

International Association of Machinists Motor City Pension Fund

EIN/Plan #: 38-6237143/001

Checklist Item #12 – Demonstration that the Proposed Suspension is Reasonably Estimated to not Materially Exceed the Level Necessary to Avoid Insolvency

Does the application include a demonstration that the proposed suspension is not projected to materially exceed the level necessary to avoid insolvency, including illustrations regarding the plan's solvency ratio and available resource?

See section 4.03.

Document 12.1 provides a demonstration that the proposed suspension is not projected to materially exceed the level necessary to avoid insolvency.

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Checklist Item #12 – Demonstration that the Proposed Suspension is Reasonably Estimated to not Materially Exceed the Level Necessary to Avoid Insolvency

Document 12.1

**Proposed Suspension Will Not Materially Exceed
the Level Necessary to Avoid Insolvency**

This application filed on behalf of the Pension Plan includes an actuarial certification of plan solvency under ERISA § 305(e)(9)(c)(i) and IRC Section 432(e)(9)(C)(i) as of the effective date of the proposed benefit suspension, which is January 1, 2018.

Exhibit IV of Checklist Item #7 provides an illustration showing that the proposed suspension is reasonably estimated to avoid insolvency, but not to materially exceed the level needed to avoid insolvency throughout the extended period. Exhibit IV also includes a year-by year solvency projection with the solvency ratio and separately identifies the market value of assets, contributions, investment earnings, plan benefits and expenses.

Exhibit IV requires that each participant's and beneficiary's proposed suspension benefit be 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. For those under age 75 as of January 31, 2018 and for this determination, 209 participants and beneficiaries had a 5% less reduction to their proposed suspension benefit and 555 participants and beneficiaries had 2% of their benefit determined without regard to the proposed reduction. For those aged 75 to 80 as of January 31, 2018 and for this determination, 8 participants and beneficiaries had a 5% less reduction to their proposed suspension benefit and 64 participants and beneficiaries had 2% of their benefit determined without regard to the proposed reduction. There were also 323 participants and beneficiaries whose benefit was not changed at all with the proposed benefit reduction due to the individual limitations noted on Checklist Item #2, pages 2.1 and 2.2, that also had no change in benefit for this determination.

Exhibit IV is based on the actuary's interpretation of the requirements under Revenue Procedure 2016-27, Section 4.03.

Exhibit VII of Checklist Item #7 describes each of the assumptions used, as required under Revenue Procedure 2016-27, Section 4.02(3).