

LOCAL UNION 1158 I.B.E.W. PENSION FUND-PA

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U.S. Department of Labor
Employee Benefits Security Administration
Public Disclosure Room, N-1513
200 Constitution Avenue, NW
Washington, DC 20210

Notice of Critical and Declining Status For International Brotherhood of Electrical Workers Local 1158 Pension Fund - PA

This is to inform you that on January 29, 2019, the plan actuary certified to the U.S. Department of the Treasury, and also to the plan sponsor, that the International Brotherhood of Electrical Workers Local 1158 Pension Fund - PA ("Pension Fund") will be in critical and declining status for the plan year beginning November 1, 2018. Federal law requires that you receive this notice.

History of the Defined Benefit Pension Plan

The Contributing Employers, Local 1158, and the Board of Trustees ("the parties") entered into a Pension Funding Agreement on June 1, 2006 to address a severe funding shortfall caused by the permanent and substantial loss of contributing employers and bargaining unit positions, and the dramatic and unanticipated investment losses caused by the stock market collapse of 2001 and 2002. The parties agreed to permanently freeze pension benefit accruals while simultaneously increasing the Pension Fund contribution rate to \$.73/hour for each hour of service worked on or after January 1, 2006 for every non-probationary employee covered by the collective bargaining agreements. This agreement was projected to remedy the severe funding shortfall threatening the Pension Fund at that time. The funding agreement improved the funded status of the Pension Fund. However, the unprecedented market losses in 2008 and the early part of 2009 experienced by pension funds nationally negatively affected the financial status of the Pension Fund. In view of those new market losses, additional measures were needed to avert a funding shortfall. Accordingly, in March 2010, the Trustees adopted a rehabilitation plan specifying increased contributions to the Fund beginning in 2012.

From 2010 to the present, the plan has experienced a decline in hourly employer contributions due to decreased sales activity and a corresponding reduction in man hours. The contribution hours declined from 875,401 for the plan year ending in 2010 to 582,325 for the plan year ending in 2014. This decline in contribution hours significantly diminished the projected impact of the contribution increases adopted by the Trustees in March 2010. The Trustees concluded that additional increases to the hourly rate almost certainly would lead to further decline in the Plan's contribution base. Accordingly, in 2015 the Trustees took action designed to preserve the current level of contribution hours by freezing the contribution rate at \$1.50/hour with no future increases. This decision converted the Pension Fund's existing rehabilitation plan to a more flexible "safety valve" rehabilitation plan. As always, the Trustees continue to review and monitor the rehabilitation plan and the overall financial health of the Fund.

Critical and Declining Status

On January 29, 2019, the Pension Fund was certified to be in critical and declining status for the Plan Year beginning November 1, 2018, because it is projected to become insolvent within 15 years.

The Pension Fund is currently projected to become insolvent during the Plan Year beginning November 1, 2031. The rehabilitation plan, as modified, is designed to forestall this insolvency.

Rehabilitation Plan and Possibility of Reduction in Benefits

The Pension Fund was certified to be in critical status for the Plan Year beginning on November 1, 2009. This required the Trustees to adopt a rehabilitation plan to improve the financial health of the Pension Fund and that plan continues in effect subject to the modifications described above. The law permits pension plans in critical status to reduce, or even eliminate benefits called “adjustable benefits” as part of a rehabilitation plan. Because the Pension Fund was in critical status in the year beginning November 1, 2009, the Trustees adopted a rehabilitation plan effective March 26, 2010, which did not entail any reductions to adjustable benefits. If the Trustees of the Pension Fund determine that reducing adjustable benefits is necessary in the future, you will receive a separate notice identifying and explaining the effect of those reductions. Any reduction of adjustable benefits (other than a repeal of a recent benefit increase) will not reduce the level of a participant’s basic benefit payable at normal retirement age. In addition, the reductions may only apply to participants and beneficiaries whose benefit commencement date is on or after February 26, 2010. But you should know that whether or not the Trustees reduce adjustable benefits in the future, effective as of February 26, 2010, the Pension Fund is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity except for the payout of benefits worth \$5,000 or less) while it is in critical status.

In addition, for pension plans in critical and declining status, the law allows a portion of certain benefits in payment status to be suspended, subject to participant and/or IRS approval. Only the portion of benefits that exceeds 110% of the PBGC guarantee may be suspended. Based upon the current benefit level for participants of the Pension Fund, it is possible that the suspension provisions of the Multiemployer Pension Reform Act of 2014 are not applicable to this Plan.

Adjustable Benefits

The Pension Fund offers an early retirement benefit. The law classifies this early retirement benefit as an adjustable benefit. As such, this early retirement benefit may be reduced or eliminated as part of a future rehabilitation plan when adopted by the Trustees.

Where to Get More Information

For more information about this Notice, you may contact:

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Generally, you have the right to receive a copy of the rehabilitation plan from the Fund Administrator.