Southwest Ohio Regional Council of Carpenters'
Fringe Benefit Funds
Health Fund: P.O. Box 1257, Troy, MI 48099
Pension Fund: P.O. Box 31580, Independence, OH 44131
Phone: 330-779-8862
Website: www.ocbenefits.org

June 2018

Dear Participant,

As you are by now aware, our Pension Plan is in Critical and Declining status. If we do nothing, our Pension Plan is projected to run out of money by 2036—meaning that all pension payments will stop in less than 19 years.

However, we are not doing nothing. We have developed a **Pension Recovery Plan** as provided under the Multiemployer Pension Reform Act (MPRA).

What is the Attached Notice of Application for Approval of a Proposed Reduction of Benefits?
The Pension Plan is applying to the United States Treasury Department for MPRA relief. MPRA gives Trustees of plans like ours the ability—within certain limits—to avoid insolvency and save your pensions by reducing benefits of active members, retirees already collecting their pensions and terminated vested participants. Our MPRA relief plan is called the Pension Recovery Plan.

We submitted our Pension Recovery Plan to the Treasury Department on June 29, 2018. By law, we are required to send the attached notice to you. Much of the notice is legally required text that we could not change. We have put together this letter as well as the resources listed in the "Want More Information?" section to help you make sense of the attached notice and the Pension Recovery Plan in general.

The notice is divided into six main sections:

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Pension Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?
6. An individualized estimate* that explains how your pension will be impacted by the Pension Recovery Plan.

* If you are already collecting a pension, please remember that the amount shown in the individualized notice that represents your current benefit amount is before taxes and before any other deductions, so it is likely different from the amount on your monthly pension check.

What's Next?
Now that our Pension Recovery Plan has been submitted to the Treasury Department, you have the opportunity to review it, comment on it and, upon approval of the Treasury Department, vote

on whether to ratify it or not. We will continue to keep you informed throughout the Pension Recovery Plan process.

Want More Information?
We are devoting resources to helping you understand this process.

- **Pension Recovery Plan Call Center:** (330) 779-8862 (Select Option 3 from the directory when you call)
- **Pension Recovery Plan Website:** www.SORCCPensionRecovery.org. We have information about the Pension Recovery Plan, including FAQs, graphics and videos, as well as downloadable copies of documents and mailings.

In Conclusion
Our Pension Plan is projected to run out of money by 2036—unless we act now. That is why we are taking these dramatic steps. And our Pension Recovery Plan is far better than the alternatives.

Reducing pensions for current retirees and beneficiaries is not something we ever thought we'd have to do. The only reason we're even considering these changes is to prevent the Pension Plan from becoming insolvent, and your pension payments from being cut even more—or disappearing altogether. If the Pension Recovery Plan works as we expect it to, the result will be a Pension Plan you can count on for many years to come.

We encourage you to carefully review the notice and all of the other materials we have prepared. We hope that they will help you understand the seriousness of our situation and why we need your support for the Pension Recovery Plan.

Sincerely,

The Board of Trustees

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NOTICE OF A PROPOSED REDUCTION OF YOUR PENSION BENEFITS

On June 29, 2018, the Board of Trustees of the Southwest Ohio Regional Council of Carpenters’ Pension Plan (“Plan”) submitted an application to the U.S. Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction is allowed by the Federal law called the Multiemployer Pension Reform Act of 2014.

You are getting this notice because you have a pension benefit under the Plan. **The end of this notice describes the proposed reduction of your monthly payments[1].** This notice will also answer the following questions for you:

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?

1. Why is the Board of Trustees proposing to reduce benefits?

The Plan’s actuary estimated that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the year 2036. This estimate is based on how much money the actuary expects the Plan to receive and to pay out each year. The Plan’s actuary estimated that, with the reduction of benefits that the Board of Trustees has proposed, the plan should not run out of money.

2. What will happen if the Plan runs out of money?

If the Plan does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”) will be paid. You can find the amount of your benefit that is guaranteed by PBGC at the end of this notice.

3. How did the Board of Trustees decide whose benefits to reduce and by how much?

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction—

- The total reduction in everybody’s benefits must be estimated to be large enough to keep the plan from running out of money but not larger than needed to do that.
- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by PBGC.
- Disability benefits (as defined under the Plan) cannot be reduced.
- The benefits of people who are at least 80 years old on April 30, 2019 and their beneficiaries cannot be reduced.
- The benefits of people who are at least 75 years old on April 30, 2019 and their beneficiaries are partially protected, and the closer the person is to age 80 the less the benefits can be reduced.
- The reduction of benefits must be spread fairly among the people who have a pension benefit under the plan.

[1] A version of this notice that does not include the estimate of the effect on your benefit is being sent to unions that represent Plan participants and to all contributing employers.

In deciding whether the proposed reduction is spread fairly, the Board of Trustees took into account the following:

- Age and Life Expectancy
- Amount of Benefit
- Type of Benefit: Survivor, Normal Retirement, Early Retirement
- Extent to which participant or beneficiary is receiving a subsidized benefit
- History of benefit increases and reductions
- Any discrepancies between active and retiree benefits

4. What are the proposed reductions in benefits?

The Board of Trustees of the Southwest Ohio Regional Council of Carpenters Pension Plan propose a suspension of benefits formula that applies a uniform series of steps to recalculate the participant or beneficiary's accrued benefit, effective as of March 31, 2019, whether the participant or beneficiary is presently in pay status or has not yet commenced payment of benefits.

Step 1: The elimination of any subsidy for those individuals, or their beneficiaries, who retired prior to the attainment of age 62. The elimination of any subsidy is accomplished by the application of reduction factors for retirements prior to age 62, a full actuarial reduction, that would have been applicable to the participant's age at retirement had the participant retired subject to the same Plan provisions that apply to monthly benefits with a benefit commencement date on or after January 1, 2013 (the date of the final removal of any and all subsidies for retirement prior to age 62).

Similarly, beneficiaries presently receiving monthly benefits would have their benefits recalculated to apply the same reduction factors for retirements prior to age 62 that would have been applicable on or after January 1, 2013 to the accrued benefit of the participant on whom the beneficiary's benefit is based.

If you retired on or after attaining age 62, or you retired on or after January 1, 2013 (or have not yet retired), this step will not have any impact on you or your beneficiary.

Step 2: A uniform eight percent (8%) reduction of the monthly benefit of every participant and beneficiary.

Limitations on the application of the Steps:

1 – Participants, and their beneficiaries, who retired and received a Disability Pension Benefit will not be subject to any reduction.

2 – Participants and beneficiaries monthly benefit will not be reduced below 110% of the amount guaranteed by the Pension Benefit Guaranty Corporation.

3 – Participants or beneficiaries who are receiving a monthly benefit and have reached age 80 by April 30, 2019 will not have their benefit reduced.

4 – Participants or beneficiaries who are receiving a monthly benefit and have reached age 75 by April 30, 2019 will have a portion of their benefit protected from reduction.

Alternate Payees with a separate assigned pension benefit in the Plan will have the above steps applied to their monthly benefit as if they were a Participant. Alternate Payees with a shared interest pension benefit in which they receive a percentage of each monthly benefit a Participant receives will continue to receive the same percentage of the Participant’s monthly benefit after application of the above steps. Alternate Payees with a shared interest pension benefit in which they received a fixed dollar amount from each monthly benefit a Participant receives will continue to receive the same fixed dollar amount unless the reduction reduces the Participant’s benefit to less than the assigned benefit. Alternate Payees should review their Qualified Domestic Relations Orders to determine what type of assigned benefit they have. Participants and Alternate Payees may adjust current QDROs by filing a new revised QDRO.

5. What comes next?

<u>Approval or denial of the application by the Treasury Department</u>

The Treasury Department will review the application to see whether it meets all of the legal requirements under Federal law. If the application meets all of those requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until February 9, 2019 to make a decision.

You can get information from the Treasury Department

More information about the proposed benefit reductions and a copy of the application is available at www.treasury.gov/mpra.

The application will be available on that website within 30 days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details about: 1) the Plan actuary's certification that the Plan will run out of money (that is, that the plan is in "critical and declining status"); 2) how the proposed reduction would satisfy the requirement that it be large enough so that the Plan is estimated not to run out of money, while not being larger than needed; and 3) the sensitivity of these estimates to the assumptions used.

The application describes the steps the Board of Trustees has already taken to keep the Plan from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the plan from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among the people who have a pension benefit under the plan.

The Treasury Department website will also provide updated information on the application, such as whether the application has been updated or withdrawn.

For further information and assistance, you can also write to the Treasury Department at the following address:

Department of the Treasury
Attn: MPRA Office, Room 1001
1500 Pennsylvania Avenue, NW
Washington, DC 20220

You Can Comment on the Application to Reduce Benefits

You can submit a comment on the application by going to www.treasury.gov/mpra. Comments may also be mailed to the Department of the Treasury, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

Retiree Representative

If a plan has 10,000 or more participants, the Board of Trustees must select a retiree representative to advocate for the interests of retirees, beneficiaries, and deferred vested participants as part of this process. A plan is required to pay the reasonable expenses of the retiree representative.

The Board of Trustees is not required to select a retiree representative, because the Plan has fewer than 10,000 participants. The Board of Trustees has not chosen to select a retiree representative.

Vote on the proposed benefit reduction

If the application for the proposed reduction of benefits is approved by the Treasury Department, then you will have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Plan vote to reject the reduction, the Treasury Department must allow the reduction of benefits to take effect. This means that not voting counts the same as a vote to approve the reduction.

You may contact PBGC's Participant and Plan Sponsor Advocate by mail at Pension Benefit Guaranty Corporation, Attn: Participant and Plan Sponsor Advocate, 1200 K St., NW, Washington DC 20005; by telephone at (202) 326- 4448; or by e-mail at advocate@PBGC.gov.

Your right to see Plan documents

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefits. The Plan administrator must respond to your request for the following documents within 30 days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement, and other documents governing the Plan (such as collective bargaining agreements).
- The Plan's most recent summary plan description (SPD or plan brochure) and any summary of material modifications.
- The Plan's Form 5500 annual reports, including audited financial statements, filed with the U.S. Department of Labor during the last six years.
- The annual funding notices furnished by the Plan during the last six years.
- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Plan within the last six years.
- The Plan's current rehabilitation plan, including contribution schedules and annual plan-sponsor determinations that all reasonable measures to avoid running out of money continue to be taken and that the Plan would run out of money if there were no benefit reductions.
- Any quarterly, semi-annual or annual financial reports prepared for the Plan by an investment manager, fiduciary or other advisor and furnished to the Plan within the last six years.

The Plan administrator may charge you the cost per page to the Plan for the cheapest way of copying documents, but cannot charge more than 25 cents per page. The Plan's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at www.dol.gov/ebsa/5500main.html. Some of the documents also may be available for examination, without charge, at the Plan administrator's office, your worksite or union hall.

Your right to challenge incorrect calculations

If you think the Plan miscalculated the reduction to your benefits, then you have the right to submit a claim to the Plan to have the calculation corrected. The Plan's summary plan description ("SPD") tells you how to submit a claim. The SPD also describes your right to have a court review the Plan's final decision on your claim.

If you believe the information used to calculate your estimate at the end of this notice is wrong, please contact the Plan office at:

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