LESSONS LEARNED FROM SUCCESSFUL MPRA APPLICATIONS

SPEAKER:

HAROLD S. COOPER – SEGAL COMPANY
Ironworkers Local 17 Pension Plan

- Plan certified Critical Status in 2008
  - C&D in 2014
- 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