



April 26, 2019

Dear Active Participant,

As a valued participant in the IAM National Pension Fund (the “Fund”), we, the Board of Trustees, are writing to provide you with an important update on the status of the Fund. As you know, the Fund remains in good health and has been certified in the Green Zone through previous difficult market conditions due to prudent decisions we have made.

**While the Fund remains well-funded at 89%, in 2019 it has been certified in the Yellow Zone due to a declining credit balance.**

**As a result of a challenging investment environment and the decline of the Fund’s credit balance, the IAM National Pension Fund Board of Trustees has made the difficult but important decision to voluntarily elect to place the Fund in the Red Zone for 2019. This action was taken to protect the Fund’s participants’ core retirement benefits and strengthen the Fund’s financial health over the long term.** The Board’s decision to proactively take this action was done to take advantage of the most powerful tools available through the Pension Protection Act (PPA) and keep the Fund on a path to long-term stability.

**A FEW IMPORTANT THINGS TO UNDERSTAND:**

- > You are not losing any benefit accruals you have already earned.
- > Retirees and beneficiaries already receiving a monthly pension benefit are unaffected by this election.
- > The purpose of the Fund, as it always has been, is to provide you and your spouse, if married, with a secure core retirement benefit at a normal retirement age.

The Board also felt strongly that you as participants should not carry the full burden of this decision, and these tools allow the Board to implement a Rehabilitation Plan that includes changes not only for participants, but also for employers. We are not the typical Red Zone plan; we remain well-funded and have voluntarily elected this zone, under recently enacted federal law, to take advantage of tools provided and implement a plan to solidify the Fund’s financial position.

The Trustees have always acted prudently to maintain the long-term financial health of the Fund and provide core retirement benefits. The Rehabilitation Plan is their next step. The changes made in the Rehabilitation Plan are intended to rebuild the credit balance and bolster the long-term stability of the Fund.

## REHABILITATION PLAN AND SCHEDULES

The Rehabilitation Plan offers two schedules, the impact of which are described below. The schedule that will apply to you will be determined by the bargaining parties, for collectively bargained groups, or the employer, for non-collectively bargained groups.

### THE PREFERRED SCHEDULE:

- > Future benefit accruals remain unchanged for participants.
- > Benefit changes include the elimination of all early retirement pension benefit subsidies, retroactively and prospectively, effective with retirements on or after January 1, 2022.
- > Adoption of this schedule requires additional employer contributions of 2.5% compounded annually for the length of the Rehabilitation Plan. These additional contributions are designed to strengthen the financial health of the Fund and do not count toward benefit accruals.

### THE DEFAULT SCHEDULE:

- > A reduction in future accruals of 39% (Schedule C), effective on the date of adoption or imposition.
- > Benefit changes include the elimination of all early retirement pension benefit subsidies, prospectively only, effective with retirements on or after the date of adoption.
- > Adoption of this schedule requires additional employer contributions of 6% compounded annually for the length of the Rehabilitation Plan. These additional contributions are designed to strengthen the financial health of the Fund and do not count toward benefit accruals.

While any change in benefit is not an easy decision, the decision to implement a Rehabilitation Plan was made to ensure that the core retirement benefit for all plan participants is maintained.

## WHAT COMES NEXT?

The most important thing to understand is that **the core retirement benefits that participants have earned prior to the adoption of the Rehabilitation Plan schedule are unaffected.**

Please take time to thoroughly read through all the materials enclosed in this packet. We know that you may have questions about the Rehabilitation Plan, the schedules, and the attached notices. The Benefit Fund Office is prepared to assist in answering general questions about the Rehabilitation Plan and schedules. The Benefit Fund Office will not be able to provide answers to specific and individualized questions about your retirement benefits until the decision is made about which schedule applies to you.

We anticipate that you, and many of the 300,000 participants in the Fund, may have questions. In anticipation of extremely high call volume the Benefit Fund Office has established a specialized call center to assist plan participants with questions about the Rehabilitation Plan and schedules. Instead of calling in with long wait times or busy signals, you can schedule a call back from one of our designated customer service representatives at a time that is convenient for you.

To schedule your call back:

- Go to [iambfo.org](http://iambfo.org),
- Sign in using your member login, and
- Use the scheduler to set a date and time for a call back.
  - To use the scheduler, you will need to note that you are an “Active” participant.

If you do not have access to the website, you can call 866-232-1296 to be placed on a wait list for a call back. To schedule an appointment over the phone, please leave a voicemail with your name, phone number and fund status —you are an active participant.

Sincerely,

**The IAM National Pension Fund Board of Trustees**



