DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

December 13, 2017

Board of Trustees
International Association of Machinists Motor City Pension Plan
c/o Duane Menter, Benesys, Inc.
700 Tower Drive, Suite 300
Troy, MI 48098

Re: International Association of Machinists Motor City Pension Plan (Plan) Application for Reduction of Benefits

Dear Mr.Menter:

On November 6, 2017, you were notified that the Secretary of the Treasury (Treasury), in consultation with the Secretary of Labor (DOL) and the Pension Benefit Guaranty Corporation (PBGC), had reviewed your application (Application) for a reduction in benefits, which was submitted on March 29, 2017, and determined that the Application satisfied the requirements of subparagraphs (C), (D), (E), and (F) of section 432(e)(9) of the Internal Revenue Code (Code), which were added to the Code by Multiemployer Pension Reform Act of 2014 (MPRA). The notification explained that, as required under MPRA, before any benefit reduction could go into effect, Treasury would administer a vote of eligible participants and beneficiaries to approve or reject the proposed benefit reduction.

The voting period began on November 16, 2017, and ended on December 7, 2017. The Plan identified 1,247 participants and beneficiaries as eligible to vote. Of the voters identified by the Plan who received a ballot, 371 (30.64%) voted to reject the benefit reduction, 126 voted to approve the benefit reduction, and 714 did not return a ballot. Because a majority of voters identified as eligible by the Plan did not vote to reject the benefit reduction, the benefit reduction may go into effect. Treasury, in consultation with DOL and PBGC, has issued a final authorization to reduce benefits under the Plan as described in the Application, effective January 1, 2018, subject to the conditions described below.

Under MPRA, the Plan's ability to reduce benefits is conditioned on the Plan's compliance with subparagraphs (C) and (E) of section 432(e)(9). Under subparagraph (C), after the benefit reduction goes into effect, the plan sponsor of the Plan must make an annual determination that, despite all reasonable measures to avoid insolvency, the Plan is projected to become insolvent unless a benefit reduction continues. The Plan must maintain a written record of these annual determinations, and this record must include a description of the factors considered to determine whether all reasonable measures have been taken to avoid insolvency. The written record must be made available to participants and beneficiaries. If the Plan fails to satisfy the annual plan sponsor determination requirement for a plan year (including maintaining the written record), then the reduction of benefits will expire as of the first day of the following plan year.[1] Subparagraph (E) of section 432(e)(9) establishes rules that apply to any benefit improvements that are made under the Plan during the period that the benefit reduction remains in effect.

A copy of this letter will be posted on the Treasury Department website. Please contact Treasury staff if you have any questions or need any additional information.

Sincerely,

Sam Alberts
MPRA Special Master

[1] 26 C.F.R. § 1.432(e)(9)-1(c)(5).