



Electrical Workers Administration and Claims Office

General Welfare, Vacation, Pension & Retirement Savings Funds



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I.B.E.W. Local 701 Electrical Workers General Pension Fund Notice of Plan Status

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Participants, Beneficiaries, Participating Union, and Contributing Employers:

The Pension Protection Act (PPA or Act), signed into law in 2006, is intended to improve the financial condition of pension plans. The Act implemented several safeguards as well as notification requirements to share more information about a plan's "financial health" with participants and others directly interested in the plan.

Starting with the 2008 plan year, the Act requires that all pension plans be tested annually to determine how well they are funded. The Act established formal benchmarks for measuring a plan's funding. Plans that are not in the "Green Zone" as defined by the Act must notify all plan participants, unions, and contributing employers of the plan's status, as well as take corrective action to restore the plan's financial health.

Plan's Status – Yellow Zone

Under the PPA, if a pension plan is classified as being in the "Yellow Zone," it is considered to be in "endangered" status. One of the criteria by which a plan will fall within the "Yellow Zone" is if the ratio of its assets to its liabilities is less than 80%. For the plan year beginning June 1, 2016, the I.B.E.W. Local 701 Electrical Workers General Pension Fund (the "Plan") has been determined by the Plan's actuary to be 71.7% funded using the PPA's criteria. Accordingly, on August 29, 2016, the Plan was categorized as being in the Yellow Zone for the 2016 plan year.

Funding Improvement Plan

Yellow Zone status represents an early warning to focus on correcting problems before they lead to more serious trouble. As required by the Act after the Plan was certified as being in the "Yellow Zone" six years ago, the Trustees adopted a Funding Improvement Plan ("FIP") that required no change in plan of benefits or contribution rates. However, while the FIP may not have required a contribution rate increase, the hourly contribution rates have increased each year for the last four years, including the increase on June 1, 2016, as the Trustees want the Fund to reach its funding targets as required in the FIP. Without these contribution increases, that goal was not reasonably possible. The FIP is designed to improve the Plan's funded position over time. The Trustees will continue to inform the employers and union of the items that will need to be covered in collective bargaining agreements entered into or renewed in order to comply with the FIP. Later this year, the Trustees will review the FIP and determine if any changes are necessary. In addition, since the Plan's financial condition can change based on the financial markets and the economy, the Trustees will continue to review the progress of the FIP each year, and make changes as necessary.

What's Next

While no changes are being made at this time, if any changes are later deemed to be necessary, they will be communicated to all affected individuals and/or parties. Please note that since the Plan's financial condition will continue to change as changes occur in both the markets and the economy generally, the Act requires that the Plan's funding status be reviewed and certified annually. So, you will receive a notice like this each year until the Plan returns to the Green Zone status.