2015, only a 17.2% loss.

All of the neighboring locals have substantial pension plans whose funding percentages far exceed that of the Pension Plan. Members of the International Union of Bricklayers and Allied Craftworkers are free to join, or transfer, to any local union that they choose. An analysis of both qualitative and quantitative data suggests that without drastic changes that would stabilize the Pension Plan, insolvency would likely be accelerated due to the ongoing flight of the Akron membership to neighboring local unions. In addition to membership retention and recruiting problems, knowledge of the Pension Plan and its impending insolvency make organizing and retaining union contractors and members a constant struggle. Most of the local masonry contractors employ 50 or less workers, and their businesses likely could not sustain the unfunded liability that would accumulate over five (5) to ten (10) years of consistent work in the area.

2. The Impact of Past and Anticipated Contribution Increases under the Pension Plan on Employer Attrition and Retention Levels

As noted above, the impact of past and anticipated contribution increases under the Pension Plan has had a significant detrimental effect on employer retention levels. The Pension Plan has lost the following contractors (among others), some of which were the original contributors:

- Frank Brown & Sons
- Duer Construction
- Livigny Construction
- Bucky Arnes Construction
- Moore Masonry
- Hercules Masonry
- Greer Masonry
- Landus Masonry
- Applegren Masonry
- Reich Masonry
- Morgan Masonry