Automotive Industries Pension Plan
Checklist Item #39

Does the application include the most recently updated rehabilitation plan?

See section 7.09.

Yes. The 2015 updated rehabilitation plan is attached as Document No. 39.1. The 2012 rehabilitation plan is attached as Document No. 39.2. The only difference between the 2012 and 2015 rehabilitation plan is that the 2015 rehabilitation plan includes the following sentence to reflect the change in law under the Multiemployer Pension Reform Act of 2014: "If the bargaining parties subsequently fail to agree upon a new schedule, the contribution schedule in effect on the date the collective bargaining agreement expires is enforceable beginning 180 days after the bargaining agreement expiration date."

Document No. 39.1

AUTOMOTIVE INDUSTRIES PENSION TRUST FUND

REVISED REHABILITATION PLAN

Effective January 1, 2015

Introduction

The Pension Protection Act of 2006 ("PPA"), as amended by the Worker, Retiree, and Employer Act of 2008 ("WRERA"), requires the Trustees of a multiemployer pension fund that has been certified by its actuary as being in Critical Status (also known as the "Red Zone") to develop a Rehabilitation Plan. The Rehabilitation Plan should enable the fund to cease to be in Critical Status by the end of the rehabilitation period.However, if the Trustees determine, based upon the exhaustion of all reasonable measures, that the fund can not reasonably be expected to emerge by the end of the rehabilitation period, the Rehabilitation Plan should be designed to enable the fund to cease to be in Critical Status at a later date, or if not reasonable, to forestall possible insolvency.

On March 28, 2008, the Automotive Industries Pension Trust Plan ("Plan") was certified by its actuary to be in critical status for the plan year beginning January 1, 2008. It has continued to be certified to be in critical status for subsequent plan years, including the current plan year beginning January 1, 2012. An initial Rehabilitation Plan was adopted on March 21, 2008. Under PPA, the Trustees are required to annually review and update the Rehabilitation Plan and its Schedules as necessary.

This Rehabilitation Plan:

1. specifies the rehabilitation period;
2. describes alternatives the Trustees considered when preparing the Rehabilitation Plan;
3. explains why the Trustees concluded that there are no reasonable measures that would enable the Fund to emerge from Critical Status by the end of the rehabilitation period;
4. includes one schedule (Default) of benefit and contribution changes that will be provided to the bargaining parties, which must be implemented as part of future collective bargaining agreements between local unions and contributing employers entered into or renewed after the adoption of this Rehabilitation Plan;
5. describes how the Default Schedule will be automatically implemented if there is no agreement between the bargaining parties in a timely manner; and
6. provides annual standards for meeting the requirements of the Rehabilitation Plan and describes how the Rehabilitation Plan will be updated from time to time.

Rehabilitation Period

The initial rehabilitation period was the 10-year period from January 1, 2011 through December 31, 2020. The Trustees elected to extend this period by 3 years to December 31, 2023 under WRERA.

Rehabilitation Plan Standard

PPA generally provides a 10-year rehabilitation period to emerge from Critical Status. Pursuant to Section 205 of WRERA, the Trustees could elect to extend the 10-year rehabilitation period to a 13-year rehabilitation period. However, PPA also specifically provides for a plan to emerge from Critical Status later, if possible, or to forestall insolvency if the plan cannot reasonably be expected to emerge by the end of the rehabilitation period, or at all, as determined by its Trustees.

The original Default Schedule of benefit cuts and contribution increases was designed to enable the plan to emerge by the end of the original rehabilitation period on December 31, 2020. After reflecting actual experience through January 1, 2011 and the 3-year extension of the rehabilitation period, the supplemental contributions required in the original Default Schedule would need to increase from 12.5% to 35.8% per year for 7 years beginning January 1, 2013, based on reasonable assumptions, to emerge by December 31, 2023. For example, the average contribution rate would have to grow from $394 to $3,356 per month.

The Board of Trustees concluded that such changes in contribution rate to emerge from the Critical Status by the end of the rehabilitation period were unreasonable and involved considerable risk to the Fund and Fund participants. In reaching this conclusion the Board considered (1) information concerning the decline in the automotive industry in general, (2) the rapid decline of contributing employers and of active participants in the Fund, and (3) information concerning the remaining larger contributing employers to the fund, the risk of further substantial withdrawals in the future and the potential adverse impact of such withdrawals. The Board concluded that the continued existence of the Fund and the Trustees' ability to discourage bargaining withdrawals and maintain or improve the Fund's funded status would be jeopardized by any attempt to emerge from Critical Status by the end of the rehabilitation period.

The Board of Trustees concluded that annual contribution rate increases in excess of those called for under the attached Default Schedule could trigger mass withdrawals and significant losses to the Fund and participants. The Trustees further concluded that contributions required to emerge from critical status "at a later date" would be unreasonable and therefore the Rehabilitation Plan could not be expected to do any more than forestall insolvency.

The Board of Trustees considered several actions, options, and alternatives that would enable the Fund to emerge from Critical Status either by the end of the rehabilitation period or as soon as reasonably possible after the period. The Trustees have determined the remedies considered to emerge from Critical Status were unreasonable measures that would be untenable or counterproductive and adverse to the Fund and Fund participants. The various remedies and alternative schedules considered included the following:

Seek the assistance of the Pension Benefit Guaranty Corporation CPBGC) to improve the funding position of the Fund: The Trustees have considered various possible approaches with the PBGC. The concepts of PBGC assisted merger and PBGC approved managed mass withdrawal were determined to be unachievable after considerable discussion. The approach of partitioning the Fund 's liability related to benefits earned by participants through service with employers who became, or will become, bankrupt into a new pension plan that will receive assistance was also considered by the Trustees but was determined not to be viable due to the relatively small amount of plan liability that would be eligible for assistance.

1. Secure a merger with another fund: Various standard mergers (not PBGC-assisted) were considered and/or explored during and before the Fund entered critical status. In each case, the Trustees of the proposed merger partner were found to be unwilling or unable to effectuate a merger.

Trustee Approved Rehabilitation Plan Remedies

Having considered all reasonable measures to emerge from critical status, the Trustees have concluded that the Fund cannot reasonably be expected to emerge from critical status by the end of the rehabilitation period or at a later date. Based on this, they have adopted the following reasonable measures to forestall insolvency of the Fund:

1. Eliminate Early Retirement Benefits for Inactive Vested Participants

   The Trustees amended the pension plan so as to eliminate early retirement benefits (i.e., benefits commencing prior to the Plan's age 65 normal retirement age) for inactive vested participants, effective February 1, 2011. Previously, these benefits were available on an actuarial equivalence basis.

2. Default Schedule

   Under this schedule, all non-protected and adjustable benefits for participants who retired on or after July 1, 2008 are eliminated effective July 1, 2008, or if later, the date the Default Schedule is adopted pursuant to collective bargaining, or imposed automatically by the Trustees. Attachment A describes the non-protected and adjustable benefits that are being eliminated and the supplemental employer contributions.

Annual Standards for Meeting the Rehabilitation Requirements

Based on reasonable assumptions, the Fund is projected to become insolvent. The year of projected insolvency will vary each year as actual experience differs from the assumptions. The Trustees recognize the possibility that actual experience could be less favorable than the reasonable assumptions used for the Rehabilitation Plan and the need to update the Rehabilitation Plan on an annual basis. Consequently, the annual standard for meeting the requirements of this Rehabilitation Plan is for updated actuarial projections each year to show, based on reasonable assumptions, that under the Rehabilitation Plan (as amended from time to time) the projected insolvency will occur after 2020.

Annual Updating of Rehabilitation Plan

Each year the Fund's actuary will review and certify the status of the Fund under PPA funding rules and whether the Fund is making the scheduled progress in meeting the requirements of the Rehabilitation Plan. If the Trustees determine that it is necessary in light of updated information, they will revise the Rehabilitation Plan and present updated schedules to the bargaining parties. Notwithstanding subsequent changes in benefit and contribution schedules, a schedule provided by the Trustees and relied upon by the bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement. If the bargaining parties subsequently fail to agree upon a new schedule, the contribution schedule in effect on the date the collective bargaining agreement expires is enforceable beginning 180 days after the bargaining agreement expiration date.

Attachment A

DEFAULT SCHEDULE

Benefit Changes

Remove early retirement subsidies – instead of the Rule of 85 or the 3% per year reductions from age 62, reductions will be based on actuarial equivalence from normal retirement age (65).

Eliminate the Early Retirement Pension for inactive vested participants.

Eliminate future Disability Pension awards.

Eliminate 36-payment pre-retirement death benefit awards.

Eliminate Automatic Joint and Survivor Benefit subsidies on all future pensioner awards; reductions will be based on actuarial equivalence.

Eliminate all optional forms of payments on pension awards; single participants will receive a single life annuity with no death benefits and married participants will receive the reduced QJSA or QOSA.

Supplemental Contributions

Supplemental Contributions will be payable based on the following schedule:

Contribution increases under all agreements as follows (all increases are "off-benefit", i.e., will not count toward benefit accruals):

Effective Date	Increase in monthly rate	Cumulative increase
March 28, 2008 – December 31, 2012	0.0%	0.0%
January 1, 2013	5.0%	5.0%
January 1, 2014	5.0%	10.3%
January 1, 2015	5.0%	15.8%
January 1, 2016	5.0%	21.6%
January 1, 2017	5.0%	27.6%
January 1, 2018	5.0%	34.0%
January 1, 2019	5.0%	40.7%

Implementation

Benefit reductions for active participants become effective when their employer's collective bargaining agreement is renewed on or after April 27, 2008 – but no later than 180 days following the expiration date of the prior collective bargaining agreement.

An active participant's employer will be the participant's most recent employer prior to retirement. Once an employer is determined, the Plan will search its records to determine when that employer's collective bargaining agreement expired and the benefit reductions for its employees became effective.

For a non-collectively bargained active participant (e.g., owner-operator, alumni, etc.) that has had contributions made to the Plan under the terms of a subscription agreement, the effective date will be July 1, 2009. Other categories of active participants who are automatically covered by the July 1, 2009 effective date include:

Non-bargained participants covered under the Plan by working in "related non-covered employment."

Participants working in covered positions in the jurisdiction of a "related plan."

Participants working in "recognized unrelated service."

Participants whose employer ceased to be a contributing employer prior to July 2008.

Participants currently under a Plan "grace period" due to (1) incapacity based on a disability that prevents them from working in covered service, (2) serving in the Armed Forces of the United States, or (3) engaged in this industry in an ineligible classification.

Participants receiving workers' compensation benefits.

The benefits of Pensioners, surviving spouses and Alternate Payees who commenced receipt of benefits prior to April 27, 2008 or, if applicable, the benefit reduction effective date (see above) are not subject to reduction under the Default Schedule except to the extent provided under the terms of the Pension Plan and/or to the extent permitted by law or regulation.

Automotive Industries Pension Fund

Administered by: Associated Third Party Administrators
1640 SOUTH LOOP RD • ALAMEDA, CA 94502 • TELEPHONE (510) 836-2484 Or (800) 635-3105
Mailing Address: POST OFFICE BOX 23120 • OAKLAND, CA 94623-0120
Website: www.aitrustfunds.org

AUTOMOTIVE INDUSTRIES PENSION TRUST FUND

REVISED REHABILITATION PLAN

Effective July 9, 2012

Introduction

The Pension Protection Act of 2006 ("PPA"), as amended by the Worker, Retiree, and Employer Act of 2008 ("WRERA"), requires the Trustees of a multiemployer pension fund that has been certified by its actuary as being in Critical Status (also known as the "Red Zone") to develop a Rehabilitation Plan. The Rehabilitation Plan should enable the fund to cease to be in Critical Status by the end of the rehabilitation period. However, if the Trustees determine, based upon the exhaustion of all reasonable measures, that the fund can not reasonably be expected to emerge by the end of the rehabilitation period, the Rehabilitation Plan should be designed to enable the fund to cease to be in Critical Status at a later date, or if not reasonable, to forestall possible insolvency.

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