



Southwest Ohio Regional Council of Carpenters' Fringe Benefit Funds

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Southwest Ohio Regional Council of Carpenters' Pension Plan MPRA Pension Recovery Plan Informational Seminar

February, 2017

Dear Participant,

We are writing to update you on the state of our Pension Plan. In 2016, we informed you that the annual review of the Plan's finances led us to conclude that the Plan was in what's known as "Critical and Declining Status." This means that the Plan is expected to run out of money in the near future—in our case by 2032—unless we take action now.

Despite our best efforts to keep the Plan on sound financial footing, a combination of forces largely beyond our control has battered the Plan's finances and now threatens the Plan's survival.

There are no easy answers to the problems the Plan faces, but there is a path forward. In December 2016, a meeting was held, at which the decision to implement a Pension Recovery Plan, under the provisions of MPRA, was announced. Since that time, many of you have expressed a desire for more information regarding the Pension Recovery Plan. **Therefore, a seminar for members of the Southwest Ohio Carpenters will be held 6:00 PM on Thursday, March 16 at:**

**The Savannah Center
5533 Chappell Crossing Blvd
West Chester Township, OH 45069**

MPRA Overview

MPRA gives Trustees of plans like ours the ability to avoid insolvency and save your pensions by reducing benefits (including benefits of retirees already collecting their pensions), within certain limits. MPRA relief is available only to plans that have problems that can be fixed permanently by enacting a one-time benefit reduction. By activating a Pension Recovery Plan, we expect to:

- **Fix the Plan's finances "once and for all."** Our goal is to put the Plan back in a position where our future financial stability is as close to guaranteed as we can make it.
- **Continue to pay benefits for the foreseeable future.** We expect that the cuts we make now will enable the Plan to stabilize its finances and keep benefits flowing to retirees and other eligible payees.
- **Eventually reinstate current pension amounts.** If circumstances improve sufficiently—increased membership, more hours, more contributions, stronger investment performance—we may even be able to restore the cuts we are making now.

We will be submitting an application for MPRA relief near the end of March. At that time, we will send individual notices to all participants explaining in detail our proposal to save your pension and the Plan. The notices will include personalized benefit amounts so you can see what the changes will mean for you – and what will happen to your pension if we do not take action. If approved by the U.S. Department of Treasury and by vote of the participants and beneficiaries of the Plan, the Pension Recovery Plan will go into effect January 1, 2018.

Key MPRA Facts

- For retirees and beneficiaries who are age 80 and above when the MPRA relief plan goes into effect and disability pensioners, you are exempt from the reductions and your pensions will **NOT** be cut.
- For retirees and beneficiaries who are at least age 75 but less than 80 when the MPRA relief plan goes into effect, your reductions will be calculated on a sliding scale based on age. The reductions taper off the older you are when the MPRA relief plan goes into effect.
- **If our Pension Recovery Plan is not approved and the Pension Plan becomes insolvent, we face the possibility that the Pension Plan will run out of money and participants will have to rely on the shaky Pension Benefit Guaranty Corporation (PBGC) for an even lesser benefit. The PBGC will cut everyone's pensions across the board, the cuts will be much larger than those in our Pension Recovery Plan, and the cuts will hit everyone regardless of age or disability status. And, if the PBGC itself becomes insolvent, your pension could be reduced to almost nothing.**
- The longer we wait, the larger the benefit reductions will have to be. If we wait too long, no relief plan will be able to save the Plan from running out of money.

What's Next

We are working hard to keep the cuts equitable, fair and as modest as possible. However, because of the way the Pension Plan works, the percentage by which benefits will be reduced will differ based on a number of factors, including whether a participant is a normal retiree, early retiree or an active participant. As mentioned above, the trustees and plan professional discuss the details of the Pension Recovery Plan at the seminar at 6:00 PM on Thursday, March 16 at the Savannah Center.

Once our Pension Recovery Plan is submitted, you will be able to review it, comment on it and, upon approval of the Treasury Department, vote on whether to ratify it or not. We will continue to keep you informed throughout the Pension Recovery Plan process. For more information, you may contact the Southwest Ohio Regional Council of Carpenters' Pension Plan Office at 330-779-8862. Further information will be available soon through the Participant Website: www.ocbenefits.org.

In Closing

The decision to reduce pensions for current retirees and beneficiaries is one that we have agonized over; it is not a choice we ever thought we would have to make. Ultimately, however, we had to recognize that these changes are necessary to prevent the Plan from becoming insolvent, which could result in your pension payments being cut even more or disappearing altogether. Given the alternatives, we concluded that the Pension Recovery Plan is the best option to ensure the long-term health of the Plan. If it works as we expect it to, the result will be a Pension Plan you can count on for many years to come.

Sincerely,

The Board of Trustees