

LESSONS LEARNED FROM SUCCESSFUL MPRA APPLICATIONS

September 26, 2017

SPEAKER:

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Ironworkers Local 17 Pension Plan

- Plan certified Critical Status in 2008
 - C&D in 2014
- Significant benefit cuts made in 2004, 2005, 2008
- Contribution increases capped at \$10 per hour in 2013

“Poster Child” for Benefit Suspensions

- Presented at NCCMP conference in 2013
- Sent to Ways and Means Committee Staff
- Cuts of 10% would keep plan solvent
 - Across the board
 - Before age and disability restrictions

The Design Process

- Quickly eliminated “percentage cuts” as design approach
- Focused on perceived benefit inequities
 - Limited service to 1.00 years per plan year
 - Up to 9.5 years lost
 - Added ERF of 1.5% / year from age 62 for 30 & out
 - Reduced max. average accrual to not more than \$72 x service
 - Formula was \$100 x service until 2004, \$50 thereafter
- All Trustees on board with general approach

The First Submission

- Chose September 30, 2015 asset date due to favorable return in October
- 6.5% interest rate
- RP-2014 Blue Collar/MP-2014 Scale
- Used stochastic modeling
- Initial Goldilocks Test gave very little room for margin

After Final Regulations

- Discussion with Treasury
- Needed 28 Groupings
 - Based on prior benefit level, ERF cut, service cut
- Discussed interest rate; did not require change, but we changed to select rates
 - 3.96%, 4.75%, 5.35%, 5.80%, 6.13% ... 7.92% ultimate
- Delayed effective date from 12/1/16 to 2/1/17
- Eliminated stochastic modeling
- Re-filed late July 2016

Dealings with Treasury

- Large group phone calls
- Very thorough review of every detail
- Focused on hours assumption, lack of assumed Withdrawal Liability payments

Dealings with PBGC

- Detail of benefit calculations
- Detail of projections
- Attempted to reconcile benefit calcs sent to participants with those in projections
- Very accommodating

Treasury Approval Call – 12/16/16

- Introduced CCComplete — vote tabulator
- One week to send final address, amounts before and after suspension to CCComplete
- CCComplete had one week to send out ballots
- Participants had 3 weeks to vote (January 20 deadline)
- CCComplete and Treasury had one week to certify results
- January 27 phone call to certify
- Administrator had until January 30th to get file to payroll

Communication with Participants

- One membership meeting (attended by Segal) after initial submission
- Two Treasury town hall meetings held by phone before approval
- Additional town hall meeting to discuss voting procedures
- Union leadership made many phone calls to get out vote and in support of ratification

Other Difficult Issues

- Keeping track of all calculations done
- QDROs