



IBEW LOCAL NO. 32 FRINGE BENEFIT FUNDS



IBEW Local No. 32 NECA Pension Plan • IBEW Local No. 32 NECA Profit Sharing Annuity Plan

Notice of Reduction in Rate of Future Benefit Accruals Pursuant To ERISA Section 204(h) (29 U.S.C. §1054(h))

TO: All Participants & Alternate Payees of the
I.B.E.W. Local No. 32 – N.E.C.A. Pension Plan

FROM: Board of Trustees

DATE: December 6, 2023

Please be advised that effective for hours paid for work performed on or after January 1, 2024, the *rate* at which benefits are accrued under the I.B.E.W. Local No. 32 – N.E.C.A. Pension Plan (“Plan”) will be reduced. The Plan’s Board of Trustees has amended the Pension Plan to provide for this reduction in the rate of future benefit accruals for hours paid for work performed on or after January 1, 2024. **The amount of your benefits accrued for hours paid for work performed up until January 1, 2024 is unchanged and has not been reduced.** These changes only affect accruals for future hours paid.

This change is necessary at this time because of a number of factors, including a general decline in stock market values. Due principally to market losses, the Plan is projected to go into critical status, and changes need to be made as soon as possible to allow the Plan to avoid critical status and provide benefits to all participants in the future. The Board of Trustees will continue to monitor the Plan’s status and reserves the right to amend the Plan in the future if circumstances warrant additional changes.

The amendment of the Pension Plan’s benefit formula includes the following change:

1. The rate at which benefits are accrued under the Pension Plan (referred to as the “benefit multiplier”) will be reduced from 1.75% of only those contributions that counted toward benefit accruals to 1.20% of all Employer Contributions received for work performed on or after January 1, 2024.

The net effect of this change is a decrease in the amount of benefits that each active participant will be able to accrue for each hour paid on or after January 1, 2024.

To help you understand this change, this notice provides information about the Pension Plan’s benefit accrual formula during two time periods:

- from December 1, 2018 through December 31, 2023; and
- beginning January 1, 2024 and thereafter.

I. Current Benefit Formula from December 1, 2018 through December 31, 2023. By way of background, effective December 1, 2018, the Pension Plan's benefit formula was amended to reduce the rate at which benefits were accrued under the Pension Plan by adding uncredited contributions to the Plan. From December 1, 2018 through December 31, 2023, the Collective Bargaining Agreement required Employers to contribute an extra \$0.90 per hour paid to the Plan as an uncredited contribution without any accrual (now referred to as "Uncredited Contributions"). This changed the accrual rate from 1.75% of all Employer Contributions to 1.75% of only those contributions that counted toward benefit accruals (now referred to as "Accrual Contributions").

II. New Benefit Formula Beginning January 1, 2024. As a result of a number of factors, including a poor investment performance due to general market declines, the Board of Trustees has been forced to amend the Plan's benefit formula to reduce the rate at which benefits are accrued under the Plan on or after January 1, 2024. The Board of Trustees has reduced the benefit accrual to 1.20% of *all* Employer Contributions effective for hours worked on or after January 1, 2024, and there will no longer be any Uncredited Contributions to the Plan and these previously Uncredited Contributions will become accrued for Participants eligible to receive a benefit under the Plan. (There is one small exception to this rule that all contributions will be subject to accrual that applies only to first and second period Apprentices. First and second period Apprentices are ineligible to receive a benefit under the Plan for their work. Under the Collective Bargaining Agreement, the Employers have agreed to contribute \$0.25 per hour paid to first and second period Apprentices, but this hourly \$0.25 contribution is not for benefit accrual and is solely for the purposes of improving the funding of the Pension Plan.)

All other provisions of the Plan remain unchanged. Thus, if you retired before January 1, 2024 and started receiving a retirement benefit based on hours paid prior to that date, your benefit will be paid from the Plan at the same time and in the same amount as before the amendment.

EXAMPLES ILLUSTRATING AFFECT OF CHANGE

The following examples illustrate how the change in the benefit formula used to determine benefit accruals under the Plan will impact your benefit, expressed under the Plan's benefit formula as a monthly pension beginning at age 62:

EXAMPLE I. CURRENT BENEFIT FORMULA FOR HOURS PAID BETWEEN DECEMBER 1, 2018 AND DECEMBER 31, 2023

Benefit accruals under the current benefit formula under which only Accrual Contributions made to the Trust Fund on your behalf were applied toward your benefit accrual with a benefit multiplier of 1.75%:

Assume that you have 1,500 hours paid at a contribution rate of \$5.65 per hour paid during the 2022 Plan Year and thus have \$8,475 in Employer Contributions

paid into the Plan on your behalf (\$5.65/hour paid x 1,500 hours paid = \$8,475). However, of the \$5.65 hourly contribution, only \$4.75 is for benefit accrual and \$0.90 of the hourly contribution is uncredited. Therefore, you only received \$7,125 in Accrual Contributions for the 1,500 hours paid in 2022 (\$4.75/hour paid x 1,500 hours paid = \$7,125). Under the current benefit formula, only Accrual Contributions are counted toward the monthly benefit calculation at 1.75% benefit multiplier. For the Plan Year, you earned a monthly benefit at retirement of \$124.69 for that year (\$7,125 x 1.75% = \$124.69).

EXAMPLE II.
NEW BENEFIT FORMULA FOR HOURS PAID
ON OR AFTER JANUARY 1, 2024

Benefit accruals under the new benefit formula under which all Employer Contributions made to the Trust Fund on your behalf are applied toward your benefit accrual at the inside journeyman's contribution rate of \$6.65 per hour paid, with a benefit multiplier of 1.20%:

*Assume that you have 1,500 hours paid at the new contribution rate of \$6.65 per hour paid during the 2024 Plan Year and therefore have \$9,975 in Employer Contributions paid into the Pension Plan on your behalf (\$6.65/hour paid x 1,500 hours paid = \$9,975). Under the new benefit formula, for hours paid on or after January 1, 2024, you would earn a monthly benefit of \$119.70 (\$9,975 x 1.20% = \$119.70). **Under the current benefit formula, you would have earned a monthly benefit of \$124.69 for the same hours paid, which is \$4.99 more than the benefit you would earn under the new benefit formula (\$124.69 - \$119.70 = \$4.99).***

Any questions you may have concerning the change in the benefit formula used to determine future accruals under the Pension Plan should be directed to TIC International Corporation, the Pension Plan's Third Party Administrator, at the following address:

Administrative Manager
TIC International Corporation
6525 Centurion Drive
Lansing, Michigan 48917-9275
Phone: 571-321-7502
Fax: 517-321-7508