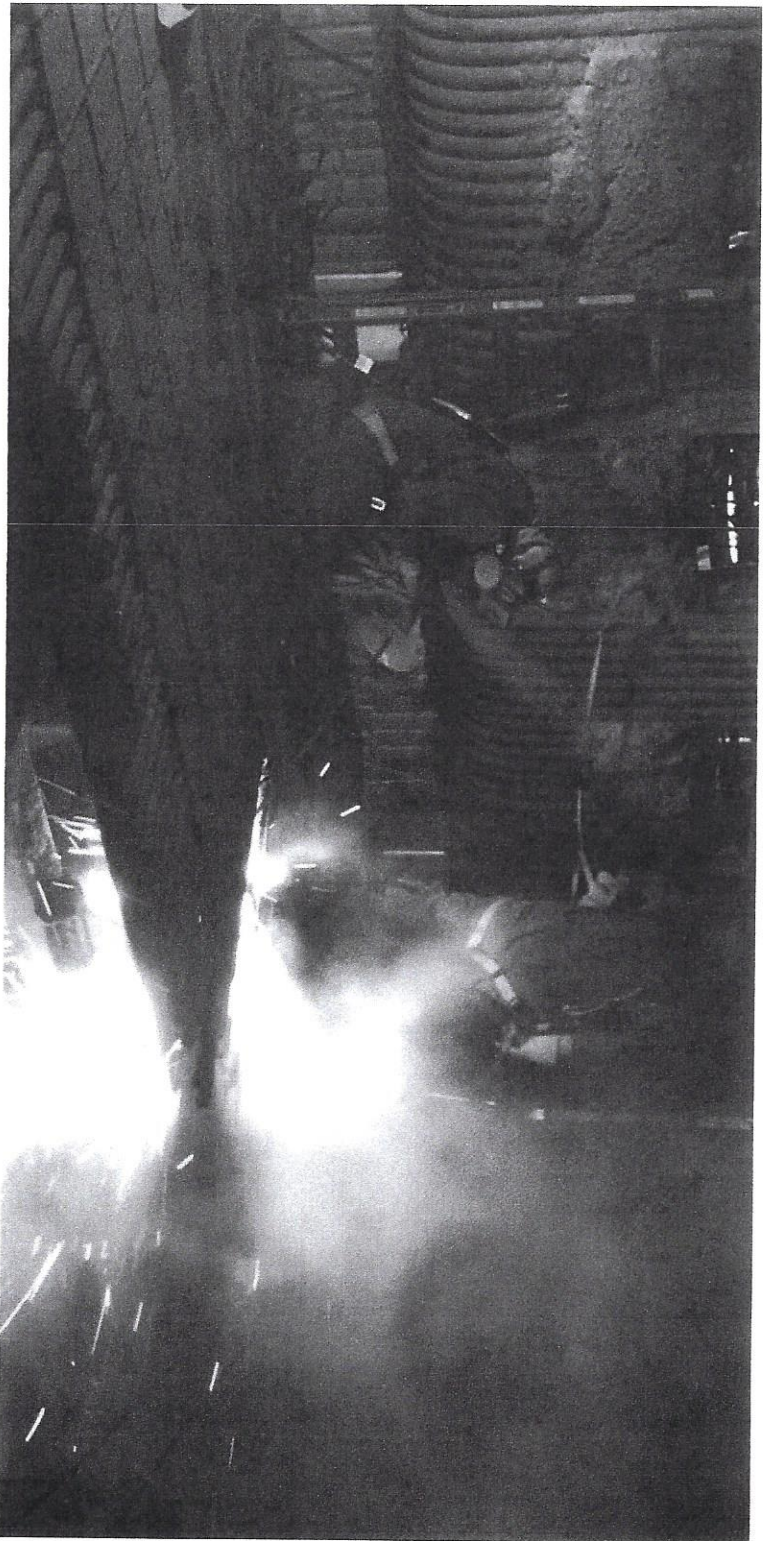


Boilermaker National Funds

Construction Conference Update

March 6, 2017



PENSION PLAN CHANGES

Why did the Trustees make changes?

Man Hours:

- In 2016 Pension Hours were the lowest they have been since 1985.

Market Return:

- Although the Plan met the assumed rate of return in 2016, the market value of Plan assets in 2015 was **-1.14%**.

Contribution Rate:

- The average contribution rate decreased from **\$11.16** in 2015 to **\$10.93** in 2016 – this is not because the Minimum Contribution Rate decreased but rather the man hours are down in the areas with the higher contribution rates.

Timing is Everything:

- 2017 is the first time under the Regulations the Trustees could elect to move into the Red Zone. The sooner changes are made the greater the positive impact to the Pension Plan.

Why did the Trustees choose to move into the Red Zone?

Not enough tools in the toolbox under the Yellow Zone:

- The Plan changes available in the Yellow Zone are “prospective” only.
- Without a very large increase in the Minimum Contribution Rate (i.e. approximately 28% or more), prospective changes would not make a large enough impact to certify the Pension Trust was on target with our current Funding Improvement Plan to be 81.2% funded by 2023.

Why no changes to Retirees?

Under the current federal regulations the Trustees have **NO** option to reduce Retiree benefits.

- Cuts to Retirees are only available to Plans in “Critical and Declining” status:
 - Plan must file an application to cut Retiree benefits which must be approved by the Treasury Department, in consultation with the Department of Labor and the Pension Benefit Guaranty Corporation (PBGC)
 - Many steps must be taken and other criteria met to be allowed to cut Retiree benefits

Why Grandfathering?

- It was not to protect certain individuals.
- It was to avoid a “run for the door”.
 - Approximately 1300 Individuals meet the eligibility requirements of a “Grandfathered Active”.
- If these individuals retired in 2017 before the changes, it would be extremely detrimental to the Pension Plan and could require even further changes; therefore, the Trustees had to find a way to encourage these individuals to remain **active Boilermakers**.

Pension Plan Changes Effective On and

After May 1, 2017:

The Level Income Option is no longer an optional benefit for Pensions effective on or after May 1, 2017 as it is not allowed in the “Red Zone”.

- This change applies to all Participants **INCLUDING** Grandfathered Actives.

Pension Plan Changes - New Definition Added Effective On and After October 1, 2017:

A Grandfathered Active is a Participant who has:

- 1) Worked at least 3,000 Hours of Work in Covered Employment during the 36 month period ending on September 30, 2017; **and**
- 2) On or before September 30, 2017 has either:
 - Attained age 55 and earned at least 35 Pension Credits, or
 - Attained age 58 and earned at least 30 Pension Credits