International Association of Machinists Motor City Pension Fund
EIN/Plan #: 38-6237143/001
Checklist Item #23 – Proposed Ballot

Does the application include a copy of the proposed ballot?

See section 6.01.

Document 23.1 provides a copy of the proposed ballot.

Document 23.1

Ballot for Ratification of Benefit Reductions
International Association of Machinists Motor City Pension Plan

ATTENTION INTERNATIONAL ASSOCIATION OF MACHINISTS MOTOR CITY PENSION PLAN PARTICIPANTS, RETIREES AND BENEFICIARIES:

As described in the Notice of Proposed Reduction in Benefits under the International Association of Machinists Motor City Pension Plan ("Notice"), which was mailed to you on or about March 31, 2017, the Joint Board of Trustees ("Board of Trustees") of the International Association of Machinists Motor City Pension Plan ("Plan") submitted an application to the U.S. Department of the Treasury to reduce benefits pursuant to the Multiemployer Pension Reform Act of 2014 ("MPRA").

The Notice explained that if the Plan's application to reduce benefits is approved by the Secretary of Treasury, all participants and beneficiaries of the Plan will be given the opportunity to vote on whether the benefit reductions should go into effect. The Plan's application has now been approved by the Secretary of Treasury. This ballot is designed to assist you in deciding whether to vote to approve the proposed benefit reductions. Your actual vote must be cast by telephone or electronically using a secure website. Do not attempt to cast your vote by mailing the ballot to the Plan.

Description of Proposed Benefit Reductions

The Board of Trustees proposes a reduction for all participants to 110% of the amount guaranteed by the Pension Benefit Guaranty Corporation ("PBGC"). With the exception of the individual limitations mentioned below, all participants' and beneficiaries' benefits will be reduced to 110% of their PBGC guarantee benefit on benefits earned through January 1, 2018. Benefits earned after January 1, 2018 will return to the current benefit accrual rate, which is 0.5% of credited contributions made on your behalf. The individual limitations are the only exceptions to this reduction:

1. Individuals who are age 80 or older by January 31, 2018 (only partial reductions would be made for individuals between ages 75 and 80).

2. Individuals who are receiving disability benefits under the terms of the Plan.

3. Individuals whose benefits are already less than 110% of the PBGC-guaranteed benefit level.

The benefit reductions will eliminate the projected insolvency and allow the Plan to pay benefits indefinitely. Without these reductions, the Plan is projected to become insolvent in the plan year beginning July 1, 2025.

The benefit reductions will apply to all Plan participants and beneficiaries, including Alternate Payees under a Qualified Domestic Relations Order that are otherwise not exempt due to their age or disability status as described above. No person will have his/her benefit reduced below 110% of the PBGC guaranteed level. No person will have his/her benefit increased due to the reduction.

Factors Considered by the Board of Trustees

Federal law requires that any reduction of benefits be distributed fairly among the various categories or groups of participants and beneficiaries under the Plan. In deciding whether the proposed benefit reductions would be distributed fairly, the Board of Trustees initially took into account the following factors:

1. Age and life expectancy of the participants in the Plan;
2. The length of time the participants are in pay status;
3. The type and amount of the benefits being provided by the Plan;
4. The extent to which the benefits provided contain subsidies;
5. The history of benefit increases and reductions, including post-retirement increases;
6. Discrepancies between the benefits provided to active and retired participants;
7. The extent to which the current active participants are reasonably likely to withdraw support for the Plan which will cause employer withdrawals and increase the risk of additional benefit reductions for all participants and beneficiaries in this Plan;
8. The number of years to retirement for active participants; and

9. The extent to which a participant's or beneficiary's benefits are attributable to service with an employer that failed to pay its full withdrawal liability.

While these factors above were considered, the reduction in benefits still ended up being the same for all participants and beneficiaries who are subject to a reduction. This will be 110% of the PBGC's guaranteed benefit. This assures that the proposed benefit reductions would be distributed fairly.

Duration of the Benefit Reductions

If approved, the reduction of benefits described above will start on January 1, 2018 and will remain in effect indefinitely.

Board of Trustees' Statement in Support of the Proposed Benefit Reductions

The Board of Trustees supports the proposed reduction of benefits. The Board of Trustees has done everything in its power to avoid these benefit reductions, including reducing active participants' benefits and future accruals, and requiring increased contributions to the Plan. However, reductions in investment returns, work weeks, and employer contributions have forced the Board of Trustees to take this action so that the Plan does not become insolvent.

Various economic and financial factors impact pension funds. The investment markets continue to be volatile. While the markets have performed better in recent years, the Plan has not fully recovered from the downturns from the early 2000's and 2009. Also, because weeks worked are down, employer contributions to the Plan are also down. Retirees outnumber active participants and are retiring earlier and living longer, causing benefit payments to be greater than contributions. Finally, a number of employers have discontinued their participation in this Plan. All of these factors have contributed to the decline in Plan assets.

Approval by the Secretary of Treasury

This Application to reduce benefits has been reviewed and approved by the Secretary of Treasury in consultation with the PBGC and the Secretary of Labor.

Board of Trustees' Determination of Insolvency

The Board of Trustees, in consultation with the Plan's actuary, has determined that the Plan will become insolvent in the Plan Year beginning in 2025 if the proposed benefit reductions are not implemented as of January 1, 2018. This means that during the Plan Year beginning in 2025, the Plan will no longer have enough money to make the monthly pension benefit payments when due. This projected insolvency date is determined using certain assumptions that are reasonably expected to occur in the future but not guaranteed and consequently are subject to some uncertainty.

Impact of Insolvency on Plan Benefits

The Board of Trustees is taking this action now because if too much time goes by, no benefit reduction plan will be able to save the Plan from running out of money. If that happens, the PBGC will be responsible for paying out your pension, and your payments will be reduced by 10% more than under these proposed benefit reductions. Your payments may be reduced significantly more than 10% if your benefit is fully or partly protected under the proposed benefit reductions.

Effect of Insolvency of the PBGC

The ability of the Plan to receive financial assistance from the PBGC upon insolvency is also based upon the financial stability of the PBGC. In a recent report, the PBGC projected that its Multiemployer Plan Program would fully exhaust its own assets by 2024, possibly becoming insolvent before the Plan does.

In the event that the Plan and the PBGC both become insolvent, participants and beneficiaries would be at risk of receiving benefits that would be dramatically lower than benefits otherwise paid in the case of the Plan's insolvency. In fact, if both the Plan and the PBGC Multiemployer Program become insolvent, your benefits could be reduced to almost zero.

Plan Actuary's Projection of Solvency

The Plan's actuary has certified that the Plan is projected to avoid insolvency if the proposed benefit reductions under the reduction plan are implemented. This projection requires the use of certain assumptions that are reasonably expected to occur in the future but not guaranteed and consequently are subject to some uncertainty.

Effect of Yes Votes, No Votes and the Failure to Cast a Vote

The benefit reductions will go into effect unless a majority of eligible voters vote to reject the reduction plan. Thus, a failure to vote has the same effect on the outcome of the vote as a vote in favor of the reduction plan. **To preserve the retirement security for all Plan participants and beneficiaries, the Board of Trustees strongly recommends that you vote to approve this reduction plan.**

Instructions for Casting Your Vote

As part of this ballot, you have received an individual number that will keep your vote private. There are two available methods approved by the Department of Treasury for casting your vote:

1. By calling a dedicated telephone number (800) ____-________ set up by the Department of Treasury for this purpose;

2. By logging into a secure website at www._____________.org

You will need your individual participant number assigned to you in order to register your vote. Paper ballots will not be accepted.

By law, the period for voting to approve the proposed benefit reduction plan described in this Ballot will end on [DATE]. This means that you must cast your vote by 11:59 EST on [DATE] either by telephone or online or it will not be counted.