



# International Association of Machinists Motor City Welfare and Pension Funds

P. O. Box 1438 / Troy, Michigan 48099-1438 / (248) 641-4951 / (877) 361-2244

## Notice of Critical and Declining Status For International Association of Machinists Motor City Pension Fund

This is to inform you that on September 28, 2015 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan is in critical and declining status for the plan year beginning July 1, 2015. Federal law requires that you receive this notice. In the future you will receive an annual update of this status and the progress the Plan is making towards the goals described below.

### Critical and Declining Status

The Plan is considered to be in critical and declining status because it is projected to satisfy the following:

#### Projected accumulated funding deficiency within the current or next 9 plan years

The Plan's actuary projects that, if no further action is taken, the Plan will have an accumulated funding deficiency (not recognizing any amortization extensions) for the plan year ending June 30, 2016. Note, "accumulated funding deficiency" means that contributions would be insufficient to satisfy Federal requirements.

#### Projected insolvency within the current or next 15 plan years

The Plan's actuary projects that, if no further action is taken, the Plan will have a projected insolvency for the plan year ending June 30, 2028. An insolvency indicates the point at which the Pension Plan is projected to run out of funds. At that point, your benefits would be reduced to the PBGC guarantee benefit level. Refer to the enclosed Annual Funding Notice for more information on the benefit level that the PBGC guarantees.

As required by law, the Plan Actuary's certification includes only contribution rate increases that have been codified in collective bargaining or participation agreements.

### Rehabilitation Plan and Possibility of Reduction in Benefits

Federal law requires pension plans in critical and declining status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. The rehabilitation period began on July 1, 2010 and ends June 30, 2031. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Trustees have adopted a rehabilitation plan that includes changes in the Plan's adjustable benefits. The Plan's adjustable benefits include the following:

- 60-month payment guarantees;
- Disability benefits (if not yet in pay status);
- Early retirement benefits or subsidies;
- Post-retirement death benefits.

As of January 1, 2009, certain benefits were reduced pursuant to the rehabilitation plan, and you were mailed a notice of these reductions on October 29, 2008. The reductions only apply to participants and beneficiaries whose benefit commencement date is on or after January 1, 2009. Also, the Plan is not permitted to pay any lump sum benefits in excess of \$5,000 (or any other payment in excess of the monthly amount paid under a single life annuity) effective as of October 29, 2008 while it is in critical or critical and declining status.

Additionally, the Trustees of a critical and declining plan may recommend reductions to benefits already earned, including those that are in pay status. If recommended, the reduction must eliminate the insolvency (no more, no less), must be within allowable limits and must be equitably allocated. All reasonable measures must also have already been taken. Any such recommended benefit reductions are also subject to a participant vote. If the Trustees of the Plan determine that the above benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions.

### Future Experience and Possible Adjustments

The rehabilitation plan is based on a number of assumptions about future experience and may need to be adjusted in the future if such assumptions are not met. Additional contribution rate increases and/or reductions in the rate at which benefits are earned may be needed if the Fund were to suffer asset returns below the expected 8.00% (in the 2015-16 plan year or later), a drop in the weeks worked, or poor experience from other sources. If, at some point in time, the Trustees determine that further adjustments are necessary, you will receive a separate notice identifying and explaining the effect of those changes.

### Where to Get More Information

You have a right to receive a copy of the rehabilitation plan. To receive a copy of the rehabilitation plan, you may contact the Plan Administrator at 700 Tower Drive, Suite 300, Troy, MI 48098-2808 or by telephone at (248) 813-9800.