NOTICE OF CRITICAL STATUS
For the
IRON WORKERS LOCAL 17 PENSION FUND
Issued For the Plan Year Beginning May 1, 2024

DATE: **August 28, 2024**

TO: **Participants, Beneficiaries, Retirees, Participating Employers, Steel and Iron Contractors Association, Construction Employers Association of Cleveland and the International Association of Bridge, Structural and Ornamental Iron Workers Local No. 17, Cleveland, Ohio.**

The Pension Protection Act of 2006 (“PPA”), a Federal law, amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer pension plans that are based upon the actuarial status of the plan. PPA requires multiemployer pension plans to be evaluated by actuaries in order to determine whether the pension plan has a current or projected funding deficiency. For the Iron Workers Local 17 Pension Fund (“Pension Fund”), the actuary certified that this Pension Fund was in Critical Status each year between May 1, 2008 and April 30, 2015. Effective for the 2015 and 2016 Plan Years, the Pension Fund was certified as in Critical and Declining Status. On February 1, 2017, the Suspension Plan authorized under the MPRA was implemented which reduced the benefits payable to many participants in the Plan lowering the overall liabilities. After the MPRA Suspension took effect, the Pension Fund was again certified in Critical Status.

On January 25, 2022 the Trustees applied to the Pension Benefit Guaranty Corporation (PBGC) for Special Financial Assistance (SFA), as allowed under the American Rescue Plan Act of 2021. On June 16, 2022 the Fund received $48.9 million in SFA. In addition, on August 8, 2022 the Trustees were eligible and applied for additional SFA as allowed under PBGC’s Final Rule and received another $42.2 million in SFA on January 9 2023 (for a total of a $91.1 million SFA grant). As a result of receiving SFA, the benefit reductions that were part of the Suspension Plan authorized under MPRA were eliminated, both retroactively to February 1, 2017 and prospectively. The Pension Fund is required under PPA to obtain an annual actuarial certification and send out an annual Notice which informs you of the current funding status.

<u>The Pension Fund’s Actuarial Status for 2024</u>

The purpose of this Notice is to inform you that on July 29, 2024, the Pension Fund’s actuary certified to the U.S. Department of Treasury and the Trustees that the Pension Fund is in Critical Status for the plan year beginning May 1, 2024. The Plan remains in critical status for the Plan Year beginning May 1, 2024 because the Plan has a current funding deficiency. Even though SFA significantly improved the funding of the Plan, the rules require Plans that receive SFA to be “deemed critical,” until 2051. PPA requires that you receive this Notice annually.

<u>The Pension Fund’s Rehabilitation Plan and Changes in Adjustable Benefits</u>

In August 2008 when the Pension Fund was first certified in the Red Zone, the Trustees developed a plan to restore the financial health of the Pension Fund referred to as a “Rehabilitation Plan.” The Trustees made changes to the benefits provided under the Pension Fund as part of this Rehabilitation Plan. These changes included the reduction and elimination of benefits called “Adjustable Benefits.” PPA defines certain types of benefits that are considered “Adjustable Benefits” which can be reduced or even eliminated as part of a Rehabilitation Plan even if they would otherwise be protected under ERISA’s anti-cutback rules. The term “Adjustable Benefit” generally includes all of the following:

1. Benefits, rights and features under the Pension Fund, including post-retirement death benefits, disability benefits not yet in pay status and similar benefits; and
2. Any early retirement benefit or retirement type subsidies and any benefit payment options, other than the 50% and 75% qualified joint and survivor annuity; and
3. All benefit increases that would not be eligible for a guarantee under ERISA Section 4022A on the first day of the Pension Fund’s critical year because the increase was adopted less than 60 months prior to May 1, 2008.

This initial Rehabilitation Plan, which was adopted August 15, 2008 with plan changes effective May 1, 2009, only included one schedule called the "New Schedule of Benefits" or "Default Schedule" that reduced most Adjustable Benefits to the maximum extent allowable by law. The Trustees updated this Rehabilitation Plan effective May 1, 2011 to include two Schedules of Benefits also called the Alternate and Default Schedules. The Alternate Schedule added a one-time contribution increase of $0.50, but left the current level of benefits in place. Since a Default Schedule cannot include a contribution increase, it included the elimination of the disability pension. Unfortunately, these steps were not enough to restore the funding of the Pension Fund necessary to fully fund all benefits. The contribution increases needed to actually restore this Fund could not be sustained by the employees or employers participating in this Pension Fund, so as of May 1, 2015, the Pension Fund was forecast to become insolvent.

The Trustees provided the schedule to the International Association of Bridge, Structural and Ornamental Iron Workers Local No. 17, Cleveland, Ohio ("Local Union") and the Steel and Iron Contractors Association and Construction Employers Association of Cleveland (collectively referred to as "bargaining parties") on May 30, 2011. The bargaining parties adopted the Alternate Schedule calling for a $0.50 per hour contribution increase as part of the Collective Bargaining Agreement ("CBA") effective May 1, 2013 through April 30, 2018. These changes to Adjustable Benefits which were adopted as part of the Rehabilitation Plan **did not** reduce the level of any participant's accrued benefit payable at Normal Retirement Age. Additionally, the reductions adopted under the Rehabilitation Plan could not apply to any participant or beneficiary that started receiving his or her benefits prior to **August 15, 2008**.

On February 1, 2017, the Suspension Plan authorized under MPRA was implemented which reduced the benefits payable to many participants, including reductions to the accrued benefit at Normal Retirement Age and participants in pay status prior to August 15, 2008. The reductions implemented under the MPRA Suspension Plan lowered the overall liabilities; so, the Plan is no longer projected to become insolvent in the future.

During the 2018 Plan Year, the Trustees provided the bargaining parties with an updated Rehabilitation Plan with one schedule that included the Suspension Plan authorized under MPRA. Under this schedule, the Plan was projected to remain solvent in the future years. Since the Plan is no longer projected to become insolvent and is meeting the market value of assets requirement as described in the Rehabilitation Plan, the Actuary has certified that it is meeting its requirement under the Rehabilitation Plan for the Plan Year beginning May 1, 2023.

On January 25, 2022 the Trustees applied to the Pension Benefit Guaranty Corporation (PBGC) for Special Financial Assistance (SFA), as allowed under the American Rescue Plan Act of 2021. On May 18, 2022 the Trustees application was approved, and on June 16, 2022 the fund received $48.9 million in SFA based on the interim final rule. After the Plan received the initial SFA amount, a supplemental application was filed on August 8, 2022 for additional SFA as allowed under PBGC's Final Rule and the Plan received another $42.2 million in SFA on January 9, 2023 (for a total of a $91.1 million SFA grant). As a result of received the SFA grant, the benefit reductions that were part of the Suspension Plan authorized under MPRA were eliminated.

Notification that Employer Surcharges may be Required in Certain Circumstances

For the initial Plan Year that a multiemployer pension plan is certified as in Critical Status, PPA required all contributing employers pay a surcharge to the pension plan to help improve the funding situation. Since the bargaining parties for this Pension Fund adopted the New Schedule of Benefits under the Rehabilitation Plan effective August 21, 2008, surcharges were not required under PPA.

Where to Get More Information

Participants and Beneficiaries have rights under the Plan and ERISA as described in the Summary Plan Description. If you have any questions about your Plan or this Notice, you should contact Iron Workers Local 17 Pension Fund, 5600 New King Street, Suite 330, Troy MI 48098, phone number (216) 241-1086. Also, Participants and beneficiaries have the right to contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington DC 20210.