

# CHICAGO NEWSPAPER PUBLISHERS DRIVERS' UNION PENSION PLAN

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## Notice of Plan Status

April 29, 2018

To all Participants, Beneficiaries, Participating Unions, and Contributing Employers:

The Pension Protection Act (PPA), signed into law in 2006, is intended to improve the financial condition of pension plans. Many of the PPA's provisions relate to funding, which, in simplest terms, refers to how much money a pension plan has coming in, going out, and in reserve (or "in the bank") for the future. The PPA's provisions are intended to create more discipline to prevent and correct avoidable funding problems.

Starting with the 2008 plan year, the PPA requires that pension plans be tested annually to determine how well they are funded. Benchmarks for measuring a plan's funding, with formal labels, were established. The labels for plans with funding problems are "endangered," "seriously endangered," "critical" and "critical and declining." Plans that are certified to be in any of these categories must notify all plan participants, beneficiaries, unions, and contributing employers of the plan's status, and must take corrective action to improve the plan's funding.

### Plan's Status – Critical and Declining

On March 30, 2018, the Pension Fund's actuary once again certified that the Pension Plan is in "critical and declining" status for the Plan Year beginning January 1, 2018. This certification is based on the actuary's determination that the Pension Plan is projected to have a funding deficiency within the four plan years beginning January 1, 2018, and the Plan is projected to become insolvent in 2027, which is within the 15-year period beginning January 1, 2018. The Trustees have already taken some corrective action, as explained below.

### Rehabilitation Plan

The PPA requires that a plan in the red "critical" zone adopt a Rehabilitation Plan that will enable the plan to improve its funded position to meet statutory funding requirements over time. The Trustees have adopted a Rehabilitation Plan, which went into effect as of January 1, 2011. Employers and the Union have been notified of the contribution requirements of the Rehabilitation Plan. Plan participants have also been advised of the benefit changes that have been implemented as a result of the Rehabilitation Plan.

When an employer withdraws from a multiemployer plan that is not fully funded, Federal law allows the plan to assess that employer with "withdrawal liability," which is an amount intended to pay for that employer's share of the plan's unfunded vested pension benefits. Two large

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employers – the Sun-Times and Source Interlink – have withdrawn from the Plan but both employers were in bankruptcy and, to date, the Plan has not collected any of the withdrawal liability assessed against these employers.

### **Employer Surcharge**

The PPA requires that all contributing employers pay a contribution surcharge to the Plan to help correct the Plan’s financial situation. The amount of the surcharge is 10% of the amount the employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. Once an employer has begun contributing under a collective bargaining agreement that implements the Rehabilitation Plan, the contribution surcharge ends.

### **What’s Next**

The Multiemployer Pension Reform Act of 2014 (MPRA) allows a plan that is in “critical and declining” status to reduce current and future payment obligations to participants and beneficiaries. Many conditions, including approval from the Internal Revenue Service, must be satisfied before a “critical and declining” plan can make such benefit reductions. If any such reductions are proposed, you will receive a notice explaining the program and how it will affect you, if approved.

For more information about this notice or the Pension Plan in general, contact the Pension Plan Office at the address or phone number listed at the top of this letter.

Sincerely,

Administrative Board

*Federal law requires that you receive this notice. Also as required by law, this notice is being provided to the Pension Benefit Guaranty Corporation (PBGC) and the Department of Labor.*

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