

CARPENTERS PENSION TRUST FUND – DETROIT & VICINITY
SECOND APPLICATION FOR APPROVAL OF SUSPENSION OF BENEFITS UNDER THE
MULTIEMPLOYER PENSION REFORM ACT OF 2014

CHECKLIST

Response	Item number	Description of item	Page number in application
Yes	1.	Does the application include an original signature of the plan sponsor or an authorized representative of the plan sponsor? See section 2.01 of this revenue procedure.	Cover Letter
Yes	2.	Does the application include a description of the proposed benefit suspension – calculated as if no other limitations apply – that includes: <ul style="list-style-type: none"> the suspension’s effective date (and its expiration date, if applicable), whether the suspension provides for different treatment of participants and beneficiaries, a description of the different categories or groups of individuals affected, and how the suspension affects these individuals differently? See section 2.02 of this revenue procedure. 	CPTF 000001
Yes	3.	Does the application include a penalties-of-perjury statement signed by an authorized trustee on behalf of the board of trustees? See Section 2.03 of this revenue procedure.	CPTF 000042
Yes	4.	Does the application include a statement, signed by an authorized trustee on behalf of the board of trustees, acknowledging that the application and the application’s supporting material will be publicly disclosed on the Treasury Department’s website? See section 2.04 of this revenue procedure.	CPTF 000042
Yes	5.	Does the application include the plan actuary’s certification of critical and declining status and the supporting illustrations, including: <ul style="list-style-type: none"> the plan-year-by-plan-year projections demonstrating projected insolvency during the relevant period, and separately identifying the available resources (and the market value of assets and changes in cash flow) during each of those years? See section 3.01 of this revenue procedure.	CPTF 000043
Yes	6.	Does the application include the plan actuary’s certification that, taking into account the proposed suspension and, if applicable, a proposed partition, the plan is projected to avoid insolvency if the suspension takes effect, and the supporting illustrations, including: <ul style="list-style-type: none"> the plan-year-by-plan-year projections demonstrating projected solvency during the relevant period, separately identifying the available resources (and the market value of assets and changes in cash flow) during each of those years? See section 3.02 of this revenue procedure.	CPTF 000049
Yes	7.	Does the application include the plan sponsor’s determination of projected insolvency that includes the documentation set forth in section 5 of the revenue procedure? See section 3.03 of this revenue procedure.	CPTF 000046

Yes	8	<p>Does the application include a demonstration that the limitations on individual suspensions are satisfied, including a description of each benefit based on disability, as defined under the plan, that is paid to an individual under the plan (without regard to whether the disability benefits are available to newly disabled participants) and calculations regarding:</p> <ul style="list-style-type: none"> • the guarantee-based limitation, • the disability-based limitation, • the age-based limitation, taking into account the guarantee-based limitation, and • if applicable, the age-based limitation taking into account both the guarantee-based limitation and the disability-based limitation? <p>See section 4.01 of this revenue procedure.</p>	CPTF 000097
Yes	9.	<p>Does the application include a demonstration that the proposed suspension is reasonably estimated to achieve the level necessary to avoid insolvency for the extended period, including illustrations regarding the plan's solvency ratio and available resources? See section 4.02(1) of this revenue procedure.</p>	CPTF 000049
Yes	10.	<p>Does the application include an illustration that the proposed suspension is reasonably estimated to achieve the level necessary to avoid insolvency for the extended period utilizing stochastic projections? (This illustration is optional if the plan is not required to appoint a retiree representative under § 432I(9)(B)(v)(I).) See section 4.02(2) of this revenue procedure.</p>	CPTF 000119
Yes	11.	<p>Does the application include a demonstration that the proposed suspension is not projected to materially exceed the level necessary to avoid insolvency, including:</p> <ul style="list-style-type: none"> • the plan-year-by-plan-year projections demonstrating projected insolvency during the relevant period, and • a separate identification of the available resources (and the market value of assets and changes in cash flow) during each of those years? <p>See section 4.03 of this revenue procedure.</p>	CPTF 000125
Yes	12.	<p>Does the application include a demonstration that the proposed suspension is equitably distributed, including:</p> <ul style="list-style-type: none"> • 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 § 432E(9)(D)(vi) were taken into account (if applicable), • for each factor taken into account that is not one of the factors listed in § 432E(9)(D)(vi), an explanation why the factor is relevant, and • an explanation of how any difference in treatment among categories or groups of individuals results from a reasonable application of the relevant factors? <p>See section 4.04 of this revenue procedure.</p>	CPTF 000132
Yes	13.	<p>Does the application include a copy of the notices (excluding personally identifiable information) that meet the requirements under § 432E(9)(F)? See section 4.05(1) of this revenue procedure.</p>	CPTF 000148 000155
Yes	14.	<p>Does the application include a description of the efforts that are being taken to contact participants, beneficiaries in pay status, and alternate payees? See section 4.05(2) of this revenue procedure.</p>	CPTF 000023

Yes	15.	Does the application describe the steps the plan sponsor has taken to ensure that notices delivered electronically are reasonably accessible to the recipients? See section 4.05(3) of this revenue procedure.	CPTF 000023
Yes	16.	Does the application include a list of each employer who has an obligation to contribute under the plan and each employee organization representing participants under the plan? See section 4.05(4) of this revenue procedure.	CPTF 000195
Yes	17.	Does the application include information on past and current measures taken to avoid insolvency? See section 5.01 of this revenue procedure.	CPTF 000289
Yes	18.	Does the application include information regarding the plan factors described in § 432©(9)©(ii), for the past 10 plan years immediately preceding the plan year in which the application is submitted? See section 5.02 of this revenue procedure.	CPTF 000272
Yes	19.	Does the application describe how the plan sponsor took into account – or did not take into account – the factors listed in section 5.02 of this revenue procedure in the determination that all reasonable measures were taken to avoid insolvency? See section 5.03 of this revenue procedure.	CPTF 000010
Yes	20.	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: <ul style="list-style-type: none"> • 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 of this revenue procedure.	CPTF 000010
Yes	21.	Does the application include a discussion of any other factors the plan sponsor took into account including how and why those factors were taken into account? See section 5.04 of this revenue procedure.	CPTF 000010
Yes	22.	Does the application include a copy of the proposed ballot, excluding the information regarding the statement in opposition, the individualized estimate, and the voting procedures? See section 6.01 of this revenue procedure.	CPTF 000215
N/A	23.	Does the application indicate whether the plan sponsor is requesting approval from PBGC of a proposed partition under section 4233 of ERISA? See section 6.02 of this revenue procedure.	CPTF 000024
N/A	24.	If the answer to item 23 is yes, does the application specify the effective date of the proposed partition and include a plan-year-by-plan-year projection of the amount of the reduction in benefit payments attributable to the partition? See section 6.02 of this revenue procedure.	N/A
Yes	25.	Does the application include: <ul style="list-style-type: none"> • a description of each of the assumptions used in the projections required under sections 3.01, 3.02, 4.02(1), 4.02(2), and 4.03 of this revenue procedure, • supporting evidence for the selection of those assumptions, and • an explanation of any differences among the assumptions used for various purposes? See section 6.03 and Appendix B of this revenue procedure.	CPTF 000222

Yes	26.	Does the application describe the plan's experience with certain critical assumptions, including a disclosure for each of the 10 plan years immediately preceding the application that separately identifies: <ul style="list-style-type: none"> • the total contributions, • the total contribution base units, • the average contribution rates, • the withdrawal liability payments, and • the rate of return on plan assets? See section 6.04 of this revenue procedure. 	CPTF 000272
Yes	27.	Does the application include deterministic projections of the sensitivity of the plan's solvency ratio throughout the extended period by taking into account the more conservative assumptions of investment experience and future contribution base units than assumed elsewhere in the application? See section 6.05 of this revenue procedure.	CPTF 000274
Yes	28.	Does the plan include deterministic projections for each year in the extended period of: <ul style="list-style-type: none"> • the value of plan assets, • the plan's accrued liability, and • the plan's funded percentage? See section 6.06 of this revenue procedure. 	CPTF 000285
Yes	29.	Does the application include the plan sponsor's representation that, if it receives the Treasury Department's final authorization to suspend and then chooses to implement the suspension, it will also amend the plan: <ul style="list-style-type: none"> • to provide that the suspension will cease upon the plan sponsor's failure to maintain a written record of its annual determination that (i) all reasonable measures continue to be taken to avoid insolvency and (ii) the plan would not be projected to avoid insolvency without a suspension, • to require that any future benefit improvements must satisfy § 432€(9)€, and • to specify that the plan sponsor will not modify these amendments, notwithstanding any other provision of the plan document? See section 6.07 of this revenue procedure.	CPTF 000288
N/A	30.	Does the application indicate whether the plan is a plan described in § 432€(9)(D)(vii) and, if it is, how that is reflected in the proposed benefit suspension? See section 6.08.	CPTF 000031
Yes	31	Does the application include a narrative statement of the reasons the plan is in critical and declining status? See section 6.09.	CPTF 000289
Yes	32.	Does the application include the required plan sponsor identification and contact information? See section 7.01 of this revenue procedure.	CPTF 000031
Yes	33.	Does the application include the required plan identification information? See section 7.02 of this revenue procedure.	CPTF 000031
Yes	34.	Does the application include the required retiree representative information (if applicable)? See section 7.03 of this revenue procedure.	CPTF 000031

Yes	35.	Does the application include the required enrolled actuary information? See section 7.04 of this revenue procedure.	CPTF 000032
Yes	36.	Does the application include a designation of power of attorney for each authorized representative who will represent the plan sponsor in connection with the application? See section 7.05 and Appendix C of this revenue procedure.	CPTF 000307
Yes	37.	Does the application include: <ul style="list-style-type: none"> the required plan documents any recent amendments the summary plan description (SPD) any summary of material modifications, and the most recent determination letter? See section 7.06 of this revenue procedure.	CPTF 000308
Yes	38.	Does the application include the required excerpts from the relevant collective bargaining agreements and side agreements? See section 7.07 of this revenue procedure.	CPTF 000449
Yes	39.	Does the application include the required excerpts from the most recently filed Form 5500? See section 7.08 of this revenue procedure.	CPTF 000742
Yes	40.	Does the application include the most recently updated rehabilitation plan? See section 7.09 of this revenue procedure.	CPTF 000787
Yes	41	Does the application include the two most recent actuarial valuation reports? See section 7.10 of this revenue procedure.	CPTF 000792
Yes	42.	Does the application include this checklist, completed and placed on top of the application? See section 7.11 of this revenue procedure and this Appendix D.	0
N/A	43.	If the application is being submitted for resubmission review, does the application include: <ul style="list-style-type: none"> cross-references to information in the prior application with respect to information that has not changed from the prior application, a statement that the application is being submitted for resubmission review, and the date on which the Treasury Department indicated that the application is a candidate for resubmission review? See section 8 of this revenue procedure.	N/A



**MICHIGAN REGIONAL COUNCIL OF CARPENTERS
FRINGE BENEFIT FUNDS**

**P.O. Box 4540 • Troy, MI. 48099-4540
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To be submitted by: September 30, 2020

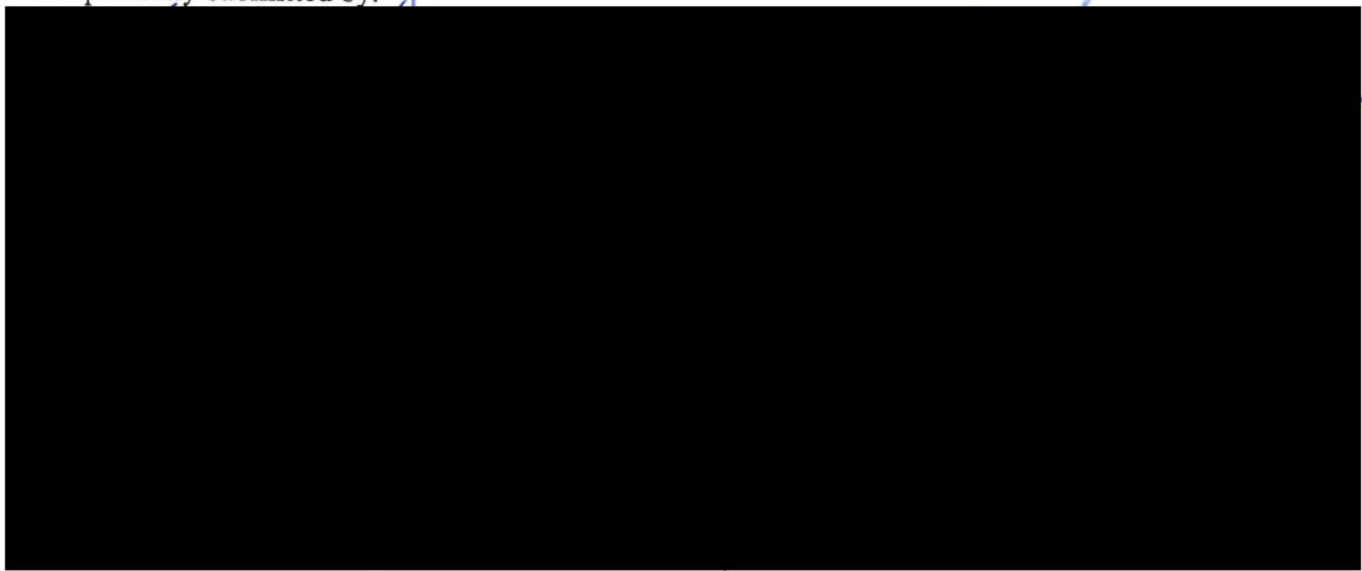
Electronic Submission to: www.treasury.gov/mpra

The Hon. Steven T. Mnuchin
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

**Re: Carpenters Pension Trust Fund – Detroit & Vicinity
Application for Suspension of Benefits Under the Multiemployer
Pension Reform Act of 2014**

Dear Secretary Mnuchin:

The Board of Trustees of the Carpenters Pension Trust Fund – Detroit & Vicinity as the Plan Sponsor respectfully submits this application for approval of a proposed suspension of benefits pursuant to Internal Revenue Code Section 432(e)(9) and Section 305(e)(9) of the Employee Retirement Income Security Act of 1974. The Board hereby confirms that it has designated its Chairman, Mr. Tom Lutz and its Secretary, Mr. Robert Halik, as its Authorized Representative Trustees for the purpose of executing all documents necessary for the application.

Respectfully submitted by: 

Signed: September 29, 2020

CARPENTERS PENSION TRUST FUND – DETROIT & VICINITY

SECOND APPLICATION FOR APPROVAL OF SUSPENSION OF BENEFITS UNDER THE MULTIEMPLOYER PENSION REFORM ACT OF 2014

SEPTEMBER 30, 2020

NOVARA, TESIJA & CATENACCI, PLLC

SECTION 1. BACKGROUND AND PROCEDURE

The Board of Trustees of the Carpenters Pension Trust Fund – Detroit & Vicinity (the “Plan”) submits this second application and the accompanying Exhibits to the Secretary of the Treasury for approval of a proposed 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, as amended, (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 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 Code and the Regulations.

SECTION 2. APPLICATION PROCEDURES

2.01 Application submitted by plan sponsor.

This Application for Approval of Suspension of Benefits under the Multiemployer Pension Reform Act of 2014 (Application) is submitted by the Plan Sponsor, as defined at §432(j)(9) of the Code, as required under the Regulations. The Application is signed by the current Chairman and Secretary of the Board of Trustees of the Plan who are 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 that the suspension be effective (the “Effective Date”), after the application has been approved and the result of the participant vote has been determined, on July 1, 2021.

(2) Expiration date.

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

(3) The proposed suspension.

An explanation of the Plan’s historical benefit formula is required for the Plan’s proposed suspension design to be fully described.

Historical Benefit Formula

Generally, the accrued benefit for a participant who terminated Active Participant status prior to May 1, 2004 is determined from the following table:

Plan Year of Termination Starting May 1,	Formula
<=1976	2.75% of contributions, but not less than \$35 per month or more than \$650 per month*
1977-1978	2.75% of contributions, but not less than \$35 per month or more than \$800 per month*
1979	2.75% of the first \$15,000 of contributions plus 3% of contributions in excess of \$15,000, but not less \$35 per month or more than \$900 per month*
1980-1983	2.6% of contributions*
1984	2.9% of contributions*
1985	3.2% of contributions*
1986	3.4% (3.2% for PYB < 1985) of contributions
1987-1988	3.6% (3.4% for PYB < 1985) of contributions
1989	3.7% (3.4% for PYB < 1985) of contributions
1990-1991	3.85% of contributions
1992-1996	3.9% of contributions
1997-2003	4.3% of contributions

* Not less than 3.5% of the first \$4,300 of total contributions plus 1.5% of the remaining contributions if participant on 4/30/1969

A participant who terminated or terminates Active Participant status on or after May 1, 2004 will have his or her benefit determined as follows:

- 4.3% of contributions made or required to be made prior 5/1/2004, plus
- 3% of credited contributions made or required to be made from and after 5/1/2004 but prior to 5/1/2007 (78% of contributions related to work performed from 5/1/2005 through 4/30/2007 is credited), plus
- 1% of credited contributions made or required to be made from and after 5/1/2007 (between 84% and 39% of contributions related to work performed during this period is credited).

Description of Proposed Suspension

The proposed benefit suspension shall be accomplished by recalculating all accrued benefits and, for benefits that are in pay status, recalculating such benefit from the revised accrued benefit.

The accrued benefit earned prior to 5/1/2007 will be reduced by 32%. Any accrued benefit earned under the 1% multiplier will be untouched.

Retirees Who Entered Pay Status between 9/1/2008 and 7/31/2013

As an adjustable benefit cut implemented as part of the plan's rehabilitation plan, the early retirement factors were changed effective August 1, 2013 with application to any participant who retired on or after September 1, 2008. As a result, all participants who entered pay status between September 1, 2008 and July 31, 2013 had their benefit recalculated as if the new factors had been in place when they originally retired. However, the effect of the new early retirement formula was capped at a 5% reduction.

Post-suspension benefits for this group will be determined using the early retirement factor in effect when the participant initially retired. However, no benefit will be increased as a result of the suspension.

Disability-Based Limitation

The individual limitations will be applied as per statute. However, there are some special circumstances related to the application of the disability-based limitation. These are enumerated below:

- When the disability rules were changed in 2013, disabled retirees without a Social Security award were allowed one year to obtain such award. As a result of this change, some previously disabled participants ceased to qualify under the plan rules. These participants will not receive any special protection under the disability-based limitation.
- As the result of settlement of a class action lawsuit in October 2016, most disabled participants who were in pay status as of 8/1/2013 and had taken a cut due to the 2013 rule change, were restored to 95% of their pre-amendment disability benefit amount. After these participants retire, the disability-based limitation will be applied based on the 95% of pre-amendment disability amount.
- Also, as the result of the 2016 class action settlement, affected disabled participants who were:
 - In pay status on 8/1/2013, and
 - Converted to early retirement prior to October 2016, and
 - Had an early retirement benefit that was less than 95% of their prior disability benefit,

were granted a benefit increase to 95% of their pre-amendment disability amounts payable until age 62, at which time their benefit will increase to an unreduced, early retirement benefit. For purposes of the disability-based limitation, the benefit payable until normal retirement age for these participants will be treated as a disability benefit.

- In the case of separate interest alternate payees, the alternate payee will generally not receive any portion of the disability-based limitation. The exception to this is in the case of an alternate payee who was assigned a portion of the participant's disability benefit. In this case, such alternate payee will receive a disability-based limitation based on the portion of disability benefit assigned and the participant will not receive a disability-based limitation based on such portion.

- In the case of a shared interest alternate payee, any disability-based limitation will be shared in the same manner as the benefit itself.
- Surviving spouses and beneficiaries will not receive any disability-based limitation.
- A former disabled retiree who has converted to normal or early retirement will receive disability-based limitation protections based on the monthly disability benefit amount he or she was receiving immediately prior to conversion.

How the Proposed Suspension Affects Various Groups of Participants – Main Groups

Below is a listing of the various groups of participants that are treated differently under the suspension and a description of how each group is treated differently. The groups are designated by the letters A through D.

Group	Description	How Treated Differently
A	Non-Retired	Non-retired participants will be subject to a 32% cut on pre-5/1/2007 accruals. For active participants continuing to accrue benefits, the effect of any cut relative to the final accrued benefit at retirement will become less as time passes.
B	Retiree with 8/1/2013 Benefit Reduction	As described above, the benefits of the retirees in this group were reduced to reflect a new set of early retirement factors effective 8/1/2013 (though the reduction was limited to 5% of the benefit in pay status immediately prior to 8/1/2013). This group is subject to a 32% cut on pre-5/1/2007 accruals, but the early retirement factor used for determining the post-suspension benefit in pay status will be the factor that was in effect <u>when they initially retired</u> . Thus, the reduction will be slightly less relative to the benefit in effect immediately prior to suspension when compared to a similarly-situated retiree who did not experience the 8/1/2013 benefit adjustment.
C	Beneficiary of October 2016 Disability Lawsuit Settlement	This group is subject to a 32% cut on pre-5/1/2007 accruals. However, as described above, the disability-based limitations are applied differently to this group as compared to a similarly-situated disabled or retired participant who was not a beneficiary of the lawsuit settlement.
D	Pay Status Participant Not In Groups B or C	This group is subject to a 32% cut on pre-5/1/2007 accruals, but does not receive the benefit of any of the special rules applicable to groups B and C.

How Suspension Affects Various Groups of Participants – Sub-groups

Because the proposed suspension does not affect any benefits accrued on or after May 1, 2007 (those that accrued under the 1% multiplier), each of preceding groups must be sub-divided into 3 sub-groups:

- Those with all accruals prior to May 1, 2007,
- Those with all accruals on or after May 1, 2007, and
- Those with accruals both before and after May 1, 2007.

For simplicity, the 3 possible sub-groups are labeled 1, 2, and 3. The way in which each sub-group is treated differently is described below:

Sub-Group	Description	How Treated Differently
1	Pre-5/1/2007 Accruals Only	The 32% reduction will apply to the entire accrued benefit
2	Post-5/1/2007 Accruals Only	As there are no pre-5/1/2007 accruals, the accrued benefit will be unaffected by the suspension
3	Pre- And Post-5/1/2007 Accruals	The 32% reduction will only apply to the portion of the benefit accrued prior to 5/1/2007. Therefore, the overall reduction will be <u>less</u> than 32%.

Final Groups

Final groupings are referred to by starting with the letter representing the participant's main group and appending the number representing the appropriate sub-group. For example, "A1," "A2," etc.

The final groupings are summarized below (note that a few of the final groups do not contain any participants):

Group	Description
A1	Non-Retired, pre-5/1/2007 accruals only
A2	Non-Retired, post-5/1/2007 accruals only
A3	Non-Retired, pre- and post-5/1/2007 accruals
B1	Retiree with benefit reduction effective 8/1/2013, pre-5/1/2007 accruals only
B2	Retiree with benefit reduction effective 8/1/2013, post-5/1/2007 accruals only
B3	Retiree with benefit reduction effective 8/1/2013, pre- and post-5/1/2007 accruals
C1	Beneficiary of the October 2016 disability lawsuit settlement, pre-5/1/2007 accruals only
C2	Beneficiary of the October 2016 disability lawsuit settlement, post-5/1/2007 accruals only

C3	Beneficiary of the October 2016 disability lawsuit settlement, pre- and post-5/1/2007 accruals
D1	Retiree not included in a C or D group, pre-5/1/2007 accruals only
D2	Retiree not included in a C or D group, post-5/1/2007 accruals only
D3	Retiree not included in a C or D group, pre- and post-5/1/2007 accruals

Note: In the table above, “retiree” includes beneficiaries and alternate payees. For above information and additional detail see, **Application Exhibit 1**.

2.03 Penalties of perjury statement. See, **Application Exhibit 2**.

2.04 Public disclosure statement. See, **Application Exhibit 2**.

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 29, 2020) is found at **Application Exhibit 3** 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, 2020. The certification is supported by the May 1, 2019 actuarial valuation report (issued March 9, 2020, and found at **Application Exhibit 37**) and the actuary’s supporting illustrations attached to the required certification which include 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 ending April 30, 2032. The certification includes descriptions of the assumptions and methods applied, with reference to further detail in the May 1, 2019, actuarial valuation report. The year-by-year projection (**Internal Exhibit I**) separately identifies (items 1 and 7 respectively) the market value of assets as of the beginning and end of the Plan Years ending April 30, 2020, through April 30, 2032, and the following cash-flow items for those years: (2) employer contributions, (3) withdrawal liability payments, (4) benefit payments (further broken down by type at **Internal Exhibit II**), (5) expenses, and (6) investment income. Additionally, the supporting illustrations include projected total contribution base units and average contribution rates (**Internal Exhibit III**) for the period from Plan Year ending April 30, 2020, through April 30, 2032.

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

Application Exhibit 4 is the Plan actuary’s certification that the Plan is projected to avoid insolvency. This certification includes the following supporting exhibits: **Internal Exhibit I - Value of Plan Assets at the Beginning and End of the “Initial Period”**; **Internal Exhibit II - Deterministic Projection of Current Plan without Proposed Suspension**; **Internal Exhibit III – Deterministic Projection with Proposed Suspension**; **Internal Exhibit IV – Breakdown of Benefit Payouts for Exhibit II**; and **Internal Exhibit V – Breakdown of Benefit Payments for Exhibit III**. The certification and supporting exhibits satisfy the requirements of Code §432(e)(9)(C)(i) by providing a year-by-year projection demonstrating that, with the proposed suspension taking effect on July 1, 2021, the Plan is projected to avoid insolvency within the meaning of Code §418E. The supporting exhibits also separately identify 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 all remaining 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 of the measures taken to avoid insolvency over the past 10 plan years, as discussed in Section 3.04 of this *Application*.

The funded status of the Plan had declined precipitously by plan year ending 2003, at which time, having experienced three consecutive years of negative returns, the Plan was 66% funded (in years 2002, 2001, and 2000 the Plan was 83%, 100% and 117% funded respectively). Faced with a deteriorating funded status and observing the growing "maturity" of the Plan's participant population the Trustees took reasonable corrective actions available to them consistent with pre-PPA ERISA and the Code. Detail on the Trustees' action is found in Section 3.04 of this *Application, Consideration of Specific Plan Factors*.

In addition to the pre-PPA actions available to them, once the Plan was determined by its actuary to be in critical status in the initial PPA status certification (2008 certification, funded percentage 55%) the Trustees adopted a *Rehabilitation Plan* as of September 27, 2008. From this point forward the Trustees made ample use of the additional tools available to them under the PPA to (a) reduce accruals of future benefits by reducing the monthly benefit multiplier, (b) further reduce future benefit accruals by "discounting" a portion of contributions so that the discounted portion was not benefit bearing, (c) imposing contribution schedules on the Plan's contributing employers that included increases in hourly rates and also defining the discounted portion of those increases. While the non-benefit bearing portion of the contribution increases imposed under the Plan's original and subsequently amended rehabilitation plans and August 1, 2013 all-reasonable-measures ("ARM") plan are variously referred to as "credited/non-credited" (rehabilitation plan), and "discounted contributions" (See, **Application Exhibit 37** May 1, 2019, *Actuarial Valuation Report*, at p. A-3) the terminology is interchangeable. The history of the Plan's imposition of uncredited contributions is summarized in the Sixth Amendment to the current Plan. See, **Application Exhibit 25** as follows:

Contract	"Discount" by Time Period							
	6/1/06 to 5/30/07	6/1/07 to 5/30/08	6/1/08 to 5/30/09	6/1/09 to 5/30/10	6/1/10 to 5/30/11	6/1/11 to 5/30/12*	6/1/12 to 5/30/13	6/1/13 and Thereafter
Commercial	22%	16%	23%	37%	45%	52%	56.75%	61%
Display	22%	16%	23%	37%	45%	52%	56.75%	61%
Floorlayers	22½%	16.5%	28%	42%	51%	56%	60.75%	61%
Millmen	22%	35%	45%	45%	50%	50%	55.00%	61%
Millwrights	23%	17%	23½%	37½%	46%	52%	57.50%	61%
Liberty Fabricating	23%	17%	23½%	37½%	46%	52%	57.50%	20%
Roadbuilders	23%	17%	23½%	37½%	46%	53%	57.75%	61%
All Others	22%	35%	45%	45%	50%	50%	55.00%	61%
Residential	22%	35%	45%	45%	50%	50%	55.00%	61%

Poured Wall	22%	35%	45%	45%	50%	50%	55.00%	61%
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*No maximum non-credited contribution is in effect for benefits accrued on or after June 1, 2011.

In addition to increasing contributions under rehabilitation and ARM plan schedules and limiting the amount of those increases that could be benefit bearing, the Trustees eliminated certain “adjustable benefits” as defined under the PPA, consistent with the Plan’s rehabilitation and ARM plans. Further discussion of actions taken to eliminate adjustable benefits is included in Section 3.04(c) of this *Application*.

Like virtually all multiemployer plans, the Plan suffered a sharp decline in contribution hours following the market collapse of August 2008. Hours, which had exceeded 14 million per year in the early 2000’s, bottomed out at about 5.8 million in plan year ended 2010. The decline in hours was much more severe, and the recovery much slower, than Trustees had predicted. Please see table of historic of work hours below:

PYE 4/30:	Work Hours	PYE 4/30:	Work Hours
2020	7,212,686	2010	5,796,364
2019	7,795,753	2009	8,454,305
2018	8,332,526	2008	10,500,468
2017	7,478,853	2007	10,020,514
2016	7,446,260	2006	11,118,510
2015	6,965,968	2005	11,830,720
2014	6,386,096	2004	12,130,239
2013	6,689,107	2003	13,131,324
2012	7,131,329	2002	14,156,290
2011	6,572,509	2001	14,551,472

In the years following 2010, work hours started to increase (though not as quickly as then forecast) and it was thought that this trend would continue into the future. Based on these projections of continued improvement, the actions taken as described here and in other parts of this *Application* were expected, at the time they were adopted, to provide a viable path forward avoiding insolvency and restoring Plan financial health.

Beginning in 2017, the Trustees observed that many of the large construction projects that had been fueling the recovery were going to end with no source of replacement hours on the horizon. This situation, combined with state-level legislative changes (“right to work” and a repeal of the requirement for project labor agreements (“PLAs”) on state-funded projects), and a dramatic scale-back of the Detroit Auto Show, caused the Trustees to change their outlook. They now saw a temporary peak followed by a decline in hours to about 7 million per year. The actuary projected that this new level of hours (approximately half of the levels seen in the early 2000’s) would not be sufficient to support the Plan as currently in effect.

Notwithstanding the actions taken as described here and in other parts of this *Application*, the Plan’s funded status has continued to decline. As reported in the 2020 actuarial PPA status certification, the Plan’s 2020 PPA funded ratio is 33.4% with a projected year of insolvency of

2032. It should be noted that the 33.4% funded ratio is down from the 34.5% certified at the time the Plan filed its first application for approval of suspension of benefits last year.

The Trustees have now reasonably and prudently determined that notwithstanding their past and possible future actions, the Plan cannot be projected to avoid insolvency if the proposed suspension of benefits is not approved and applied to the Plan.

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 2020.

(a) Current and past contribution levels.

Beginning in 2006, the bargaining parties began making consistent contribution rate increases in an attempt to improve the Plan's funding. These increases were typically non-credited/non-benefit bearing. During the period 2006-2014, the average hourly contribution rate increased from about \$4 to over \$15, and the percentage credited dropped from 100% to about 39%. See, **Application Exhibit 17 Pension Plan's Ten-Year Experience for Certain Critical Assumptions**, which documents the Plan's contribution rates from plan year ending April 30, 2011 (average hourly rate \$9.95) to April 30, 2020 (average hourly rate \$15.12).

As noted in Section 3.03 of this *Application*, the Trustees voted on August 1, 2013 to adopt the "all reasonable measures" option under the PPA. Since that time there have been no negotiated contribution increases (though the average contribution rate does fluctuate based on the changing distribution of work among the various collective bargaining agreements).

The Trustees and bargaining parties believe that the high contribution rate coupled with a low accrual rate (see, subsection (b) immediately below) make it difficult to attract and retain quality workers and to add new contributing employers to the Plan. This is because the high contribution rates make it difficult for contractors to compete in the construction project bidding process. Therefore, the Trustees believe that future contribution rate increases would be detrimental to the Plan.

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

In 2004 the Plan's monthly benefit multiplier was reduced from 4.3% to 3.0% of contributions. In 2007, the monthly benefit multiplier was reduced to 1%, although that figure itself is effectively reduced to 0.39% by virtue of the non-credited contribution rates shown in the table reproduced at Section 3.03 of this *Application*.

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

The benefit reductions in the Plan's rehabilitation plan include substantially all permissible adjustable benefit reductions and all reasonable benefit reductions. In 2013 the Plan's ARM plan raised the unreduced early retirement from index 85 to age 62, regardless of service.

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

This factor is 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 current or prospective contributing employer is faced with participation in a Plan that is projected to become insolvent, that imposes a substantial contribution rate, and for which new participants will accrue (functionally less than) a 1% future Plan benefit notwithstanding the past wage increases that were foregone by participants to generate contribution rate increases required by the various rehabilitation plans. Additionally, any prospective employer who commences participation in the Plan could face withdrawal liability (although the Plan is a construction industry plan for purposes of the construction industry exemption to employer withdrawal liability, which serves to substantially lessen the harshness of withdrawal liability as compared to non-construction industry plans). Under these circumstances the Trustees believe that any rational employer faces a difficult decision in determining whether to sign a CBA that requires contributions to the Plan.

There are other factors that support signing or continuing to sign CBAs under which contributions are made to the Plan. Factors supporting continued Plan participation include the access to a highly skilled, safety trained workforce whose members enjoy valuable CBA-provided fringe benefits in addition to the Plan. As a result, the ability to provide employees the promise of contributions to (and continued accruals under) the Michigan Regional Council of Carpenters' Annuity Fund, or for Millwrights, the Millwrights' Local 1102 Supplemental Pension Fund, quality healthcare and access to post-retirement health benefits under the Michigan Regional Council of Carpenters Employee Benefits Fund as well as training (including journeyman upgrades) from the Michigan Statewide Carpenters and Millwrights Joint Apprenticeship and Training Fund still allow employers to offer attractive benefits to potential new employees and to retain skilled carpenters and related craft workers.

While the financial position of the Plan, standing alone, makes it more difficult to attract new long term participating employers, consideration of other advantages conferred by using highly skilled workers who continue to be attracted by other CBA-required fringe benefits, the Plan continues to maintain a broad base of contributing employers (*see*, **Application Exhibit 12** (list of contributing employers) and the contribution obligation is well-distributed (*see*, **Application Exhibit 14**)(description of actuarial assumptions). For example, since May 1, 2015 no single employer has accounted for more than 5% of total plan contributions. *Id.*

It should also be noted that under current CBAs the Union and employers have agreed to market recovery provisions by which the employers (or associations of employers) and Union agree to more employer-friendly wage and fringe benefit packages when appropriate to permit contributing employers to effectively compete on specific projects. Market recovery rates are negotiated on a job-by-job or area-by-area basis. These market recovery initiatives provide appropriate flexibility and allow contributing employers to enhance their ability to compete with non-union competitors for targeted work, to the benefit of the Plan.

The Trustees of the Plan are committed to retaining and making appropriate efforts to expand the Plan's contribution base. This commitment is demonstrated by their determination not to seek additional contribution rate increases from existing contributing employers, which could foreseeably lead to employer bankruptcies and possible uncollectible withdrawals, particularly with respect to display industry contractors (who are generally not beneficiaries of the construction industry exemption to employer withdrawal liability). The fact that there have been new employers signatory to the CBAs since the Plan's future benefit accrual rate was reduced to 1% and notwithstanding the contribution rate increases imposed by the Plan's rehabilitation and ARM plans is objective evidence of the prudence of the Trustees' approach to the issue.

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

As noted above, substantially all adjustable benefits have been eliminated under the rehabilitation and ARM plans. The Trustees have reasonably and prudently determined that elimination of additional benefits would make it impossible to maintain sufficient employee participation to staff upcoming work, which otherwise would lead to a further decline in contribution hours, hastening the Plan's insolvency.

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

The 2019 median pay for Carpenters in the United States is \$48,330 per year, reflecting an average hourly wage of \$23.24 per hour. U.S. Bureau of Labor Statistics, Carpenters: Occupational Outlook Handbook, <https://www.bls.gov/ooh/construction-and-extraction/print/carpenters.htm> The current wage rates for Carpenters (\$32.70 per hour) and Millwrights (\$31.50 per hour) compare favorably to the median. *See, Application Exhibit 16.*

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

(See, **Application Exhibit 21**, Narrative Statement). Significant contribution increases have been made by signatory employers since 2010. This has resulted in significant wage deferrals by members. These contribution increases have increased the pressure on signatory contractors to remain competitive in the Detroit regional market, as they must bid against non-Union employers who do not carry the same contribution burdens.

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 description above, the Trustees observe that current active participants are making significant wage package allocations to the Plan but are accruing future pension benefits at a fraction of 1%. Any further increase in the contribution rate would likely result in employer withdrawals and a loss of bargaining unit members for whom Plan contributions will be required.

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

With reference to the description above, there is no intention to increase the required contribution rate in the foreseeable future, as such an action is reasonably anticipated to have a significant detrimental impact on the Plan's future funding.

SECTION 4. DEMONSTRATION THAT THE PLAN'S PROPOSED SUSPENSION SATISFIES THE STATUTORY REQUIREMENTS

4.01 Demonstration that limitations on individual suspensions are satisfied.

Application Exhibit 6 contains sample calculations that demonstrate how the proposed suspension satisfies the limitations described in Code §432(e)(9)(D)(i), (ii) and (iii). Section 4.01 of the Revenue Procedure 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.

Guarantee-based Limitation

The proposed suspension does not reduce the benefit of any participant or beneficiary to an amount that is less than 110% of the PBGC guarantee.

If a participant's benefit has been split with an alternate payee under the terms of a qualified domestic relations order (QDRO), the determination of the guaranteed level for both parties is based on the terms of the QDRO. Generally, if the QDRO provides the alternate payee a shared interest with the participant, the participant's total benefit is used for purposes of determining the guaranteed amount for both parties. If the QDRO provides a separate interest for the alternate payee, the alternate payee's separate benefit level is used to determine the guaranteed amount. If there are multiple QDROs with multiple alternate payees, this determination is made separately with respect to each QDRO.

Age-Based Limitation

The proposed suspension does not affect any participant or beneficiary who will be age 80 or older as of July 31, 2021 (the end of the month in which the July 1, 2021 effective date of the proposed suspension occurs). The proposed suspension only partially affects any participant or beneficiary who will be age 75-79 as of July 31, 2021 (with proportionally more of the current benefit being protected the closer the participant or beneficiary is to age 80).

In the event that the age-based limitation applies to a participant that has a QDRO, then the type of QDRO will determine whether the Pension Plan uses the participant's or alternate payee's age. If the QDRO provides the alternate payee a shared interest with the participant, then the participant's age is used for purposes of applying the age-based limitation as of the proposed suspension's effective date. Alternatively, if the QDRO provides a separate interest for the alternate payee, then the alternate payee's age is used to determine the application of the age-based limitation. If there are multiple QDROs with multiple alternate payees, the determination of whose age to use is determined separately for each applicable QDRO.

The application of the age-based limitation for a participant who elected a joint and survivor benefit is based on the age of the participant as of July 31, 2021, unless he or she is deceased, in which case the surviving spouse's age is used to determine the application of the age-based limitation.

Section 4.01(3) of revenue procedure 2017-43 requires submission of sample calculations for each group defined in Checklist Item #2 that includes an individual who is over age 75 (as of July 31, 2021). Note that no calculations are included for groups that have a sub-group designation of "2" as these the individuals in these groups have only post-5/1/2007 accruals and will not be affected by the suspension.

Section 4.01(3)(c) of revenue procedure 2017-43 requests submission of sample calculations on individuals who are between age 75 and 79 but have not commenced benefits. However, all plan participants satisfying the preceding criteria are past their IRC section 401(a)(9) required beginning date and ARE treated as being in pay status retroactive to such date. Therefore, no such calculations are included for the "A" group.

The "B groups" and "C groups" do not contain anyone over the age of 75, so no calculations are included for these groups.

Based on the preceding, sample age-based limitation calculations are submitted on the following groups:

- D1
- D3

Disability-based Limitation

The proposed suspension does not affect any disability benefit that is in pay status as of July 1, 2021. Furthermore, if a disabled participant has converted to a retirement benefit on or prior to July 1, 2021, such participant's benefit will not be reduced below the amount of the disability benefit he or she was receiving immediately prior to conversion.

There are currently 3 types of disability benefits paid to an individual under the Plan.

1. **Basic Disability Benefit** – To be eligible for this benefit, the participant must be under age 62, have at least 5 credit years, and have a disability award from the Social Security Administration (SSA). The benefit is paid in the form of a temporary life annuity generally ending at age 62. The benefit amount is equal to the greater of: (a) 75% of the vested accrued benefit, or (b) \$280, but is subject to a cap pursuant to the following table:

Number of Credit Years	Cap on Disability Benefit
5-9	\$525
10-15	\$625
16-19	\$725

Number of Credit Years	Cap on Disability Benefit
20-24	\$1,050
25+	\$1,350

1. Lump Sum Disability Benefit - If a participant is disabled with an SSA award but has less than 5 credit years (the plan uses 3-7 year graded vesting), then he or she is eligible for a lump sum cash-out equal to the actuarial present value of his or her vested accrued benefit.
2. Lawsuit-related Disability Benefit – As the result of the October 2016 class action lawsuit settlement, the disability benefits of most disabled participants who were in pay status as of 8/1/2013 and had taken a cut due to the 2013 Plan amendment implementing the service-based cap described above were restored to 95% of their pre-amendment disability benefit amount. After these participants retire, the disability-based limitation will be applied based on the 95% of pre-amendment disability amount.

The following special rules apply to the application of the disability-based limitation:

- When the Plan was amended in 2013 to require a disability award from the SSA, disabled retirees without such an award were allowed one year to obtain one. As a result of this change, some previously disabled participants ceased to qualify under the plan rules. These participants will not receive any special protection under the disability-based limitation.
- As the result of the 2016 class action settlement, affected disabled participants who were:
 - a. In pay status on 8/1/2013, and
 - b. Converted to early retirement prior to October 2016, and
 - c. Had an early retirement benefit that was less than 95% of their prior disability benefit,

were granted a benefit increase to 95% of their pre-amendment disability amounts payable until age 62, at which time their benefit will increase to an unreduced, early retirement benefit. For purposes of the disability-based limitation, the benefit payable until normal retirement age for these participants will be treated as a disability benefit.

If a participant's benefit is split with an alternate payee under the terms of a QDRO, then the determination of the amount of the disability-based limitation for both parties is based on the terms of the QDRO. In the case of a separate interest QDRO, the alternate payee will generally not receive any portion of the disability-based limitation. The exception is an alternate payee who was assigned a portion of the participant's disability benefit, who will receive a disability-based limitation based on the portion of disability benefit assigned and the participant will not receive a disability-based limitation based on such portion.

In the case of a shared interest QDRO, any disability-based limitation will be shared in the same manner as the benefit itself.

Surviving spouses and beneficiaries will not receive any disability-based limitation.

Sample Calculations

The sample calculations required by Section 4.01 of the Revenue Procedure are found at **Application Exhibit 6** (Internal Exhibits I – XVI). Note that:

- There are no ERISA 4022A(a) forfeitable benefits,
- There are no ERISA 4022A(b)(1)(A) benefit increases that have been in effect for less than 60 months,
- The limitations contained in ERISA 4022A(c)(2) have been reflected in the guarantee-based calculations,
- There have been no ERISA 4022A(d) benefit reductions made pursuant to Code section 411(a)(3)(E) (related to service with an employer rendered prior to such employer's obligation to contribute to the plan where such employer subsequently ceases to have an obligation to contribute), and
- The ERISA 4022A(e) exclusion does not apply as the Secretary of the Treasury has not determined that the plan fails to satisfy the requirements of Code sections 401(a) or 404(a)(2).

A list of the required exhibits appears below:

Exhibit #	Relevant Section of Rev. Proc. 2017-43	Description
I	4.01(1)	Guarantee-based limitation for an individual currently receiving benefits
II	4.01(1)	Guarantee-based limitation for the contingent beneficiary of an individual currently receiving benefits
III	4.01(1)	Guarantee-based limitation for a future retiree
IV	4.01(2)	Disability-based limitation for an individual currently receiving retirement benefits (who previously received a disability benefit)
V	4.01(2)	Disability-based limitation for the contingent beneficiary of an individual currently receiving retirement benefits (who previously received a disability benefit)
VI	4.01(2)	Disability-based limitation for a future retiree who is currently receiving a temporary annuity disability benefit
VII	4.01(2)	Disability-based limitation for an individual currently receiving retirement benefits (who previously received a disability benefit that was equal to 95% of his or her pre-8/1/2013 disability benefit due to the October 2016 settlement)
VIII	4.01(2)	Disability-based limitation for the contingent beneficiary of an individual currently receiving retirement benefits (who previously received a disability benefit that was equal to 95% of his or her pre-8/1/2013 disability benefit due to the October 2016 settlement)

IX	4.01(2)	Disability-based limitation for a future retiree who is currently receiving a disability benefit equal to 95% of his or her pre-8/1/2013 disability benefit due to the October 2016 settlement
X	4.01(2)	Disability-based limitation for an individual who had previously received a retirement benefit that is treated like a disability benefit due to the October 2016 settlement
XI	4.01(2)	Disability-based limitation for the contingent beneficiary of an individual who had previously received a retirement benefit that is treated like a disability benefit due to the October 2016 settlement
XII	4.01(2)	Disability-based limitation for an individual who is currently receiving a retirement benefit that is treated like a disability benefit due to the October 2016 settlement
XIII	4.01(3)	Group D1 retiree who is between age 75 and 79 as of 7/31/2021
XIV	4.01(3)	Beneficiary of a group D1 retiree who is between age 75 and 79 as of 7/31/2021
XV	4.01(3)	Group D3 retiree who is between age 75 and 79 as of 7/31/2021
XVI	4.01(3)	Beneficiary of a group D3 retiree who is between age 75 and 79 as of 7/31/2021

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

(1) Deterministic Illustrations

Application Exhibit 4 is the *Plan Actuary's Certification that the Plan is Projected to Avoid Insolvency* under IRC §432(e)(9)(C)(i) as of the Proposed Benefit Suspension Effective Date of July 1, 2021. This certification 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 *Certification* 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 July 1, 2021. It also contains illustrations as to the Plan's solvency ratio and available resources for each year of the extended period. Document 6.2 contains Internal Exhibits I – V which provide supporting illustrations for this Actuarial Certification. This includes Internal Exhibit II, which is a year-by-year solvency projection which demonstrates that, absent the Proposed Benefit Suspensions, the Pension Fund will become insolvent in the plan year ending April 30, 2033. Internal Exhibit III demonstrates that the Pension Fund will avoid insolvency with the Proposed Benefit Suspensions taking effect July 1, 2021. These Exhibits each separately identify the market value of assets, contributions, investment earnings, benefit payments and plan expenses. The Actuarial Certification in Document 6.1 and the supporting exhibits in Document 6.2 are based upon the actuary's interpretation of the requirements under Revenue Procedure 2017-43, Section 3.02.

(2) Stochastic Illustrations

Application Exhibit 7 summarizes the results of 5,000 stochastic trials. Each trial consists of a projection of the market value of Plan assets for the plan years ending April 30, 2021 through 2052.

Probability of maintaining positive assets over the extended period:	66.08%
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The 5th, 25th, 50th, 75th and 95th percentiles of the projected market value of plan assets are shown below in graphical format in Internal Exhibit I and in tabular format in Internal Exhibit II.

In order to account for the Plan's future cash flow needs the Trustees charged their ERISA §3(21) investment consultant to establish a set of "dynamic" asset allocation targets which operate by setting "trigger points" based on specific liquidity metrics that will automatically alter the Plan's allocation targets based on five pre-defined portfolios (Portfolios A, B, etc.). Although not strictly required under the Revenue Procedure, attached as **Application Exhibit 5** are the Plan's current *Statement of Investment Policy* and a separate pacing study with regard to the Plan's alternative/illiquid portfolios. These are submitted to provide more detail on cash flow from investments over the extended period in keeping with non-binding pre-submission discussions between the Plan, Treasury, and the PBGC.

The capital market assumptions used for stochastic modeling assume a fixed transition from Portfolio A to Portfolio B on May 1, 2033 and a transition from B back to A on May 1, 2046. These assumed dates are based on the results of our deterministic modeling.

In order to provide additional information on the sensitivity of these projections to the assumed portfolio transition dates in keeping with non-binding pre-submission discussions between the Plan, Treasury, and the PBGC, we have included Internal Exhibits III and IV. Internal Exhibit III provides a frequency distribution of the date that negative cash flow first exceeds 7.5% of assets (which would trigger a transition to Portfolio B) and develops a median date for this transition of May 1, 2031. Internal Exhibit IV provides additional stochastic results.

Application Exhibit 14 describes the actuarial assumptions and methodology used in the reports filed with this application, as required under Revenue Procedure 2017-43, Section 4.02(3).

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

Application Exhibit 8 contains the Plan actuary's 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.

(1) Deterministic Illustrations

As required by the Revenue Procedure, Section 4.03, the application must include a deterministic projection demonstrating that, if the dollar amount of the proposed suspension for each participant and beneficiary was reduced by the greater of:

- 5% of the reduction in payment proposed for that participant or beneficiary, or

- 2% of that participant's or beneficiary's payment determined without regard to the proposed reduction,

the Plan would not be reasonably estimated to avoid insolvency. For purposes of this checklist item, the Plan's actuary has interpreted the phrase "avoid insolvency" to mean that the plan satisfies the requirements of sub-paragraphs (1)-(3) of Regulation 1.432(e)(9)-1(d)(5)(ii)(A).

Internal Exhibit I provides plan-year-by-plan-year projections demonstrating that, under the reduced suspension as described above, the plan would not satisfy the requirements of sub-paragraph (3) of Regulation 1.432(e)(9)-1(d)(5)(ii)(A), requiring that,

Unless the plan's projected funded percentage (within the meaning of section 432(j)(2)) at the end of the extended period using the deterministic projection described in paragraph (d)(5)(ii)(A)(1) of this section exceeds 100 percent, that projection shows that, during each of the last five plan years of that period, neither the plan's solvency ratio nor its available resources (as defined in section 418E(b)(3)) is projected to decrease.

and therefore does not "avoid insolvency." Available resources are separately identified for each year. The illustration is based on the actuary's interpretation of the requirements under Revenue Procedure 2017-43, Section 4.03.

Application Exhibit 14 describes each of the assumptions used, as required under Revenue Procedure 2017-43, Section 4.02(3).

(2) Stochastic Illustrations

As required by the Revenue Procedure, Section 4.03, the application must include an illustration of the probability the plan will avoid insolvency utilizing stochastic projections and assuming the alternate, reduced suspension (as described above) was implemented.

Internal Exhibit I provides a projection demonstrating that, under the reduced suspension as described above, the plan would not satisfy the requirements of sub-paragraph (3) of Regulation 1.432(e)(9)-1(d)(5)(ii)(A). **Since the reduced suspension does not satisfy sub-paragraph (3), it cannot "avoid insolvency" regardless of the results of stochastic projections.**

Internal Exhibit II summarizes the results of 5,000 stochastic trials. Each trial consists of a projection of the market value of Plan assets for the plan years ending April 30, 2021 through 2052 assuming implementation of the alternate reduced suspension as outlined above. The actuary calculated the percentage of trials that resulted in fund assets remaining above \$0 during the entire extended period as follows:

The probability of positive assets over the entire extended period is:	57.14%
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The 5th, 25th, 50th, 75th and 95th percentiles of the projected market value of plan assets are shown below in graphical format in Internal Exhibit I and in tabular format in Internal Exhibit II.

Application Exhibit 14 describes the actuarial assumptions and methodology used in the reports filed with this application, as required under Revenue Procedure 2017-43, Section 4.02(3).

4.04 Demonstration that the proposed benefit suspension is distributed equitably.

The proposed benefit suspension provides for different treatment of participants and beneficiaries and is distributed in an equitable manner across the Plan's participant and beneficiary population as required pursuant to Code §432(e)(9)(D)(vi). **Application Exhibit 9** contains:

- information on the effect of the suspension on the Plan in the aggregate,
- information on the effect of the suspension on the Plan on a group-by-group basis.
- a list of the factors taken into account,
- an explanation of why none of the factors listed in Code §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 Code §432(e)(9)(D)(vi), an explanation why the factor is relevant, and
- an explanation of how any difference in treatment among categories or groups of individuals results from a reasonable application of the relevant factors,

as required by section 4.04 of the Revenue Procedure.

(1) Effect of Proposed Suspension on the Plan in the Aggregate

Internal Exhibit I provides the information on the effect of the suspension required by sub-section 4.04(1)(a) of the Revenue Procedure on an aggregate basis.

Internal Exhibit II provides the distribution of participants by benefit reduction percentage on an aggregate basis as required by sub-section 4.04(1)(b) of the Revenue Procedure.

(2) Effect of Proposed Suspension on the Plan on a Group-by-Group Basis

Internal Exhibit III provides information on the effect of the suspension described in sub-section 4.04(1)(a) of the Revenue Procedure broken out according to the groups described in Section 2.02 of this Application, as required by sub-section 4.04(2)(a) of the Revenue Procedure.

Internal Exhibits IV through XIII provide the distribution of participants by benefit reduction percentage described in sub-section 4.04(1)(b) of Revenue Procedure 2017-43 on a group-by-group basis, as required by sub-section 4.04(2)(a) of Revenue Procedure 2017-43. Note that groups B2 and C2 do not include any participants, so there are no exhibits included for these groups.

Please refer to the following table:

Group	Description	Exhibit
A1	Non-Retired, pre-5/1/2007 accruals only	IV
A2	Non-Retired, post-5/1/2007 accruals only	V

Group	Description	Exhibit
A3	Non-Retired, pre- and post-5/1/2007 accruals	VI
B1	Retiree with benefit reduction effective 8/1/2013, pre-5/1/2007 accruals only	VII
B2	Retiree with benefit reduction effective 8/1/2013, post-5/1/2007 accruals only	n/a
B3	Retiree with benefit reduction effective 8/1/2013, pre- and post-5/1/2007 accruals	VIII
C1	Beneficiary of the October 2016 disability lawsuit settlement, pre-5/1/2007 accruals only	IX
C2	Beneficiary of the October 2016 disability lawsuit settlement, post-5/1/2007 accruals only	n/a
C3	Beneficiary of the October 2016 disability lawsuit settlement, pre- and post-5/1/2007 accruals	X
D1	Retiree not included in a C or D group, pre-5/1/2007 accruals only	XI
D2	Retiree not included in a C or D group, post-5/1/2007 accruals only	XII
D3	Retiree not included in a C or D group, pre- and post-5/1/2007 accruals	XIII

(3) Identification of Statutory Factors Taken into Account

The proposed suspension establishes a difference in treatment among different categories or groups of participants. That different treatment results from reasonable application of specific relevant statutory factors.

The suspension design applies the same benefit reduction – 32% – to all participants (other than statutorily protected groups) regardless of their status as active, deferred vested, or retired under the terms of the Plan. The Trustees perceive the “flat” nature of the reduction as being the most reasonable starting point from which to refine the suspension so that it is not only equitable on its face but equitable by specific reference to relevant statutory factors. Additionally, a design element was introduced - distinguishing between benefits accrued before and after May 1, 2007 - that creates discrete “groups” based upon whether a participant accrued only pre-May 1, 2007, only after that date, of both before and after.

The choice of the May 1, 2007 date as a line of demarcation for the establishment of “groups” of participants is not random but is tied to the Plan’s benefit accrual rate history, of which the Trustees and Participants are keenly aware. After May 1, 2007, all future benefits are accrued at the rate of 1% (less a non-credited fraction which, as a practical matter, reduces the actual accrual rate on new contributions to about 0.39%).

This current, nominal benefit accrual rate is substantially less than that enjoyed by Participants who accrued benefits prior to 2007. For example, any Participant who was active on or after May 1, 1997 will receive a 4.3% accrual rate on all of his or her contributions related to work prior to May 1, 2004 (even on money contributed prior to 1997). This is approximately 11 times greater than the current effective accrual rate of 0.39% (which has been in effect for the past 7 years).

By applying the 32% cut only to pre-May 1, 2007 accruals, the suspension methodology cuts deeper against benefits accrued at more generous rates, not at all against those accrued only at an effective accrual rate of 1% or less, and in a shallower blended manner against those accrued at both. The Trustees concluded that this approach serves to avoid an “unbalanced” suspension so that no particular group shall bear an arguably disproportionate burden of sacrifice. The Trustees believe that this is a nuanced (in that the variable that governs benefit reduction historical accrual rates rather than some other less objective variable) and narrowly tailored approach that accords with the statutory requirements.

In approving the design of the proposed suspension, the Board of Trustees considered and has determined that the difference in treatment of various Participant groups is based on a reasonable application of following statutory factors described in IRC §432(e)(9)(D)(6)(ii)(B):

(III) The amount of benefits. As discussed above, a participant (whether active, retired, or deferred vested as of the date of the suspension) who accrued all of his or her benefit pre-May 1, 2007, will have accrued a much greater benefit as a percentage of contributions than will a participant with the same number of credited years all of which fall after May 1, 2007, or of which some are pre and some post that date. By reducing the pre-2007 accruals more aggressively than post or blended accruals, the resulting benefits are drawn closer to being “equalized” post-suspension across the three main groups. Application of this factor is a reasonable basis for the grouping under the facts and circumstances presented.

(VII) The Plan’s history of benefit increases or reductions. This factor is the principal one upon which the reasonableness of the suspension lies. The history of defined benefit plan accrual changes – including the increases that many plans were required to grant, even retroactively, in order to preserve deductibility – are well known and are seen clearly in the accrual rate history of the Plan (see Table, Section 2.02). Regardless of the requirements that drove the increases, the effect was to create a period of time in which participants accrued benefits at a substantially higher rate than before or after that period. For the Plan, the accrual increases accelerated and reached generous levels in the late 1980s, eventually reaching a high point of 4.3% of contributions (applicable to all contributions made prior to May 1, 2004 provided the Participant was active on or after May 1, 1997). As described above and throughout this application, after that high point the accrual rate has been incrementally reduced until bottoming out at the current fraction-of-1% rate. This is such a substantial element of the Plan’s history that to fail to make it a prominent element of the suspension design would be unreasonable. It follows then that application of this factor is a reasonable basis for determining the affected “groups” of participants and the relative impact of the suspension design under all the facts and circumstances.

(X) The 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. Since May 1, 2004, and “peaking” in 2007, participants have experienced multiple reductions in the accrual rate. At the same time, the contribution rate paid by their employers has increased substantially, indeed to the point where on an “all reasonable measures” basis it has long been recognized by the Trustees that additional increases are not tenable and would in fact be detrimental to the Plan. While such reductions were necessary as part of the effort to forestall insolvency, these accrual rate reductions may have a chilling effect on the active participants’ support for the Plan, which could accelerate

the rate of employer Plan withdrawals. It is also notably difficult to sign up new employers to CBAs requiring contributions to an underfunded plan with a nominal future benefit.

With these facts understood, the Trustees were confronted with the necessity to structure the suspension in such a way as to preserve what value the Plan does offer to active participants, and that is why post-May 1, 2007, accruals – nominal though they are – had to be insulated. For a participant who only has accruals at an effective 0.39% rate, to further reduce that amount by almost 1/3 would be to render the earned benefit of vanishingly small utility to the point that the participant would rationally question the value of the Plan deduction from his wage package. Without active participants, whose associated contribution base units (discussed in the assumptions sections of the application) drive the actuarial future solvency of the Plan, there will be no solvency.

It is therefore prudent to take steps to ameliorate the impact of the proposed suspension on the participants' post-2007 accruals to the extent possible, and the suspension design reflects this goal. Application of this fact is a reasonable basis for determining the effected groups of participants and the relative impact of the suspension design under all of the facts and circumstances.

4.05 Notice.

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

(1) Individual notices.

Application Exhibit 11 to the Application contain 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.

The Plan has also established a website (<http://www.detroitcarpentersprp.org/>) containing frequently asked questions and other information useful to participants with regard to the proposed suspension.

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

The Board of Trustees has compiled complete and up-to-date records of the Plan's participants and beneficiaries. If an address is found to be invalid, it will be referred to the Plan's third-party administrator (BeneSys) which would refer the it 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 **Application Exhibit 12**.

(b) Employee organization representing participants under the plan.

The employee organization representing participants under the Plan is the Michigan Regional Council of Carpenters and its subordinate affiliate Local Unions.

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 and 3.04, above, and the Narrative Statement (**Application Exhibit 21**).

5.02 Plan factors.

See, discussion in Section 3.03 and 3.04, above, and the Narrative Statement (**Application Exhibit 21**).

5.03 How plan factors were taken into account.

See, discussion in Section 3.03 and 3.04, above, and the Narrative Statement (**Application Exhibit 21**).

5.04 Other factors considered.

See, discussion in Section 3.03 and 3.04, above, and the Narrative Statement (**Application Exhibit 21**).

SECTION 6. OTHER REQUIRED INFORMATION

6.01 Ballot.

See, **Application Exhibit 13** 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.

Application Exhibit 14 fulfills the requirements of Section 6.03 of the Revenue Procedure by describing the assumptions used by the Plan’s actuary for performing projections required under sections 3.01, 3.02, 4.02(1), 4.02(2), and 4.03 of the Revenue Procedure. **Internal Exhibit I/Document 25.1** (*Actuarial Assumptions and Methods Used for Projections*). The certification of critical and declining status described in section 3.01 was prepared before submission of this *Application* and includes assumptions that differ from those used to prepare other projections contained herein. These differences are noted.

With regard to the contribution base units (CBU) assumption described in the exhibit, the Trustees were called upon, as they are with respect to future industry activity assumptions each year under the PPA of 2006, to make a subjective judgment. In effort to reduce subjectivity the Trustees have looked to three sources:

(1) An independent analysis undertaken by an economist retained for the purpose.

(2) Economic activity forecasting for the construction industry and the carpentry subgroup within the southeastern Michigan geographic region as maintained by the Michigan Department of Technology, Management and Budget, Bureau of Labor Market Information and Strategic Initiatives.

(3) An inquiry to the employers and associations of employers that are signatory to Plan CBAs seeking their business modelling of future work. This item includes an assessment of the potential impact of the COVID-19 pandemic.

From these sources and in consultation with the Plan actuary, the CBU assumption for purposes of the suspension is:

Plan Year Ending	Hours
2021	6.9 million
2022	7.0 million
2023	7.0 million
2024+	6.9 million

(1) Independent economic analysis. **Exhibit 15** is the report entitled *Carpenters Pension Trust Fund – Detroit & Vicinity, 20-year Forecast (August 26, 2019)*. To provide the Secretary with additional objective support for the CBU assumption the Trustees retained the services of Employment Research Corporation and that entity’s President, Malcom S. Cohen, PhD. As Dr. Cohen’s states he:

was asked to make a projection of demand for unionized construction-industry carpenters in Michigan. I was provided with historical data on hours worked by members of the Carpenters Pension Trust Fund – Detroit and Vicinity (“the Fund”). Employer contributions to the Fund are related to each employee’s hourly rate. There are different kinds of projections. Economists look at past trends and current leading indicators and make projections based on these trends. These forecasts are intended to assist analysts in understanding broad trends and risks and are not

intended to determine actual contribution rates that should be made to keep a pension plan solvent. These determinations are typically made by actuaries that have more experience with fund flows and understand risks to the solvency of the fund. They also have a better understanding of the specifics of the fund contributors as well as specific risks.

In other words, the purpose of inviting Dr. Cohen's review was to determine if objective economic data was, independent of any input from the Plan's actuary as to the basis of the assumptions utilized in this *Application*, supportive of the assumption applied by the actuary as to future CBUs. Dr. Cohen provided the following summary explanation of his methodology:

In order to project expected hours worked for future years, I compared the data on hours with measures related to industry activity such as Carpenters' employment in the United States, Michigan and the Detroit Metropolitan Statistical Area. Figure 2 shows Carpenter employment in Michigan and in the Detroit Metropolitan Statistical Area from 2003 to 2018.

Dr. Cohen further notes that:

The demand for Carpenters can fluctuate based on economic conditions. During an economic recession, it is not unusual to see a decrease in demand for many types of labor. The National Bureau of Economic Research (NBER) defines a recession as a "significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales."

From there, Dr. Cohen analyzes the impact of foreseeable recessionary periods on projected carpenter employment:

In the last 40 years there have been three major declines in Carpenter employment, occurring from 1979-1982, 1988-1992, and 2006-2010. From 2006 to 2010, Carpenter employment dropped by 33%. Over the same time period, hours worked by carpenters in Michigan declined by 47%, from 11,200,000 to 5,900,000.

To estimate the impact of future declines, I have included a projection that assumes there will be two declines over the next 20 years that and that each will average 30%. I assume that employment will decline 15% during the first year, and bottom at 30% in the second year, then return to the 4.2% growth rate experienced by Carpenter hours from 2010 to 2018.

In this projection, shown in Figure 6 [reference is to chart in exhibit, not reproduced here], Carpenter hours will reach 7.7 million by 2038, but there is a 30% reduction in hours occurring over two years in 2021 and 2032.

As reasonably anticipated, the actuary's CBU assumption and the projections made by Dr. Cohen from his independent examination of economic data are not identical, although they are not incompatible.

Year	Projected Hours Worked
2019	8,528,350
2020	8,886,541
2021	7,553,560
2022	6,220,579
2023	6,481,843
2024	6,754,080
2025	7,037,752
2026	7,333,337
2027	7,641,337
2028	7,962,274
2029	8,296,689
2030	8,645,150
2031	7,348,377
2032	6,051,605
2033	6,305,772
2034	6,570,615
2035	6,846,581
2036	7,134,137
2037	7,433,771
2038	7,745,989

If for the sake of illustration, one takes the first four years of the Plan actuary's assumption (2021 – 2024) the average hours = 6.95 million. If one does the same with those four years using Dr. Cohen's data the average hours = 6.70. The Trustees concluded that the Dr. Cohen's study constitutes a valid metric of objective support for the selected CBU assumption. The Trustees recognize that this separate piece of analysis is not specifically required to be part of this *Application* under the Revenue Procedure, and appreciate the willingness of Treasury to receive it and to give to it the weight deemed appropriate. The Trustees respectfully suggest that the objective nature of the analysis adds support to validity of the CBU assumption applied to the proposed suspension.

(2) The Trustees with their professionals have obtained and reviewed data reports issued by the Michigan Department of Technology, Management and Budget, Bureau of Labor Market Information and Strategic Initiatives, all of which are available at: <http://milmi.mt.gov/datasearch/projections-excel>

For the period 2018-2028, statewide in Michigan, the Bureau predicts an annual rate of employment change for the construction industry of .6% or, essentially flat. Within the construction sector the Bureau predicts an annual rate of change for non-residential building construction of .7% and for specialty trades of .6%. Again, essentially flat.

Within the carpentry occupation, the Bureau anticipates over the same period an annual rate of employment change of .3%. Again, essentially no growth.

Limited just to the Metro Detroit region, the Bureau's long-term forecast is for annual change in the construction industry of 1.1%. For the carpentry occupation, .8%. Again, essentially flat.

The import of these figures to the Trustees was to suggest that employment in the relative industry and occupational categories are not expected to experience significant growth over a long term period that is essentially co-extensive with the relevant period for the suspension. That being understood, the Trustees turned to the ground-level source of data and made enquire of the contributing employers to the Plan and their associations.

(3) Report of Employers/MRCC. Attached as **Application Exhibit 35** is a letter report of information received from contributing employers and associations and the MRCC with respect to projected work hours. The reports notes the anticipated essentially short term nature of COVID-19 impacts, and concludes: "Other than short-term disruptions during the remaining two months of the 2020 fiscal year, we expect our work hours to level off in the seven to eight million per year range for the short term."

In preparing this second application the Trustees are cognizant that the impact of COVID-19 is not only a matter of controversy and debate but simply not predictable over a long time horizon. But, as the disruption of the pandemic cannot be discounted, the Trustees determined that for 2021 and 2022 the CBU assumption as made for purposes of the 2019 application should be reduced by approximately 1 million hours. As of the date of the filing of this second application Michigan has stepped through all but one of the phases of its re-opening plan and it is anticipated that the initial drop off in work hours attributable to the economic shut down/quarantine regime has eased. Yet the possibility of a "second wave" exists, and the reduction to the CBU assumption for 2021 and 2022 is a prudent effort to account for the future impact of COVID-19 in a manner that neither overstates that impact (therefore potentially greater suspension) nor understates it (therefore reducing the likelihood that the proposed suspension will be adequate to avoid insolvency).

Application Exhibit 14/Internal Exhibit II/Document 25.2 is the Plan actuary's *Supporting Documentation for Selection of Certain Assumptions*, including the actuary's rationale for the major assumptions.

Application Exhibit 14/Internal Exhibit III/Document 25.3 is the Plan actuary's *Additional Disclosures Relating to the Use of Different Assumptions*, and provides the actuary's explanation of the differences between assumptions used under section 4.02(1) and 3.01 of the Revenue Procedure, utilizing deterministic and stochastic projections. **Application Exhibit 11** and its internal exhibits are based on the Plan actuary's interpretation of the requirements under the Revenue Procedure, Section 6.03 and Appendix B.

6.04 Ten-year experience for certain critical assumptions.

Application Exhibit 17 describes the Plan's experience for certain critical assumptions including a disclosure for each of the 10 plan years immediately preceding the submission of this *Application* separately identifying, in accordance with Section 6.04 of the Revenue Procedure:

- Total contributions;

- Total contribution base units;
- Average contribution rates;
- Withdrawal liability payments; and
- Rate of return on plan assets.

6.05 Demonstration of sensitivity projections.

Application Exhibit 18 is the Plan actuary's *Demonstration of Sensitivity of Projections* as required under Section 6.05 of the Revenue Procedure, which requires inclusion of deterministic projections of the sensitivity of the Plan's solvency ratio throughout the extended period by taking into account alternate assumptions of investment experience and future contribution base units than assumed in other parts of this *Application*. The Plan's actuary notes that while Section 6.05 of the Revenue Procedure and the attendant checklist description (Checklist # 27) speak to using more *conservative* assumptions for future contribution base units, assuming that the 10-year trend of CBU increases continues into the future is in fact more *aggressive* than the projection assumptions used in other parts of this *Application*.

Internal Exhibits I, II, III, and IV provide separate, deterministic solvency ratio projections intended to help gauge the sensitivity of the projections to certain key assumptions as required by Section 6.05 of Revenue Procedure 2017-43. Each exhibit was prepared recognizing the proposed suspension. As permitted by Section 6.05, Exhibits III and IV do not recognize any change in expected benefit payments that may result from using alternate assumptions regarding future contribution base units.

- **Exhibit I** projects the Pension Plan's solvency ratio using assumed rates of return reduced by one percentage point (beginning with the plan year ending April 30, 2022);
- **Exhibit II** projects the Pension Plan's solvency ratio using assumed rates of return reduced by 2 percentage points (beginning with the plan year ending April 30, 2022);
- **Exhibit III** projects the Pension Plan's solvency ratio using a 1.04% contribution base unit trend (beginning with the plan year ending April 30, 2022), which is equal to the trend that the Pension Plan experienced over the 10 plan years ending April 30, 2020; and
- **Exhibit IV** projects the Pension Plan's solvency ratio using a 0.04% contribution base unit trend (beginning with the plan year ending April 30, 2022), which is equal to the trend assumed in Exhibit III reduced by one percentage point.

The assumed rates of return for Exhibits I and II are as shown below:

Plan Years Ending 4/30:	Assumed Rates of Return Used For:		
	Section 4.02(1) of Rev. Proc. 2017-43	Exhibit I	Exhibit II
2022-2030	6.50%	5.50%	4.50%
2031-2033	7.35%	6.35%	5.35%
2034-2046	6.75%	5.75%	4.75%
2047+	7.35%	6.35%	5.35%

The alternative rate of return assumptions above were assumed to first apply following the initial period. That is, the April 30, 2021 market value of plan assets is the same for all scenarios.

Hours (contribution base units) increased from 6,572,509 in plan year ending April 30, 2011 to 7,212,686 in plan year ending April 30, 2020. This represents a compound annual increase of 1.04% per year for the 10-year period.

Based on the preceding calculation, the assumed work hours for Internal Exhibits III and IV are as shown below:

Plan Year Ending 4/30:	Assumed Work Hours Used For:		
	Section 4.02(1) of Rev. Proc. 2017-43	Exhibit III	Exhibit IV
2022	7,000,000	7,363,490 ¹	7,218,457 ²
2023	7,000,000	7,440,070	7,221,344
2024	6,900,000	7,517,447	7,224,233
2025	6,900,000	7,595,628	7,227,123
2026	6,900,000	7,674,623	7,230,014
2027+	6,900,000	increases @ 1.04%/yr.	increases @ 0.04%/yr.

The alternative work hours assumptions above were assumed to first apply following the initial period. That is, the same number of work hours for the plan year ending April 30, 2021 is assumed in all scenarios.

These demonstrations satisfy Section 6.05 of the Revenue Procedure.

6.06 Projection of funded percentage.

Application Exhibit 19 is the *Deterministic Projection of Assets, Liabilities, and Funded Percentage* prepared by the Plan's actuary and includes a deterministic projection for each year in the extended period of the value of the Plan's assets, its accrued liability, and its funded percentage. The table produced at **Internal Exhibit I/Document 28.1** projects the Plan's funded percentage using the value of Plan assets and accrued liabilities during the extended period of April 30, 2021 through 2052. The projection includes the impact of benefit suspensions and is made on the same basis as **Internal Exhibit III** of **Application Exhibit 4**.

Note that, as the suspension is assumed to be effective July 1, 2021, the April 30, 2021 liabilities do not reflect its impact. Liabilities and funded percentages were calculated using a discount rate of 7.50% (the discount rate utilized in the May 1, 2019 Actuarial Valuation Report).

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

6.07 Plan sponsor certifications relating to Plan amendments.

See, Application Exhibit 20 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 they will adopt, in a timely manner, the following

¹ Hours for plan year ending April 30, 2020 (7,212,686) increased by 1.04% for 2 years (compounded)

² Hours for plan year ending April 30, 2020 (7,212,686) increased by 0.04% for 2 years (compounded)

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, Application Exhibit 21.

SECTION 7. IDENTIFICATION AND BACKGROUND INFORMATION ON THE PLAN

7.01 Plan sponsor.

The Plan sponsor is the Board of Trustees of the Carpenters Pension Trust Fund – Detroit & Vicinity. The address of the Board is P.O. Box 4540, Troy, MI 48099-4540. The Telephone number is (248) 641-4950. The Board does not have a separate Employer Identification Number (EIN).

7.02 Plan identification.

The name of the Plan is the Carpenters Pension Trust Fund – Detroit & Vicinity. The Plan has been assigned Plan Number 001. Its Employer Identification Number (EIN) is 38-6242188. The Plan is a multiemployer plan within the meaning of Code §414(f) and ERISA §3(37).

7.03 Retiree representative.

On September 10, 2020, the Trustees appointed Charles Tindall as the Retiree Representative consistent with Section 7.03 of the Revenue Procedure. *See, Application Exhibit 22.* Contact information:

Charles Tindall
MPRA Retiree Representative
700 Tower Drive, Ste. 300
Troy, MI 48098

(T) (313) 570-1447

Email: Retiree.Rep@gmail.com

7.04 Plan's enrolled actuary.

The Plan's enrolled and certifying actuary for all actuarial calculations contained in this filing with the exception of **Application Exhibit 3** is:

Name of Actuary: Erika L. Creager, EA, MAAA
Enrollment Number: 20-07288
Contact Information:
Address: United Actuarial Services, Inc.
11590 North Meridian Street, Suite 610
Carmel, Indiana 46032-4529
Phone: (317) 580-8631
Fax: (317) 580-8651
Email: ecreager@unitedactuarial.com

The certifying actuary for **Application Exhibit 3** (certification of critical and declining status) is:

Name of Actuary: Angela L. Jeffries, EA, MAAA
Enrollment Number: 20-08511
Contact Information:
Address: United Actuarial Services, Inc.
11590 North Meridian Street, Suite 610
Carmel, Indiana 46032-4529
Phone: (317) 580-8668
Fax: (317) 580-8651
Email: ajeffries@unitedactuarial.com

7.05 Power of attorney.

See, Application Exhibit 23. The Plan's representatives as attorney-in-fact are John I. Tesija and Paul M. Newcomer of Novara, Tesija & Catenacci, PLLC.

7.06 Plan documents.

See, Application Exhibit 24 for the Plan's most recently restated plan document; **Application Exhibit 25** for Plan amendments 1 – 8; **Application Exhibit 26** for the Plan's current summary plan description; **Application Exhibit 27** for a summary of material modifications; and **Application Exhibit 28** for the most recent determination letter issued to the Plan by the IRS.

7.07 Collective bargaining and side agreements.

*See, **Application Exhibits 29 and 30***, 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, **Application Exhibit 31*** 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, **Application Exhibit 32*** for a copy of the Plan's most recently updated rehabilitation plan.

7.10 Valuation reports.

*See, **Application Exhibits 33 and 34*** for the May 1, 2018, and May 1, 2019 *Actuarial Valuation Reports* for the Plan, respectively.

7.11 Completed checklist.

*See, **Application Exhibit 00*** 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 John I. Tesija or Paul M. Newcomer at T: (248) 354-0380.

CARPENTERS PENSION TRUST FUND - DETROIT & VICINITY



Robert Halik, Secretary

Signed: September 29, 2020

Carpenters Pension Trust Fund – Detroit and Vicinity

EIN/Plan #: 38-6242188/001

Checklist Item #2 – 2.02 Description of the Proposed Benefit Suspension

Does the application include a description of the proposed benefit suspension – calculated as if no other limitations apply – that includes:

- *the suspension’s effective date (and its expiration date, if applicable);*
- *whether the suspension provides for different treatment of participants and beneficiaries;*
- *a description of the different categories or groups of individuals affected; and*
- *how the suspension affects these individuals differently?*

See section 2.02 of Revenue Procedure 2017-43.

Document 2.1 provides a description of the proposed benefit suspension under the Pension Plan.

Carpenters Pension Trust Fund – Detroit and Vicinity

EIN/Plan #: 38-6242188/001

Checklist Item #2 – 2.02 Description of the Proposed Benefit Suspension

Document 2.1

Description of the Proposed Benefit Suspension

Effective Date and Expiration

The Board of Trustees of the Pension Plan propose the following reduction of benefits, which will become effective on July 1, 2021 if approved, will remain in effect indefinitely, and will not expire by its own terms.

Historical Benefit Formula

The Board of Trustees believe that, in order to understand the proposed suspension formula, the reader must be aware of the historical benefit formula.

Generally, the accrued benefit for a participant who terminated prior to May 1, 2004 is determined from the following table:

Plan Year of Termination Starting May 1,	Formula
<=1976	2.75% of contributions, but not less than \$35 per month or more than \$650 per month*
1977-1978	2.75% of contributions, but not less than \$35 per month or more than \$800 per month*
1979	2.75% of the first \$15,000 of contributions plus 3% of contributions in excess of \$15,000, but not less \$35 per month or more than \$900 per month*
1980-1983	2.6% of contributions*
1984	2.9% of contributions*
1985	3.2% of contributions*
1986	3.4% (3.2% for PYB < 1985) of contributions
1987-1988	3.6% (3.4% for PYB < 1985) of contributions
1989	3.7% (3.4% for PYB < 1985) of contributions
1990-1991	3.85% of contributions
1992-1996	3.9% of contributions
1997-2003	4.3% of contributions

* Not less than 3.5% of the first \$4,300 of total contributions plus 1.5% of the remaining contributions if participant on 4/30/1969

A participant who terminates on or after May 1, 2004 will have his or her benefit determined as follows:

- 4.3% of contributions made or required to be made prior 5/1/2004, plus

Carpenters Pension Trust Fund – Detroit and Vicinity

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Checklist Item #2 – 2.02 Description of the Proposed Benefit Suspension

- 3% of credited contributions made or required to be made from and after 5/1/2004 but prior to 5/1/2007 (77.5%-78% of contributions related to work performed from 6/1/2006 through 5/1/2007 is credited), plus
- 1% of credited contributions made or required to be made from and after 5/1/2007 (between 84% and 39% of contributions related to work performed during this period is credited).

Description of Proposed Suspension

The proposed benefit suspension shall be accomplished by recalculating all accrued benefits and, for benefits that are in pay status, recalculating such benefit from the revised accrued benefit.

The accrued benefit earned prior to 5/1/2007 will be reduced by 32%. Any accrued benefit earned under the 1% multiplier will be untouched.

Retirees Who Entered Pay Status between 9/1/2008 and 7/31/2013

As an adjustable benefit cut implemented as part of the plan's rehabilitation plan, the early retirement factors were changed effective August 1, 2013 with application to any participant who retired on or after September 1, 2008. As a result, all participants who entered pay status between September 1, 2008 and July 31, 2013 had their benefit recalculated as if the new factors had been in place when they originally retired. However, the effect of the new early retirement formula was capped at a 5% reduction.

Post-suspension benefits for this group will be determined using the early retirement factor in effect when the participant initially retired. However, no benefit will be increased as a result of the suspension.

Disability-Based Limitation

The individual limitations will be applied as per statute. However, there are some special circumstances related to the application of the disability-based limitation. These are enumerated below:

- When the disability rules were changed in 2013, disabled retirees without a Social Security award were allowed one year to obtain such award. As a result of this change, some previously disabled participants ceased to qualify under the plan rules. These participants will not receive any special protection under the disability-based limitation.
- As the result of a settlement of a class action lawsuit in October 2016, most disabled participants who were in pay status as of 8/1/2013 and had taken a cut due to the 2013 rule change, were restored to 95% of their pre-amendment disability benefit amount. After these participants retire, the disability-based limitation will be applied based on the 95% of pre-amendment disability amount.

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- Also as the result of the 2016 class action settlement, affected disabled participants who were:
 - In pay status on 8/1/2013, and
 - Converted to early retirement prior to October 2016, and
 - Had an early retirement benefit that was less than 95% of their prior disability benefit,

were granted a benefit increase to 95% of their pre-amendment disability amounts payable until age 62, at which time their benefit will increase to an unreduced, early retirement benefit. For purposes of the disability-based limitation, the benefit payable until normal retirement age for these participants will be treated as a disability benefit.

- In the case of separate interest alternate payees, the alternate payee will generally not receive any portion of the disability-based limitation. The exception to this is in the case of an alternate payee who was assigned a portion of the participant's disability benefit. In this case, such alternate payee will receive a disability-based limitation based on the portion of disability benefit assigned and the participant will not receive a disability-based limitation based on such portion.
- In the case of a shared interest alternate payee, any disability-based limitation will be shared in the same manner as the benefit itself.
- Surviving spouses and beneficiaries will not receive any disability-based limitation.
- A former disabled retiree who has converted to normal or early retirement will receive disability-based limitation protections based on the monthly disability benefit amount he or she was receiving immediately prior to conversion.

How Suspension Affects Various Groups of Participants – Main Groupings

Below is a listing of the various groups of participants that are treated differently under the suspension and a description of how each group is treated differently. The groups are designated by the letters A through D.

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Group	Description	How Treated Differently
A	Non-Retired	Non-retired participants will be subject to a 32% cut on pre-5/1/2007 accruals. For active participants continuing to accrue benefits, the effect of any cut relative to the final accrued benefit at retirement will become less as time passes.
B	Retiree with 8/1/2013 Benefit Reduction	As described above, the benefits of the retirees in this group were reduced to reflect a new set of early retirement factors effective 8/1/2013 (though the reduction was limited to 5% of the benefit in pay status immediately prior to 8/1/2013). This group is subject to a 32% cut on pre-5/1/2007 accruals, but the early retirement factor used for determining the post-suspension benefit in pay status will be the factor that was in effect <u>when they initially retired</u> . Thus, the reduction will be slightly less relative to the benefit in effect immediately prior to suspension when compared to a similarly-situated retiree who did not experience the 8/1/2013 benefit adjustment.
C	Beneficiary of October 2016 Disability Lawsuit Settlement	This group is subject to a 32% cut on pre-5/1/2007 accruals. However, as described above, the disability-based limitations are applied differently to this group as compared to a similarly-situated disabled or retired participant who was not a beneficiary of the lawsuit settlement.
D	Pay Status Participant Not In Groups B or C	This group is subject to a 32% cut on pre-5/1/2007 accruals, but does not receive the benefit of any of the special rules applicable to groups B and C.

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How Suspension Affects Various Groups of Participants – Sub-groups

Because the proposed suspension does not affect any benefits accrued on or after May 1, 2007 (those that accrued under the 1% multiplier), each of preceding groups must be sub-divided into 3 sub-groups:

- Those with all accruals prior to May 1, 2007,
- Those with all accruals on or after May 1, 2007, and
- Those with accruals both before and after May 1, 2007.

For simplicity, the 3 possible sub-groups are labeled 1, 2, and 3. The way in which each sub-group is treated differently is described below:

Sub-Group	Description	How Treated Differently
1	Pre-5/1/2007 Accruals Only	The 32% reduction will apply to the entire accrued benefit
2	Post-5/1/2007 Accruals Only	As there are no pre-5/1/2007 accruals, the accrued benefit will be unaffected by the suspension
3	Pre- <u>And</u> Post-5/1/2007 Accruals	The 32% reduction will only apply to the portion of the benefit accrued prior to 5/1/2007. Therefore, the overall reduction will be <u>less</u> than 32%.

Final Groupings

Final groupings are referred to by starting with the letter representing the participant's main group and appending the number representing the appropriate sub-group. For example, "A1," "A2," etc.

The final groupings are summarized below (note that a few of the final groups do not contain any participants):

Group	Description
A1	Non-Retired, pre-5/1/2007 accruals only
A2	Non-Retired, post-5/1/2007 accruals only
A3	Non-Retired, pre- and post-5/1/2007 accruals
B1	Retiree with benefit reduction effective 8/1/2013, pre-5/1/2007 accruals only
B2	Retiree with benefit reduction effective 8/1/2013, post-5/1/2007 accruals only
B3	Retiree with benefit reduction effective 8/1/2013, pre- and post-5/1/2007 accruals
C1	Beneficiary of the October 2016 disability lawsuit settlement, pre-5/1/2007 accruals only
C2	Beneficiary of the October 2016 disability lawsuit settlement, post-5/1/2007 accruals only

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Group	Description
C3	Beneficiary of the October 2016 disability lawsuit settlement, pre- and post-5/1/2007 accruals
D1	Retiree not included in a B or C group, pre-5/1/2007 accruals only
D2	Retiree not included in a B or C group, post-5/1/2007 accruals only
D3	Retiree not included in a B or C group, pre- and post-5/1/2007 accruals

Note: In the table above, “retiree” includes beneficiaries and alternate payees



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SEPTEMBER 21, 2020

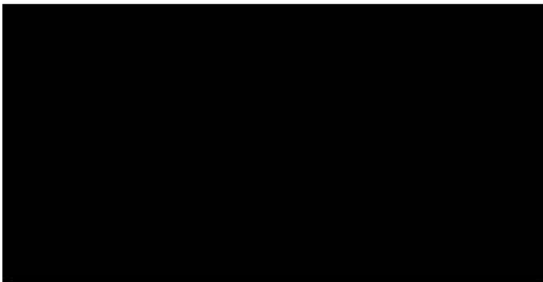
CARPENTERS PENSION TRUST FUND, DETROIT & VICINITY

PENALTY OF PERJURY STATEMENT/PUBLIC DISCLOSURE STATEMENT

Pursuant to Sections 2.03 and 2.04 of IRS Revenue Procedure 2017-43, each of the undersigned authorized Trustees makes the following two statements:

Under penalties of perjury I declare that I have examined this application, including the accompanying documents, and, to the best of my knowledge and belief, the application contains all of the relevant facts relating to this request, and such facts are true, correct and complete.

I acknowledge that, pursuant to Section 432(e)(9)(G)(ii) of the Internal Revenue Code, the application for approval of the proposed suspension of benefits, and the application's supporting material, will be publicly disclosed through publication to the Treasury Department's website.



Signed: September 29, 2020

PMN\dm.W\FUNDS\mrcc\DB-PENS\MPRA\Penalty of Perjury and Disclosure Statement.on letterhead.doc