Iron Workers St. Louis District Council Trust Funds

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To All Participants:

Due to recent legislation regarding Multiemployer Pension Plans, there has been a lot of confusion among the members of Iron Workers St. Louis District Council. Based on recent concerns, the Trustees are providing the following information from Segal Consulting, the Actuary for the Pension Fund.

As most of you have heard, President Obama signed into law the "Multiemployer Pension Reform Act of 2014" (MEPRA) as part of the "Consolidated and Further Continuing Appropriations Act, 2015." The provisions were in the omnibus government funding bill passed by the House of Representatives on December 11 and by the Senate on December 13. Attached below is a link to the Bulletin issued by Segal Consulting:

http://www.segalco.com/publications/bulletins/dec14MEreform.pdf

The key provisions are summarized as follows:

- ***Suspension of Benefit Provisions*** - For plans that are or could become deeply troubled, the "suspension of benefit" provisions that permit trustees of deeply troubled plans to avoid insolvency by reducing some benefits, including benefits in pay status, with or without partition, subject to various limitations and requirements.

- ***Relief for Plans in the Red and Yellow Zones*** - For plans heading toward red, the ability to elect critical status for the current year if the plan will be in critical status in any of the next five years. For a plan that was in the green zone in the prior year, the plan will not enter the yellow zone in the current year (although otherwise currently required to do so) if the plan's current provisions would be sufficient, without further action, to allow the plan to emerge from yellow within 10 years.

- ***Mergers and Partitions*** - For plans that are considering or could consider a merger or partition: The PBGC is given specific authority to help "facilitate" mergers upon request. The existing partition rules have been eliminated and replaced with an entirely new structure. For plans in critical and declining status where benefit suspension alone will not prevent insolvency, the PBGC may approve a partition to enable benefit suspension to work for the remainder of the original plan. The PBGC must certify that its ability to meet its financial assistance obligations to other plans is not impaired by providing merger financial assistance to a plan or approving a partition of a plan.

- ***Withdrawal Liability Clarifications*** - For all plans, clarifications of the treatment of surcharges and contribution increases related to a funding improvement or rehabilitation plan for purposes of withdrawal liability calculations.

- ***Elimination of the PPA'06 Sunset* -** For all plans, the elimination of the "sunset" provision put into place by the Pension Protection Act of 2006 (PPA'06). That provision would have caused the remedial "zone" funding rules to expire as of the end of the 2014 plan year. Its elimination by MEPRA means that the zone rules are now a permanent part of the law (*i.e.,* no longer subject to a specified expiration date).

- ***PBGC Premium Increase* -** For all multiemployer plans, the PBGC premium is doubled to $26 per participant starting in 2015 and indexed annually for inflation.

In addition to the preceding summary of the proposed law, several of you may have seen the article published Sunday in the St. Louis Post-Dispatch that references your Fund among plans that are "endangered" under the Pension Protection Act. Note that the article inaccurately states endangered plans are less than 85% funded, when the threshold is actually 80%. If you recall, your endangered or yellow zone certification was sent back in January of 2014 because the funded percentage as of November 1, 2013 was slightly below 80%. We will know whether the returns and contributions for the plan year ended October 31, 2014 lift the Plan above that 80% funded threshold and into the green zone once the estimated financials are ready, which should take about a month. We believe it will be very close again. Here is the article in case you haven't seen it:

http://www.stltoday.com/business/local/pension-reform-could-cut-benefits-for-many-retirees/article_23217709-c99b-5dad-bb1b-8b1a76fbe6aa.html

Your Plan is not in the same situation as those termed "Deeply Troubled" defined as critical (red) zone plans that are "Declining Status." Those plans have insolvency projected in 15 years (20 if less than 80% funded or having high inactive liabilities to active liabilities). Your Plan has no projected insolvency under current funded levels and assumptions that Trustees discuss every January.

Yours truly,

Board of Trustees
Ironworkers St. Louis District Council Pension Fund