

# **IBEW Local 673 Pension Plan**

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## **Notice of Critical Status For IBEW Local No. 673 Pension Plan**

This is to inform you that on March 30, 2020 the Plan Actuary certified to the U.S. Department of the Treasury and to the Plan Sponsor that the Plan emerged from critical status, but is projected to return to critical status within 5 years of the plan year beginning January 1, 2020. The Board of Trustees have elected under Section 102 of the Multiemployer Pension Reform Act of 2014 ("MPRA") to be in critical status for the plan year beginning January 1, 2020. 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 Status**

The Plan is considered to be in critical status because:

1. The Plan's actuary projects that, if no further action is taken, the Plan will enter critical status on January 1, 2025 because of a projected funding deficiency (not recognizing amortization extensions) as of December 31, 2028; and
2. The Board of Trustees elected critical status under section 102 of MPRA for the plan year beginning January 1, 2020.

Note, "projected funding deficiency" means that contributions would be insufficient to satisfy Federal requirements; it does not mean that the Fund would become bankrupt or run out of money.

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 status to adopt a rehabilitation plan aimed at restoring the financial health of the Plan. A rehabilitation plan may involve reductions to future benefit accruals, increases to contribution rates, or both. The law also permits pension plans to reduce, or even eliminate, benefits called "adjustable benefits" as part of a rehabilitation plan. The Plan offers the following adjustable benefits which may be reduced or eliminated (for participants not yet in pay status) as part of any rehabilitation plan the Pension Plan may adopt:

- 60-month payment guarantees;
- Early retirement benefits or subsidies;

As of January 1, 2020, certain benefits were reduced pursuant to the prior rehabilitation plan, and you were mailed a notice of these latest reductions on November 29, 2019. Additional reductions have also been adopted in previous years as well. If the Trustees of the Plan determine that additional benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. But you should know that whether or not the Plan reduces adjustable benefits, effective April 27, 2018, 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) while it is in critical status.

## **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 6.25% in the 2020-2028 plan years or 7.50% in the 2029 plan year or later, a drop in the hours 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.

## **Employer Surcharge**

The law requires that all contributing employers pay to the Plan a surcharge beginning on May 29, 2020 to help correct the Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding plan year thereafter in which the Plan is in critical status.

The surcharges continue until the bargaining parties formally approve a rehabilitation plan. *It is the intention of the Board of Trustees to have rehabilitation plan options submitted to the bargaining parties very soon, so that formal approval of a rehabilitation plan can be made before May 29, 2020. If the bargaining parties are able to adopt a rehabilitation plan prior to that date, surcharges would not be required.*

## **Where to Get More Information**

You have a right to receive a copy of the new rehabilitation plan once it has been formally approved by the bargaining parties. To receive a copy, you may contact Central Data Services at 5 Hot Metal Street, Suite 200, Pittsburgh, PA 15203 or by telephone at (412) 432-1129.

Sent - April 9, 2020