

California Teachers Association Employees' Retirement Benefits Trust

April 2019

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

This is to inform you that on March 31, 2019, the actuary for the California Teachers Association Employees' Retirement Benefits Plan ("Plan") 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, 2019 under the Pension Protection Act of 2006 ("PPA"). Federal law requires that you receive this notice.

Endangered Status

The Plan is considered to be in endangered status because the Plan's actuary determined that the Plan's funded percentage is less than 80% and the Plan is not projected to have an "accumulated funding deficiency" over the current and next 6 years (meaning it is not in "seriously endangered" status).

The Plan is projected to enter critical status in one of the five years following the current plan year.

Based on the Plan's funding status in 2017, as required under the PPA, the Board of Trustees adopted a "Rehabilitation Plan" aimed at restoring the financial health of the Plan. That same year, the bargaining parties agreed to the 'optional schedule' of the Rehabilitation Plan, which increased the contribution rate from 33.5% to 38.0% of gross payroll, effective September 1, 2017.

The Plan's funding status improved from critical status to endangered status in 2018. As required under the PPA, the Trustees adopted a Funding Improvement Plan on June 8, 2018, which made no changes to the Rehabilitation Plan adopted when the Plan was in critical status in 2017. The Funding Improvement Plan is 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, 2021 and last ten years, or until emergence from endangered status, if earlier.

The FIP was adopted by the Board of Trustees on June 6, 2018. 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, 2030), and
- Avoid Accumulated Funding Deficiencies

The Plan's actuary determined this year that the Plan is not projected to meet these benchmarks and emerge from endangered status within the required funding improvement period, without further changes to benefits or contributions beyond the contribution rate change adopted under the Rehabilitation Plan, that was converted to the FIP. Therefore, the FIP will be required to be updated this year to include changes that will satisfy the benchmarks.

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 funding improvement plan from the Plan.