

NORTHWEST IRONWORKERS RETIREMENT PLAN

FUNDING IMPROVEMENT PLAN

Updated April 12, 2017

Funding Improvement Period: July 1, 2011 -- June 30, 2021

The Pension Protection Act of 2006 requires that the Trustees of a multiemployer pension plan that has been certified by the plan's actuary as being in endangered status develop a Funding Improvement Plan and annually update any schedule of contribution rates to reflect the experience of the plan.

This document constitutes the Funding Improvement Plan of the Northwest Ironworkers Retirement Plan ("Plan"), which was originally adopted by the Board of Trustees on March 23, 2009. An update to the Funding Improvement Plan was adopted on July 24, 2013 to reflect increases in the contribution rate under the Master Labor Agreement between the Northwest Ironworkers Employers Association, Inc. and the Ironworkers Workers District Council of the Pacific Northwest and its Affiliated Local Unions #14, #29 and #86 ("Master Labor Agreement"). This update to the Funding Improvement Plan was adopted by the Board of Trustees on April 12, 2017 to provide a new schedule of required contributions based upon the experience of the Plan.

Details on the contribution structure, as updated, are in Section 5.1.

1. **Actuary's Certification.** On September 19, 2008, the Plan's actuary certified the Plan as endangered under Internal Revenue Code §432(b), because the funded percentage was less than 80%. The actuary determined that the Plan's funded percentage, which compares the Plan's assets to the present value of accumulated benefits, was 72% as of July 1, 2008. The Plan's actuary has since determined the Plan was endangered as of July 1, 2009 through July 1, 2011, seriously endangered as of July 1, 2012, and endangered as of July 1, 2013 through July 1, 2016.

2. **Funding Improvement Period.** The Funding Improvement Period for the Plan is July 1, 2011 to June 30, 2021. If the Plan's actuary certifies before the end of this period that the Plan is no longer in endangered status and is not in critical status, the Funding Improvement Period will end as of the close of the preceding Plan Year.

3. **Applicable Benchmarks for Funding Improvement Plan.** The Funding Improvement Plan must prescribe actions, including recommended actions to be taken by the bargaining parties, which are expected to enable a plan to attain the following benchmarks by the end of the Funding Improvement Period, based on reasonably anticipated experience and on reasonable actuarial assumptions: (a) the Plan must not have a projected funding deficiency for any Plan Year during the Funding Improvement Period; and (b) the difference between the Plan's funded percentage and 100% must be projected to be reduced by at least 33% as of the close of the Funding Improvement Period.

4. **Required Proposals for Funding Improvement Plan.** A Funding Improvement Plan must include one or more schedules showing revised benefit structures, revised contribution structures, or both, including the following proposals:

- (I) one proposal for reductions in the amount of future benefit accruals necessary to achieve the applicable benchmarks, assuming no amendments increasing contributions under the plan (other than amendments increasing contributions necessary to achieve the applicable benchmarks after amendments have reduced future benefit accruals to the maximum extent permitted by law), and
- (II) one proposal for increases in contributions under the plan necessary to achieve the applicable benchmarks, assuming no amendments reducing future benefit accruals under the plan.

Internal Revenue Code §432(c)(1)(B)(i)(I), (II).

5. **Contribution and Benefit Structure Under Funding Improvement Plan.** The following actions have been taken to the Plan’s contribution structure and benefit structure:

5.1 **Contribution Structure.** Prior to the adoption of the original Funding Improvement Plan the bargaining parties agreed in the July 1, 2008 to June 30, 2011 Master Labor Agreement and the November 8, 2008 Letter of Understanding to the Master Labor Agreement to provide contributions to the Plan as follows: \$5.70 for hours worked on or after September 1, 2008; \$6.70 for hours worked on or after January 1, 2009; and \$7.45 for hours worked starting no later than July 1, 2010. After adoption of the original Funding Improvement Plan, the bargaining parties agreed to further increase the contribution rate to \$9.20 at July 1, 2012 and \$9.95 at July 1, 2013 consistent with the Schedule of Contributions shown below. This update to the Funding Improvement Plan requires increases in the contribution rate to \$10.45 per hour effective for hours worked on or after July 1, 2017.

5.2 **Benefit Structure:** The Trustees amended the Plan to reduce the accrual rate to 1% of contributions for all hours worked on or after July 1, 2004. The Trustees further amended the Plan to exclude any contributions over \$2.45 per hour from the benefit accrual formula for hours worked from July 1, 2005 through August 31, 2008, and for hours worked from November 1, 2008 through June 30, 2017. Contributions over \$3.20 per hour were excluded from the retirement benefit accrual formula for hours worked from September 1, 2008 through October 31, 2008. Contributions over \$2.95 per hour are excluded from the retirement benefit accrual formula for hours worked on and after July 1, 2017. The amounts dedicated to funding and the amounts used in the benefit accrual formula from July 1, 2005 forward are in the schedule under Section 6.

6. **Schedule of Contributions:** This is the current updated Schedule of Contributions. This update to the Funding Improvement Plan adds the July 1, 2017 increase in the contribution rate to \$10.45.

| Period | Contribution Rate | Contributions for Benefit Accrual | Contributions for Funding |
|--------------------|--------------------------|--|----------------------------------|
| 7/1/05 – 6/30/06 | \$3.45 | \$2.45 | \$1.00 |
| 7/1/06 – 6/30/07 | \$4.20 | \$2.45 | \$1.75 |
| 7/1/07 – 8/31/08 | \$4.95 | \$2.45 | \$2.50 |
| 9/1/08 – 10/31/08 | \$5.70 | \$3.20 | \$2.50 |
| 11/1/08 – 12/31/08 | \$5.70 | \$2.45 | \$3.25 |
| 1/1/09 – 6/30/09 | \$6.70 | \$2.45 | \$4.25 |

| | | | |
|------------------|---------|--------|--------|
| 7/1/09 – 6/30/10 | \$7.70 | \$2.45 | \$5.25 |
| 7/1/10 – 6/30/12 | \$8.95 | \$2.45 | \$6.50 |
| 7/1/12 – 6/30/13 | \$9.20 | \$2.45 | \$6.75 |
| 7/1/13 – 6/30/17 | \$9.95 | \$2.45 | \$7.50 |
| 7/1/17 – | \$10.45 | \$2.95 | \$7.50 |

7. **Actions Taken are Sufficient Under Funding Improvement Plan.** Prior to adoption of the original Funding Improvement Plan, the bargaining parties acted to increase the contribution rate and the Trustees acted to amend the Plan. The actions taken were the same as what would have been included in a schedule under Internal Revenue Code § 432(c)(1)(B), so that no further benefit accrual reductions or contributions were needed at that time.

8. **Annual Updates.** Internal Revenue Code §432(c)(6) requires that any schedule of contribution rates provided under the Funding Improvement Plan be updated annually to reflect the experience of the plan. However, a schedule of contribution rates provided by the Trustees and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

This update to the Funding Improvement Plan was adopted by the Board of Trustees on the 12th day of April, 2017.

By: Steve Pendergrass
Steve Pendergrass, Chairman

By: E. Scott Dahlgren
E. Scott Dahlgren, Secretary