

# Notice of Application for Approval of a Proposed Reduction of Benefits under the Western States Office and Professional Employees Pension Fund

## NOTICE OF A PROPOSED REDUCTION OF YOUR PENSION BENEFITS

On August 24, 2017, the Board of Trustees of the Western States Office and Professional Employees Pension Fund (“Plan”) submitted an application to the U.S. Treasury Department for approval to reduce benefits under the Plan. This type of benefit reduction is allowed by the Federal law called the Multiemployer Pension Reform Act of 2014 (MPRA).

You are getting this notice because you have a pension benefit under the Plan. **The end of this notice describes the proposed reduction of your monthly payments.**<sup>1</sup> This notice will also answer the following questions for you:

1. Why is the Board of Trustees proposing to reduce benefits?
2. What will happen if the Plan runs out of money?
3. How did the Board of Trustees decide whose benefits to reduce and by how much?
4. What are the proposed reductions in benefits?
5. What comes next?

### 1. Why is the Board of Trustees proposing to reduce benefits?

The Plan’s actuary estimated that, unless benefits are reduced, the Plan will not have enough money to pay benefits in the year 2034, based on the Plan’s 2017 Pension Protection Act certification. This estimate is based on how much money the actuary expects the Plan to receive and to pay out each year. The Plan’s actuary estimated that, with the reduction of benefits that the Board of Trustees has proposed, the Plan should not run out of money.

### 2. What will happen if the Plan runs out of money?

If the Plan does not have enough money to pay benefits, then only the amount guaranteed by the Pension Benefit Guaranty Corporation (“PBGC”) will be paid. You can find the amount of your benefit that is guaranteed by the PBGC at the end of this notice.

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<sup>1</sup> A version of this notice that does not include the estimate of the effect on your benefit is being sent to unions that represent Plan participants and to all contributing employers.

**3. How did the Board of Trustees decide whose benefits to reduce and by how much?**

Under Federal law, the Board of Trustees must apply the following rules to the proposed reduction:

- The total reduction in everybody's benefits must be estimated to be large enough to keep the Plan from running out of money but not larger than needed to do that.
- Your monthly benefit and the benefit of your beneficiary cannot be reduced below 110% of the amount guaranteed by the PBGC.
- Disability benefits (as defined under the Plan) cannot be reduced.
- The benefits of people who are at least 80 years old on June 30, 2018 and their beneficiaries cannot be reduced.
- The benefits of people who are at least 75 years old on June 30, 2018 and their beneficiaries are partially protected, and the closer the person is to age 80 the less the benefits can be reduced.
- The reduction of benefits must be spread fairly among the people who have a pension benefit under the Plan.

In deciding whether the proposed reduction is spread fairly, the Board of Trustees considered the following factors:

- Age and life expectancy of Plan participants.
- Status in the Plan (active, terminated vested, retired).
- Amount of benefits provided by the Plan.
- Extent to which benefits provided contain subsidies.
- History of benefit increases and reductions.
- Discrepancies between benefits provided to active and retired participants.
- Withdrawn employers and the extent to which each is paying their withdrawal liability.
- Likelihood of active participants to withdraw support for the Plan, which may cause employer withdrawals and increase the risk of additional benefit reductions for all participants and beneficiaries.

#### 4. What are the proposed reductions in benefits?

The Board of Trustees has considered all options to arrive at a fair and equitable reduction plan that will enable the Plan to continue paying benefits to all of its participants and beneficiaries. This proposed plan is called the *Pension Benefit Reduction and Recovery Plan*.

The Board of Trustees proposes the following reduction of benefits:

- A 30% decrease for all participants and beneficiaries, but no reduction below 110% of the PBGC guaranteed benefit for each affected participant.
- No category or group will be treated differently for the purpose of the benefit reduction, except as provided below.
  - Disability pensions are not reduced.
  - Participants who are age 80 or older on June 30, 2018, have no reduction.
- Participants between ages 75 and 80 on June 30, 2018 have the following reduction:

| <b>Age on<br/>June 30, 2018</b> | <b>Benefit Reduction Allowed Under MPRA</b> |
|---------------------------------|---|
| 75                              | Up to 100% of the reduction amount          |
| 76                              | Up to 80% of the reduction amount           |
| 77                              | Up to 60% of the reduction amount           |
| 78                              | Up to 40% of the reduction amount           |
| 79                              | Up to 20% of the reduction amount           |
| 80                              | No benefit reduction                        |

- The proposed reduction in benefits will remain in effect indefinitely.

The Plan is not expected to run out of money with the proposed reduction in benefits.

## 5. What comes next?

### Approval or denial of the application by the Treasury Department

The Treasury Department will review the application to see whether it meets all of the legal requirements under Federal law. If the application meets all of those requirements, the Treasury Department is required to approve the application. If the application does not meet the legal requirements, the Treasury Department will deny the application. The Treasury Department will have until April 6, 2018 to make a decision.

### You can get information from the Treasury Department

More information about the proposed benefit reductions and a copy of the application is available at [www.treasury.gov/mpra](http://www.treasury.gov/mpra).

The application will be available on that website within 30 days after the Treasury Department receives it. The application includes more information about the proposed reduction, including details about: 1) the Plan actuary's certification that the Plan will run out of money (that is, that the Plan is in "critical and declining status"); 2) how the proposed reduction would satisfy the requirement that it be large enough so that the Plan is estimated not to run out of money, while not being larger than needed; and 3) the sensitivity of these estimates to the assumptions used.

The application describes the steps the Board of Trustees has already taken to keep the Plan from running out of money and why the Board of Trustees believes that a benefit reduction is the only remaining option to keep the Plan from running out of money. In addition, the application explains why the Board of Trustees believes that the proposed reduction is spread fairly among the people who have a pension benefit under the Plan.

The Treasury Department website will also provide updated information on the application, such as whether the application has been updated or withdrawn.

For further information and assistance you can also write to the Treasury Department at the following address:

Department of the Treasury  
Attn: MPRA Office, Room 1001  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

### You can comment on the application to reduce benefits

You can submit a comment on the application by going to [www.treasury.gov/mpra](http://www.treasury.gov/mpra). Comments may also be mailed to the Department of the Treasury, at the address listed above. All interested parties can make comments, and the comments will be publicly available.

### Retiree Representative

If a plan has 10,000 or more participants, the Board of Trustees must select a retiree representative to advocate for the interests of retirees, beneficiaries, and deferred vested participants as part of this process. A plan is required to pay the reasonable expenses of the retiree representative.

The Board of Trustees is not required to select a retiree representative, because the Plan has fewer than 10,000 participants. The Board of Trustees has not chosen to select a retiree representative.

### Vote on the proposed benefit reduction

If the application for the proposed reduction of benefits is approved by the Treasury Department, then you will have the opportunity to vote on the proposed reduction. Unless a majority of all participants and beneficiaries of the Plan vote to reject the reduction, the Treasury Department must allow the reduction of benefits to take effect. This means that not voting counts the same as a vote to approve the reduction.

### Your right to see Plan documents

You may want to review Plan documents to help you understand your rights and the proposed reduction to your benefits. The Plan administrator must respond to your request for the following documents within 30 days:

- The Plan document (including any amendments adopted to reflect an authorized reduction of benefits), trust agreement, and other documents governing the Plan (such as collective bargaining agreements).
- The Plan's most recent summary plan description (SPD or Plan brochure) and any summary of material modifications.
- The Plan's Form 5500 annual reports, including audited financial statements, filed with the U.S. Department of Labor during the last six years.
- The annual funding notices furnished by the Plan during the last six years.
- Actuarial reports, including reports prepared in anticipation of the benefit reduction, furnished to the Plan within the last six years.
- The Plan's current rehabilitation plan, including contribution schedules and annual Plan-sponsor determinations that all reasonable measures to avoid running out of money continue to be taken and that the Plan would run out of money if there were no benefit reductions.
- Any quarterly, semi-annual or annual financial reports prepared for the Plan by an investment manager, fiduciary or other advisor and furnished to the Plan within the last six years.

The Plan administrator may charge you the cost per page to the Plan for the cheapest way of copying documents, but cannot charge more than 25 cents per page. The Plan's Form 5500 Annual Return/Report of Employee Benefit Plan is also available free of charge at [www.dol.gov/ebsa/5500main.html](http://www.dol.gov/ebsa/5500main.html). Some of the documents also may be available for examination, without charge, at the Plan administrator's office, your worksite or union hall. You may also find most of the documents on the Plan's website at [www.wsp.aibpa.com](http://www.wsp.aibpa.com).

For questions or concerns about the Pension Benefit Reduction and Recovery Plan

A special call center has been created to answer all other questions regarding the Pension Benefit Reduction and Recovery Plan. The call center will be open from 9:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday. You can reach the call center at (888) 999-4089.

Your right to challenge incorrect calculations

If you think the Plan miscalculated the reduction to your benefits, then you have the right to submit a claim to the Plan to have the calculation corrected. The Plan's summary plan description ("SPD") tells you how to submit a claim. The SPD also describes your right to have a court review the Plan's final decision on your claim.

If you believe the information used to calculate your estimate at the end of this notice is wrong, please contact the Trust Office at (503) 222-7694 or (800) 413-4928, or by mail at BeneSys, Inc., 1220 S.W. Morrison Street, Suite 300, Portland, Oregon, 97205-2222, or by e-mail at [wsope@aibpa.com](mailto:wsope@aibpa.com).