



## MICHIGAN REGIONAL COUNCIL OF CARPENTERS' FRINGE BENEFIT FUNDS

---

P.O. Box 4540 • Troy, MI 48099-4540

Pension Member Support Line • Telephone: (877) 631-MPRA or (877) 631-6772

### **IMPORTANT MPRA PENSION PRESERVATION PLAN UPDATE**

April, 2020

Dear Participant,

As you know, our Pension Plan has been certified as Critical and Declining and projected to run out of money in 2035—meaning that all pension payments will stop in less than 20 years—if we do nothing. That is why we submitted a **Pension Recovery Program** under the Multiemployer Pension Reform Act (MPRA) to the U.S. Treasury Department on September, 23, 2019.

Since then, the Trustees, Fund Counsel and our actuaries have been working with the Treasury Department's review team. We have been answering their questions to help them understand how we developed the Pension Recovery Program and why we think it is a reasonable path to avoid insolvency.

As a result of these communications and at the Treasury Department's recommendation, the Trustees have decided to withdraw our application for MPRA. The impact of COVID-19 on the construction economy has undermined our manhours and investment returns, rendering our assumption inaccurate. This means that our Pension Recovery Plan is no longer a viable path to avoid insolvency.

Withdrawing our plan will give the Trustees, Fund Counsel and the actuarial team time to review the application and to assess our options. We can adjust the application and then re-submit it and we can examine our other options—and see if Washington can come up with a better fix to the broken U.S. pension system.

This is not an unusual experience for a Pension Fund that applies for MPRA relief. Since September of 2015, 27 Pension Funds have applied to the Treasury Department for MPRA relief. About two thirds of the MPRA plan approvals granted to date were first withdrawn and then resubmitted by those pension funds.

Only six were approved the first time, these were mostly plans that were so close to insolvency that they required the maximum cuts allowed by law. Another six were either withdrawn or denied and then re-submitted before being approved. One Fund even withdrew their application twice and it was approved on the third submission. And none of those plans were subject to a global pandemic.

There are currently five Funds, including ours, that have withdrawn their applications and may re-submit them.

The goal of the Board of Trustees is to preserve and protect our Pension Fund so we can continue providing retirement benefits to our participants for generations to come. And we want to do it in a way that is fair to everyone involved—current retirees, current active members and contributing employers.

We essentially have two options before us, and it is the Trustees' belief we should pursue both of them. First, we will work to adjust the application and re-submit it. Second, we will double our efforts to come up with an overall Congressional fix to the broken U.S. pension system.

As many of you already know, the UBC's representatives in Washington D.C. have been working to pass legislation to fix critical and declining multi-employer pension plans and protect your pension benefits. This process continues and we are working to pass this legislation in the next round of stimulus bills passed by Congress. We will need your help to make this a reality.

We encourage everyone to call Senator Stabenow at 202-224-4822 and ask to speak to the Director of Constituent Services. Tell them that is critical that the Senator support any upcoming bills that help fix the Michigan Carpenters Pension Fund and that she support the Grow Act. Make sure your tone is respectful. This is important because we want her support.

We will keep you updated as decisions are made. You can also find out more information from the following sources:

- **Pension Preservation Plan Website:** <http://detroitcarpentersprp.org/>
- **Treasury Department Website:** <https://www.treasury.gov>
- **BeneSys: 1-800-572-2525**

Sincerely,

Carpenters' Pension Trust Fund – Detroit and Vicinity

For the Board of Trustees,

Thomas Lutz, Chairman and Robert Halik, Secretary