

Detroit Carpenters Pension Plan: MPRA Withdrawal FAQ

1. What is happening with our Pension right now?

As you know, we submitted a Pension Recovery Program under the Multiemployer Pension Reform Act – or MPRA - to the U.S. Treasury Department last September.

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. Withdrawing our plan will give the Trustees, Fund Counsel and the actuarial team time to review the application and to assess our options. We will plan to resubmit a revised plan and we are encouraging participants to call Congress and lobby your senators and representatives to fix the broken U.S. pension system.

2. Why did we withdraw our application?

We withdrew our application because the MPRA plan we created was no longer a viable path to avoid insolvency. The plan we created was based on assumptions of manhours and investment returns, both of which have been undermined by the impact on COVID-19 on the construction economy.

We do plan to resubmit an application in the coming months with a plan that takes into account the impact of COVID-19 on the construction economy.

3. When will we see the new plan?

We don't know for certain when we will be able to submit a new plan but it will be in the coming months. We will let you know as soon as we have that information.

4. Does withdrawing our application have an impact on our plan of benefits right now?

No, it does not. Your plan of benefits remains unchanged right now. We will let you know as soon as something develops.

5. Why did COVID-19 have an impact on our MPRA application?

Our plan was based on a budget of manhours and investment returns. You may remember EST Lutz talking about how specific the plan needed to be and how sensitive the projections were required to be, both in terms of our manhours and our investment returns. He talked about that narrow window where the plan avoids insolvency in the long term but did not materially exceed the cuts necessary to achieve this.

6. Has this ever happened before, where a union has to resubmit an application for MPRA?

Actually, 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.

7. What is my union doing to preserve and protect my pension right now?

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. We are doing that now and we will know more about what that looks like and what that timeline might be in the coming months.

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 our pension benefits. This process continues today and we are working to pass this legislation in the next round of stimulus bills currently in Congress.

8. Will there be more Tele Town Halls?

Yes. When we schedule future Tele Town Halls, we will let all participants know. The best way to stay in the loop is to join our text messaging system. Text HAMMER to (855) 424-2562.

9. I have a question about my specific plan of benefits, for example when I can retire or what my pension will be.

If you have questions about your specific pension situation, call BeneSys at (800) 572 – 2525.

10. What can I do to support the efforts to pass legislation to fix the broken U.S. Pension System?

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.