

# California Teachers Association Employees' Retirement Benefits Trust

---

## **Notice of Endangered Status** **California Teachers Association Employees' Retirement Benefits Plan** **EIN: 68-0427229** **Plan No: 001**

This is to inform you that the California Teachers Association Employees' Retirement Benefits Plan ("Plan") is in endangered status for the Plan year beginning January 1, 2021. Federal law requires that you receive this notice.

### **Endangered Status**

On March 31, 2021 the Plan actuary certified to the U.S. Department of the Treasury, and also to the Plan sponsor (the Board of Trustees), that the Plan is in endangered status for the Plan year beginning January 1, 2021 under the Pension Protection Act of 2006 ("PPA"). The Plan is certified to be in endangered status because the Plan's actuary determined that the Plan is no longer in critical status (the Plan is not projected to have an "accumulated funding deficiency" over the current and next 9 years) and the Plan's funded percentage is less than 80%.

The Plan was considered to be in critical status for the Plan year beginning January 1, 2020. As required under PPA, the Board of Trustees adopted a "rehabilitation plan", aimed at restoring the financial health of the Plan. Last year, the bargaining parties agreed to the 'alternate schedule' of the rehabilitation plan, which increased the contribution rate from 38.0% to 49.75% of gross payroll, effective September 1, 2020 and increased the age at which an unreduced early retirement benefit can be paid from age 55 to age 60 (this benefit change applies to benefits earned from January 1, 2021 onwards only). The Plan's funding status improved from critical status to endangered status in 2021. As required under the PPA, the Trustees will replace the rehabilitation plan with a funding improvement plan, as described below.

### **Funding Improvement Plan**

Federal law requires multiemployer pension plans in endangered status to adopt a funding improvement plan (FIP) aimed at restoring the financial health of the Plan. The funding improvement period for the Plan's FIP will begin January 1, 2024 and last ten years, or until emergence from endangered status, if earlier.

The FIP must be adopted by the Board of Trustees by November 26, 2021. The FIP must enable the Plan to meet the following benchmarks:

- Increase the Plan's funded percentage by at least 33% by the end of the end of the funding improvement period (December 31, 2033), and
- Avoid Accumulated Funding Deficiencies

The Plan's actuary has determined that the Plan is projected to meet these benchmarks and emerge from endangered status within the funding improvement period, with no further changes to benefits or contributions beyond the contribution rate change adopted under the rehabilitation plan. The FIP will thus be stated as simply: no changes to benefits or contributions (i.e., maintain the contribution rate of 49.75% of gross payroll and maintain current benefits).

While the Plan remains in endangered status, the Trustees will annually update the FIP as required to satisfy the benchmarks shown above.

### **Where to Get More Information**

For more information about this Notice, you may contact BeneSys at (833) 265-2277, or 7180 Koll Center Parkway, Suite 200, Pleasanton, CA 94566. You have a right to receive a copy of the rehabilitation plan or the funding improvement plan (once it has been adopted by the Board of Trustees) from the Plan.