BRICKLAYERS AND ALLIED CRAFTSMEN LOCAL 7 PENSION FUND

APPLICATION TO THE PENSION BENEFIT GUARANTY CORPORATION FOR A PARTITION ORDER

NOVEMBER 26, 2019

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Section 1: Background, Purpose, and Scope (29 C.F.R. § 4233.1)

In December 2014, Congress passed, and the President later signed, the Consolidated and Further Continuing Appropriations Act of 2015, Pub L. No. 113-235, 128 Stat. 2130 (2014), of which the Multiemployer Pension Reform Act ("MPRA") was a part. MPRA contains a number of statutory reforms intended to help financially troubled multiemployer plans and to improve the financial condition of the Pension Benefit Guaranty Corporation's ("PBGC's") multiemployer insurance program. In addition to increased premiums, §§ 121 and 122 of MPRA provide the PBGC with new statutory authority to assist financially troubled multiemployer plans under certain conditions, if doing so would reduce the potential future costs to the PBGC, and if the PBGC could certify that its ability to meet existing financial assistance to other plans would not be impaired.

This application is submitted in accordance with the PBGC's regulations, 29 C.F.R. Part 4233. The section numbers and exhibits included with this application match those of the PBGC's regulations, 29 C.F.R. Part 4233, and related notices.

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Section 2: Definitions (29 C.F.R. § 4233.2)

The defined terms in this application follow the definitions in 29 C.F.R. § 4233.2.

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Section 3: Application Filing Requirements (29 C.F.R. § 4233.3)

(a) Method of Filing

This application has been sent by email to multiemployerprogram@pbgc.gov and sent by U.S. Mail to:

Multiemployer Program Division
Pension Benefit Guaranty Corporation
1200 K Street, NW, Suite 9537
Washington, DC 20005

(b) Who May File

The plan sponsor acknowledges that it must submit an application for partition under Part 4233 of ERISA. The application must be signed and dated by an authorized trustee who is a current member of the Board of Trustees, and must include the following statement under penalties of perjury: "Under penalties of perjury, I declare that I have examined this application, including accompanying documents, and, to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and such facts are true, correct, and complete." The plan sponsor acknowledges that a stamped signature or faxed signature is not permitted.

The statement in compliance with these regulatory requirements is provided in **Exhibit 3A.**

(c) Where to File

This application complies with the PBGC's regulations, 29 C.F.R. § 4000.4, on where to file the application.

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Section 4: Information to Be Filed (29 C.F.R. § 4233.4)

(a) General

This application includes the information specified in:

- §4233.5 (plan information) in Section 5;
- §4233.6 (partition information) in Section 6;
- §4233.7 (actuarial and financial information) in Section 7;
- §4233.8 (participant census data) in Section 8; and
- §4233.9 (financial assistance information) in Section 9.

The plan sponsor acknowledges that if any such information is not included, the application may not be considered complete.

(b) Additional Information

(1) The plan sponsor acknowledges that the PBGC may require the plan sponsor to submit additional information necessary to make a determination on this application and any information the PBGC may need to calculate or verify the amount of financial assistance necessary for a partition. The plan sponsor acknowledges that any additional information must be submitted by the date specified in the PBGC's request.

(2) The plan sponsor acknowledges that the PBGC may suspend the running of the 270-day review period (described in § 4233.10) pending the submission of any additional information requested by the PBGC, or upon the issuance of a conditional determination under § 4233.12(c).

(c) Duty to Amend and Supplement Application

The plan sponsor acknowledges that, during any time in which an application is pending final action by the PBGC, that the plan sponsor must promptly notify the PBGC in writing of any material fact or representation contained in or relating to the application, or in any supporting documents, that is no longer accurate, or any material fact or representation omitted from the application or supporting documents, that the plan sponsor later discovers.

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Section 5: Plan Information (29 C.F.R. § 4233.5)

This application for partition includes the following information with respect to the Plan.

(a) The Name of the Plan, the Employer Identification Number (EIN), and the Three-Digit Plan Number

Plan Name: Bricklayers and Allied Craftsmen Local 7 Pension Fund
Plan EIN: 34-6666798
Plan Number: 001

(b) The Name, Address, and Telephone Number of the Plan Sponsor and the Plan Sponsor's Duly Authorized Representative

Name of Plan Sponsor: Board of Trustees of the Bricklayers and Allied Craftsmen Local 7 Pension Fund
Address: c/o BeneSys, Inc.
Susan Cunningham, Plan Manager
33 Fitch Boulevard
Austintown, Ohio 44515
Telephone: (330) 270-0453, ext. 2719

Contact Information of Plan Sponsor's Duly Authorized Representatives:

Name: Timothy P. Piatt, Esq., Fund Counsel
Address: Macala & Piatt, LLC
601 South Main Street
North Canton, Ohio 44720
Telephone: (330) 493-1570

Name: Kathryn A. Garrity, FSA, EA, Chief Actuary
Address: United Actuarial Services, Inc.
11590 North Meridian Street, Suite 610
Carmel, Indiana 46032
Telephone: (317) 580-8688 (direct)

(c) The Most Recent Trust Agreement and All Amendments Adopted Since the Last Restatement

The most recent trust agreement and all amendments adopted since the last restatement are attached as **Exhibit 5A.**

(d) The Most Recent Plan Document and All Amendments Adopted Since the Last Restatement

The most recent Plan document and all amendments adopted since the last restatement are attached as **Exhibit 5B.**

(e) The Most Recent Summary Plan Description (SPD) and All Summaries of Material Modifications (SMMs) Issued Since the Effective Date of the Most Recent SPD

The most recent SPD and all SMMs issued since the effective date of the most recent SPD are attached as **Exhibit 5C.**

(f) The Most Recent Rehabilitation Plan (or Funding Improvement Plan, If Applicable), Including All Subsequent Amendments and Updates, and the Percentage of Total Contributions Received under Each Schedule of the Rehabilitation Plan for the Most Recent Plan Year Available

The most recent Rehabilitation Plan, including all subsequent amendments and updates, and the percentage of total contributions received under each schedule of the Rehabilitation Plan for the most recent plan year are available as **Exhibit 5D.**

(g) A Copy of the Plan's Most Recent IRS Determination Letter

A copy of the most recent IRS determination letter is attached as **Exhibit 5E.**

(h) A Copy of the Plan's Most Recent Form 5500 (Annual Report Form) and All Schedules and Attachments (Including the Audited Financial Statement)

A copy of the Plan's most recent Form 5500, including all schedules and attachments, and a copy of the latest audited financial statements are attached as **Exhibit 5F(1) and Exhibit 5F(2)**, respectively.

(i) A Current Listing of Employers that Have an Obligation to Contribute to the Plan, and the Approximate Number of Participants for Whom Each Employer Is Currently Making Contributions

The current listing of employers that have an obligation to contribute to the Plan and the approximate number of Participants for whom each employer is currently making contributions are attached as **Exhibit 5G.**

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(j) A Schedule of Withdrawal Liability Payments Collected in Each of the Most Recent Five Plan Years

The current schedule of withdrawal liability payments collected in each of the most recent five plan years is attached as **Exhibit 5H.**

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Section 6: Partition Information (29 C.F.R. § 4233.6)

This application for partition includes the following information with respect to the proposed partition:

(a) Detailed Description of the Proposed Partition

The effective date of the proposed partition is October 1, 2020. The proposed structure of the partition is to transfer the PBGC-guaranteed benefits for the following participant groups to the successor plan:

- 100% of the liability associated with terminated vested participants; and
- 0% to the liability associated with current active participants.

Some retirees and beneficiaries will be transferred to the successor plan. The list of exact retirees and beneficiaries to be transferred is provided at Section 6(f) below.

(b) Narrative Description of the Events that Led to the Plan Sponsor's Decision to Submit an Application for Partition (and an Application for Suspension of Benefits)

Since the start of the plan year beginning on May 1, 2006, the Plan has seen significant decreases in both assets and contributions due in part to the financial crises in 2008 and 2014. During that time period, the Plan has seen a 64% decrease in the market value of assets, as well as a 52% decrease in contribution hours when comparing the plan year beginning in 2007 to the average hours during the plan years beginning in 2016 through 2018. The collapse of the financial markets in 2008 resulted in the Plan experiencing its worst investment losses on record and contributed to the drastic slowdown of the building and construction industry in the geographic area covered by the Plan and the geographic area where contributing employers performed work. This, along with the maturity of the Plan, made it difficult for the Plan to recover from the economic downturn it had experienced. With an inactive-to-active ratio of over 250% for most of the period since 2010, the Plan has found itself in a situation where the contributions from active members are not substantial enough to keep the Plan from becoming insolvent.

On July 29, 2008, the Plan was first certified to be in critical status within the meaning of the Pension Protection Act of 2006 (the "PPA") for the plan year beginning on May 1, 2008. In September 2008, the Board of Trustees adopted a Rehabilitation Plan implementing reductions in benefits and increases in contributions that were reasonably expected to enable the Plan to emerge from critical status at the end of the Rehabilitation Period (10-year period beginning on May 1, 2009).

Almost immediately following the adoption of the initial Rehabilitation Plan, the great recession of 2008 started. The economic conditions in the building and construction trades did not improve, but rather continued to decline. In light of this information and based on reasonable actuarial assumptions, the Board of Trustees concluded that the Plan could not reasonably be expected to emerge from critical status by the end of the Rehabilitation period. This was reflected in the updated Rehabilitation Plan, which the Board of Trustees adopted on February 11, 2011.

The primary measures available to the Board of Trustees to allow the Plan to avoid insolvency are employer contribution increases and benefit reductions. Over the past ten (10) years, the Board of Trustees has worked with the bargaining parties to develop sustainable combinations of employer contributions and reasonable pension benefit levels. Simultaneously, the Board of Trustees and bargaining parties have been constrained by the collective bargaining process, the burdens of increased outgoing reciprocity payments, and the amounts that contributing employers are willing and able to contribute to the Plan.

As of the plan year beginning May 1, 2006, the Plan was 75% funded on a market basis, and its assets returned 10.97% on its investments. At the time, there were 201 retirees, surviving spouses, and alternate payees in pay status; 119 inactive vested participants and deferred beneficiaries; and 195 active participants working an average of 1,139 hours per year. The present value of accumulated vested benefits was $33,853,627, and the market value of assets was $26,539,420.

Since that time, the Plan's demographics and asset base have declined to its current levels. At present, the Plan is 24% funded on an actuarial basis, and it is facing a projected insolvency date of 2023. As of May 1, 2019, the Plan was 23.1% funded on a market basis, and its assets returned 4.02% on its investments for the most recent plan year. As of the most recently completed actuarial valuation as of May 1, 2019, there were 213 retirees, surviving spouses, and alternate payees in pay status; 109 inactive vested participants and deferred beneficiaries; and 106 active participants working an average of 959 hours per year. The present value of accumulated vested benefits is $41,258,612, and the market value of assets was $9,533,656.

2006: As of May 1, 2006, the Plan's level of funding was 75% on a market basis. The number of active participants was down 11.0% from the previous plan year, and the contribution hours decreased by 12.3% from the previous plan year. The Plan's investments returned 10.97% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate to $3.55 per hour from $3.30, effective June 1, 2006. After much debate and with a few alternate proposals that were in effect only for a short period of time, the Board of Trustees also adopted a decrease in the rate at which future benefits would accrue. Effective May 1, 2006, the future service benefit accrual rate was decreased to 1.00% of $2.00 for employer contributions made after May 1, 2006, with contributions above $2.00 non-credited.

2007: As of May 1, 2007, the Plan's level of funding was 79% on a market basis. The number of active participants was down 11.8% from the previous plan year, and the contribution hours decreased by 11.4% from the previous plan year. The Plan's investments returned 10.45% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $3.55 per hour to $4.01 per hour, effective June 1, 2007. The Board of Trustees also adopted another benefit change. On September 7, 2007, with an effective date of

January 1, 2008, the Board of Trustees added the qualified joint and 75% benefit option, as required by law. No cost was associated with this change.

2008: As of May 1, 2008, the Plan's level of funding was 71% on a market basis. The number of active participants was down 9.3% from the previous plan year, and the contribution hours decreased by 23.8% from the previous plan year. The Plan's investments returned a loss of 2.69% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $4.01 per hour to $4.41 per hour, effective September 1, 2008. In July 2008, the Board of Trustees changed investment firms, going with Smith Barney, Citigroup Global, in order to improve investment returns.

During this plan year, the Board of Trustees adopted several amendments to the Plan to eliminate several subsidies and ancillary benefits following passage of the PPA. The Board of Trustees also adopted its first Rehabilitation Plan, and on July 29, 2008, the actuary certified that the Plan was in "critical" status under the PPA. The Notice of Critical Status was issued to contributing employers and participants on August 19, 2008. Under the Rehabilitation Plan, the Plan was projected to exceed 80% funded by the plan year beginning on May 1, 2013, but not to exit critical status without a funding deficiency in the credit balance until May 1, 2023. Thus, the initial Rehabilitation Plan made use of the exhaustion of all reasonable measures clause at Internal Revenue Code ("Code") § 432(e)(3)(A)(ii).

On September 22, 2008, with an effective date of May 1, 2009, the Board of Trustees made the following benefit adjustments:

- The early retirement factor was changed from 1/3 of 1% to .5833% for each month under age 62. Participants who were at least age 55 and had at least 10 years of service as of May 1, 2009 would use the 1/3 of 1% reduction. This reduction closely approximates a full actuarial adjustment at most ages, but is easier to communicate than an exact actuarial equivalence. The purpose of preserving the prior rules for those persons already eligible to retire was to prevent a large rush to retire in the window between the announcement and the effective date of the change. A large group of immediate retirements would have had a more significant negative impact on the Plan than preserving the prior rules would have had.

- The 60-month guarantee post-retirement death benefit was removed for participants not in pay status as of May 1, 2009.

- The pre-retirement 5-year certain death benefit was removed for deaths after May 1, 2009.

- The total and permanent disability benefit was eliminated for disabilities after May 1, 2009.

- The cost of the pre-retirement surviving spouse benefit would be paid by the participant.

These benefit cuts were scheduled to reduce the present value of the accumulated benefits by approximately $2.3 million. At the time, the present value of accumulated vested benefits was $34,672,083, and the market value of assets was $25,340,853. The changes above included all such changes available as adjustable benefits.

2009: As of May 1, 2009, the Plan's level of funding was 51.6% on a market basis. The number of active participants was down 12.8% from the previous plan year, and the contribution hours decreased by 11.1% from the previous plan year. The Plan's investments returned a loss of 24.68% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $4.41 per hour to $4.81 per hour, effective June 1, 2009. The Board of Trustees made no benefit changes during this plan year. However, during the previous plan year, Congress passed the Worker, Retiree, and Employer Recovery Act of 2008, which allowed the Board of Trustees to freeze the current Rehabilitation Plan for a 1-year period to evaluate the impact of the asset losses caused by the market crash of 2008-2009. At the time, the present value of accumulated vested benefits was $33,867,493, and the market value of assets was $17,516,662.

After this large investment loss, the annual update to the Rehabilitation Plan first showed a projected insolvency. The Board of Trustees continued to make use of the exhaustion of all reasonable measures clause and began attempting to forestall insolvency. Insolvency was expected by April 30, 2023.

2010: As of May 1, 2010, the Plan's level of funding was 59.7% on a market basis. The number of active participants was up 3.7% from the previous plan year, and the contribution hours increased by 18% from the previous plan year. The Plan's investments returned 29.68% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $4.81 per hour to $5.21 per hour, effective June 1, 2010. The Board of Trustees made no benefit changes during this plan year. At the time, the present value of accumulated vested benefits was $34,484,817, and the market value of assets was $20,654,452. The expected insolvency date based on this valuation basis was April 30, 2029.

2011: As of May 1, 2011, the Plan's level of funding was 61.6% on a market basis. The number of active participants was down 7.1% from the previous plan year, and the contribution hours decreased by 16% from the previous plan year. The Plan's investments returned 14.16% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $5.21 per hour to $5.61 per hour, effective June 1, 2011. The Board of Trustees made no benefit changes during this plan year. At the time, the present value of accumulated vested benefits was $34,740,407, and the market value of assets was $21,415,024. In June 2011, the Board of Trustees agreed to enter into a fiduciary asset management agreement with Morgan Stanley Smith Barney LLC in an attempt to increase investment returns. The expected insolvency date based on this valuation basis was April 30, 2029.

2012: As of May 1, 2012, the Plan's level of funding was 55.3% on a market basis. The number of active participants was up 7.6% from the previous plan year, and the contribution hours increased by 12.8% from the previous plan year. The Plan's investments returned 0.71% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $5.61 per hour to $6.01 per hour, effective June 1, 2012. The Board of Trustees made no benefit changes during this plan year. At the time, the present value of accumulated vested benefits was $35,419,483, and the market value of assets was $19,614,346. The expected insolvency date based on this valuation basis was April 30, 2027.

2013: As of May 1, 2013, the Plan's level of funding was 53.8% on a market basis. The number of active participants was down 7.8% from the previous plan year, and the contribution hours decreased by 20.1% from the previous plan year. The Plan's investments returned 8.65% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $6.01 per hour to $6.41 per hour, effective June 1, 2013. The Board of Trustees made no benefit changes during this plan year. At the time, the present value of accumulated vested benefits was $35,456,723, and the market value of assets was $19,101,019. The expected insolvency date based on this valuation basis was April 30, 2026.

2014: As of May 1, 2014, the Plan's level of funding was 51.5% on a market basis. The number of active participants was down 20% from the previous plan year, and the contribution hours decreased by 17.6% from the previous plan year. The Plan's investments returned 8.27% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $6.41 per hour to $6.46 per hour, effective June 1, 2014. The Board of Trustees made no benefit changes during this plan year. At the time, the present value of accumulated vested benefits was $35,571,497, and the market value of assets was $18,341,720. The expected insolvency date based on this valuation basis was April 30, 2025.

2015: As of May 1, 2015, the Plan's level of funding was 48.3% on a market basis. The number of active participants was up 38.5% from the previous plan year, and the contribution hours increased by 41.3% from the previous plan year. The Plan's investments returned 6.72% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $6.46 per hour to $6.66 per hour, effective June 1, 2015. At the time, the present value of accumulated vested benefits was $35,983,111, and the market value of assets was $17,411,864. The expected insolvency date based on this valuation basis was April 30, 2026. During this plan year, the Board of Trustees began to explore the possibility of a MPRA suspension (see 2016 below).

2016: As of May 1, 2016, the Plan's level of funding was 39.6% on a market basis. The number of active participants was down 12.5% from the previous plan year, and the contribution hours decreased by 13.3% from the previous plan year. The Plan's investments returned a loss of 3.48% on a market basis. In response to the funding concerns, the bargaining parties agreed to increase the contribution rate from $6.66 per hour to $6.80 per hour, effective June 1, 2016. At the time, the present value of accumulated vested benefits was $35,861,466, and the market value of assets was $14,219,652. The expected insolvency date based on this valuation basis was April 30, 2025.

In June 2016, the Plan filed for a MPRA suspension. In January 2017, the suspension application was withdrawn after discussions with the regulatory agencies. In early 2017 (after the application was withdrawn), the actuary determined that a suspension submission without a partition probably would be unsuccessful. The Board of Trustees opted to wait and see if there would be any additional legislative relief before attempting a partition.

While working on the suspension application, the Board of Trustees made a change to the Plan's accrual formula. Prior to the change, the accrual rate was 1% of the first $2.00 contributed. Any contribution amount in excess of $2.00 was non-credited. After the change, the accrual rate was 0.3% of the first $6.66 contributed and 1% of any amount contributed in excess of $6.66. As noted above, the bargaining parties responded by increasing the contribution rate from $6.66 per hour to $6.80 per hour. The effective average benefit rate became 0.314% (= {$0.02+$0.0014}/$6.80). Under this new benefit design, each time the contribution rate is increased, the average benefit credit rates also increase. This was done to provide a small incentive for members to stay active in the Plan and also to attract new members.

2017: As of May 1, 2017, the Plan's level of funding was 32.8% on a market basis. The number of active participants was down 19% from the previous plan year, and the contribution hours decreased by 26.2% from the previous plan year. The Plan's investments returned 10.94% on a market basis. At the time, the present value of accumulated vested benefits was $39,294,510, and the market value of assets was $12,893,823. The expected insolvency date based on this valuation basis was April 30, 2023.

2018: As of May 1, 2018, the Plan's level of funding was 28.4% on a market basis. The number of active participants was up 12.7% from the previous plan year, and the contribution hours increased by 24.2% from the previous plan year. The Plan's investments returned 8.60% on a market basis. At the time, the present value of accumulated vested benefits was $40,609,803, and the market value of assets was $11,528,839. The expected insolvency date based on this valuation basis was April 30, 2023.

2019: As of May 1, 2019, the Plan's level of funding was 23.1% on a market basis. The number of active participants was down 7.8% from the previous plan year, and the contribution hours decreased by 2.6% from the previous plan year. The Plan's investments returned 4.02% on a market basis. At the time, the present value of accumulated vested benefits was $41,258,612, and the market value of assets was $9,533,656. The expected insolvency date based on this valuation basis was April 30, 2023. The Plan's report of assets and liabilities as of September 30, 2019 is provided in **Exhibit 7K** of this application.

It is the Board of Trustees' opinion that as of the filing of this application all reasonable measures that the Plan could have taken have been taken in an effort to avoid insolvency. Despite these measures, the Plan is projected to become insolvent unless benefits are suspended to the maximum allowable extent and this partition request is approved.

(c) Narrative Description of Significant Risks and Assumptions

The assumptions relating to the proposed partition and the projections supplied with this application are detailed in **Exhibit 6A.**

The most significant risks include a return on plan assets lower than was assumed, the withdrawal of additional employers, future reduction in the workforce beyond that which was anticipated in this application, participants living longer than anticipated, and plan expenses increasing beyond what was anticipated.

(d) Copy of the Plan Sponsor's Application for Suspension of Benefits (Including All Attachments and Exhibits)

A copy of the final draft of the plan sponsor's application for suspension of benefits, including all attachments and exhibits, will be provided to the PBGC as soon as practicable.

(e) Detailed Description of All Measures Taken to Avoid Insolvency

Reductions in Plan Benefits

Since May 1, 2008, the Plan has taken the following steps to avoid insolvency:

- Benefit Accrual Rate: The benefit accrual rate for future service was not changed, since it was already significantly lower than 1% of total contributions.
- Pre-Retirement Surviving Spouse Benefit: Effective May 1, 2009, the cost of the pre-retirement spouse benefit was paid for by an actuarial decrease in benefits based on the number of months after May 1, 2009 such coverage was in effect.
- Early Retirement Subsidies: The early retirement reduction factors were changed from 4% per year to 7% per year, effective May 1, 2009.
- Optional Form of Payment: The normal form of benefit was changed to life only, instead of a 60-month guaranteed form for retirements on or after May 1, 2009.
- Disability Benefits for Current Active Participants: The disability retirement pension was eliminated for participants whose disability benefit commencement dates would have been on or after May 1, 2009.

Contribution Rate Increases

The hourly contribution rates have increased as shown below. Without a partition, the contribution rate is expected to remain at $6.80 per hour. Expected contribution rates after a partition are included with the assumptions detailed in **Exhibit 6A.**

Effective Date	Rate
June 1, 2006	$3.55
June 1, 2007	4.01
September 1, 2008	4.41
June 1, 2009	4.81
June 1, 2010	5.21
June 1, 2011	5.61
June 1, 2012	6.01
June 1, 2013	6.41
June 1, 2014	6.46
June 1, 2015	6.66
June 1, 2016	6.80

Plan Factors

In accordance with Code § 432(e)(9)(C)(ii), the following factors were taken into account in the plan sponsor's determination that all reasonable measures have been taken to avoid insolvency.

Contribution Levels and Hours Worked

Contribution rates are summarized above. Contribution dollars and hours are summarized in the table below:

The Plan's Ten-Year Experience for Certain Critical Assumptions

Year Ending 4/30	Base Units (Hours)	Average Hourly Rate	Contributions Excluding Withdrawal Liability Payments	Withdrawal Liability Payments	Return on Assets (Market Basis)
2009	125,501	$5.15	$646,285	$0	-24.68%
2010	163,420	$4.99	$815,526	$0	29.68%
2011	137,302	$5.40	$741,199	$0	14.16%
2012	154,904	$5.56	$861,825	$0	0.71%
2013	123,783	$6.15	$761,064	$0	8.65%
2014	99,661	$6.75	$672,704	$0	8.27%
2015	145,457	$6.43	$934,649	$0	6.72%
2016	135,899	$5.69	$772,854	$0	-3.48%
2017	91,547	$6.61	$604,875	$0	10.94%
2018	114,761	$6.53	$749,475	$0	8.60%
2019	111,464	$6.71	$723,439	$0	4.02%

The above table shows both hours and contributions net of reciprocity in and out of the Plan. The justification of actuarial assumptions (see **Exhibit 6A**) contains more detail on recent reciprocity activity. The average hourly rates in the table above do not exactly match the Local 7 rates due to the impact of reciprocity.

Benefit Accrual Levels

Benefit accruals were calculated as follows: $1.00 per year of past service plus 4.10% of employer contributions made on and after February 1, 1968 and before May 1, 2003; 3.00% of employer contributions made on and after May 1, 2003 and before May 1, 2005; 1.00% of employer contributions made on and after May 1, 2005 and before May 1, 2006; 1.00% of $2.00 of employer contributions made on and after May 1, 2006 and before May 1, 2016; and 0.30% of the first $6.66 and 1.0% of contributions over $6.66 for employer contributions made on and after May 1, 2016.

Benefit accrual levels lower than 4.10% were in effect prior to 1999 and were increased over time.

Prior Reductions of Adjustable Benefits

Prior reductions of adjustable benefits under Code § 432(e)(8) are provided in Section 6(b) of this application. All available adjustable benefit cuts have been made except for the fact that the early retirement reduction, while approximately actuarial equivalent at age 55, is slightly more generous than a pure actuarial equivalent at ages between age 55 and age 62. The reduction was chosen for ease of administration and communication.

Measures Taken to Attract New Contributing Employers

The Board of Trustees has taken multiple measures to attract and retain contributing employers. Shortly after developing the Rehabilitation Plan consisting of multiple schedules with large contribution increases, the Board of Trustees realized that forcing the small set of contributing employers to adopt the schedules would inevitably force them out of business or, at the very least, out of the Plan.

Similarly, the Board of Trustees reviewed the possibility of continued cuts to benefit accruals and the overall benefits package of the Plan. While the Board of Trustees is committed to making a number of benefit reductions, as noted throughout this application, it also is aware that reducing the benefits too much would negatively impact employer retention. The Board of Trustees feels that too significant a decrease in the total compensation received by the active participants would lead the active participants to push their employers to withdraw from the Plan. Ultimately, the Board of Trustees removed almost all subsidies from the Plan and brought the accrual rate down to a level it felt was as diminished as it could afford, while not risking the loss of the remaining contribution base.

Remaining Ancillary Benefits

There are no remaining ancillary benefits for active participants. Almost all subsidies for active participants have been removed from the Plan as part of the Rehabilitation Plan. The only subsidies remaining are noted in Section 6(b) of this application.

Compensation Levels of Active Participants Relative to Employees in the Participants' Industry

Compensation levels of active participants are substantially higher than non-union employees in the industry covered by the Plan, particularly when taking into account benefit costs. The geographic area covered by the Plan is very small and surrounded by neighboring local unions. As a result, it is relatively easy for employees to change their "home" local union. After changing their home local unions, members may continue to work in Local 7's jurisdiction, but the contributions are reciprocated out to the appropriate home locals.

The following tables present historical information on the wage packages (including pension contribution rates of Local 7 and the other locals with the majority of reciprocity activity).

	Gross Wage Rate (Journeyman)					
	2018	2017	2016	2015	2014	Avg. % Increase
Local 7	$48.50	$47.50	$46.50	$45.50	$44.20	2.35%
Local 5	$51.40	$50.25	$49.03	$47.81	$46.59	2.49%
Local 6	$44.68	$42.33	$41.18	$40.03	$38.88	3.54%
Local 8	$49.00	$47.88	$46.58	$45.48	$44.43	2.48%

	Local Pension Contribution (Journeyman)					
	2018	2017	2016	2015	2014	Avg. % Increase
Local 7	$6.80	$6.80	$6.80	$6.66	$6.46	1.29%
Local 5	$6.81	$6.32	$5.83	$5.33	$4.83	8.97%
Local 6	$5.86	$5.65	$5.45	$5.15	$5.10	3.53%
Local 8	$7.23	$7.23	$7.23	$7.23	$7.23	0.00%

The table above shows that, in 2014, the pension contributions for Local 7 were higher than for Local 5 and Local 6, but that the difference has decreased over time. This helps to explain the lower incidence of members changing home locals in recent years.

(f) How Plan Factors Were Taken into Account

The following is a detailed description of the estimated benefit amounts the plan sponsor has determined are necessary to be partitioned for the Plan to remain solvent. The plan sponsor will adjust the estimated split of participants, if requested, based on the PBGC's review of this application.

The estimated numbers of participants and beneficiaries whose benefits (or any portion thereof) would be transferred, including the number of retirees receiving payments (if any), terminated vested participants (if any), and active participants (if any), are as follows:

- 108 terminated vested participants
- 87 retirees receiving payments
- 19 beneficiaries
- 0 active participants.

Supporting data, calculations, assumptions, and descriptions of the methodology used to determine the estimated benefit amounts are attached as **Exhibit 6A**. The certification is based in part on the assumptions and plan provisions from May 1, 2019 actuarial valuation, which is included as **Exhibit 6A** as well as the assumptions detailed in **Exhibit 6A.** The selection process is described below.

All terminated vested participants were selected to defer the financial assistance requested from the PBGC. No active participants were selected in order to keep the calculations as straightforward as possible. The retirees and beneficiaries to be transferred were selected by starting just under age 80 (as of October 31, 2020). The plan sponsor then moved down the age groups until the ongoing plan was projected to remain solvent. This gave the successor plan a covered group that was neither too young nor too old. The resulting ages were about age 65 to age 79. The list of names of those persons in that age bracket is included as **Exhibit 8A.**

(g) Copy of the Draft Notice of Application for Partition (29 C.F.R. § 4233.11)

A copy of the draft notice of application for partition is attached as **Exhibit 6B.**

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Section 7: Actuarial and Financial Information (29 C.F.R. § 4233.7)

(a) Required Information

This application for partition includes the following plan actuarial and financial information:

(1) A copy of the Plan's most recent actuarial report and copies of the actuarial reports for the two preceding plan years

The May 1, 2017, May 1, 2018, and May 1, 2019 actuarial valuation reports are attached as **Exhibit 7A(1), Exhibit 7A(2),** and **Exhibit 7A(3)**, respectively.

(2) A copy of the Plan actuary's most recent certification of critical and declining status

The May 1, 2019 certification is attached as **Exhibit 7B.** This certification references the most recent actuarial valuation for a description of some of the assumptions. The valuation is attached as **Exhibit 6A.**

(3) A detailed statement of the basis for the conclusion that the Plan will not remain solvent without a partition and suspension of benefits

Exhibit 7C shows the Plan becoming insolvent in the plan year ending April 30, 2024, without a partition and suspension of benefits. The assumptions used in the projections are detailed in **Exhibit 6A.**

The conclusion that the Plan will not remain solvent without a partition is based on the May 1, 2019 certification of critical and declining status, which is attached as **Exhibit 6A.** The projections under this section on slightly updated assumptions confirm the Plan will not remain solvent. Additional details regarding the basis for the conclusion that the Plan will not remain solvent without a partition and suspension of benefits can be found in Section 6 of this application.

The annual cash flow projections reflect the following information:

- Market value of assets as of the beginning of the year;
- Contributions and withdrawal liability payments;
- Benefit payments organized by participant status (e.g., active, retiree, terminated vested, beneficiary);
- Administrative expenses; and
- Market value of assets at year end.

(4) A long-term projection reflecting reduced benefit disbursements at the PBGC-guarantee level after insolvency and a statement of the present value of all future financial assistance without a partition

Exhibit 7D contains the requested long-term projection and the statement of the present value of future financial assistance without a partition. **Exhibit 7D** also contains supporting information, including a year-by-year projection of the benefit payments and expected PBGC financial assistance, reflecting reduced benefit disbursements at the projected PBGC-guarantee level after insolvency. The certification is based in part on the assumptions and plan provisions from the May 1, 2019 actuarial valuation, which is included as **Exhibit 6A**. Actual future results will differ from projected valuation results to the extent that future experience deviates from the above assumptions.

Certification of the enrolled actuary is included in **Exhibit 7E**.

(5) A detailed statement of the basis for the conclusion that the original plan will remain solvent if the applications for partition and suspension of benefits are granted

Exhibit 7F contains the requested projections showing that the original Plan will avoid insolvency if both applications for partition and suspension of benefits are granted. The projections are based in part on the assumptions and plan provisions the May 1, 2019 actuarial valuation, which is included as **Exhibit 6A**.

The annual cash flow projections for the original Plan with partition and suspension of benefits reflect the following information:

- Market value of assets as of the beginning of the year;
- Contributions and withdrawal liability payments;
- Benefit payments organized by participant status (e.g., active, retiree, terminated vested, beneficiary);
- Administrative expenses; and
- Market value of assets at year end.

(6) A copy of the Plan actuary's certification that the Plan is projected to avoid insolvency

Certification of the enrolled actuary is attached as **Exhibit 7E** stating that the Plan is projected to avoid insolvency, within the meaning of Code § 418E, taking into account the proposed partition and suspension of benefits, and assuming the proposed suspension continues indefinitely.

Exhibit 7G contains supporting information, including a year-by-year projection of the available resources and benefit payments, demonstrating that the Plan is projected to avoid insolvency during the relevant period. The certification is based in part on the assumptions and plan provisions from the May 1, 2019 actuarial valuation, which is included as **Exhibit 6A**. Actual future results will differ from projected valuation results to the extent that figure experience deviates from the above assumptions.

(7) The Plan's projected insolvency date with a benefit suspension alone

The Plan is projected to become insolvent with benefit suspensions alone during the plan year ending April 30, 2026. The supporting data and projections are attached as **Exhibit 7G**.

(8) A long-term projection reflecting benefit disbursements from the successor Plan and a statement of the present value of all future financial assistance to be paid as a result of a partition

Exhibit 7H contains the requested long-term projection reflecting benefit disbursements from the successor plan and the statement of the present value of future financial assistance to be paid as a result of the partition. The certification is based in part on the interest and mortality assumptions applicable to the valuation of plans terminated by mass withdrawal as specified in 29 C.F.R. § 4281.13, the assumptions and Plan provisions from the May 1, 2019 actuarial valuation, which is included as **Exhibit 6A**, and the assumptions detailed in **Exhibit 6A**. Actual future results will differ from projected valuation results to the extent that future experience deviates from the above assumptions.

(9) A long-term projection of pre-partition benefit disbursements from the original Plan reflecting reduced benefit disbursements at the PBGC-guarantee level beginning on the proposed effective date of the partition

Exhibit 7I contains the requested long-term projection reflecting pre-partition benefit disbursements from the original Plan reflecting reduced benefit disbursements at the PBGC-guarantee level beginning on the proposed effective date of the partition. The projections are based in part on the assumptions and plan provisions from the May 1, 2019 actuarial valuation, which is included as **Exhibit 6A**, as well as the assumptions detailed in **Exhibit 6A**.

(10) A long-term projection of pre-partition benefit disbursements from the original Plan reflecting the maximum benefit suspensions permissible under ERISA § 305(e)(9) beginning on the proposed effective date of the partition, using an open group valuation and organized separately by participant status groupings (e.g., active, retiree, terminated vested, beneficiary)

Exhibit 7G contains the requested long-term projection reflecting pre-partition benefit disbursements from the original Plan reflecting the maximum benefit suspensions permissible under ERISA § 305(e)(9) beginning on the proposed effective date of the partition. The projections are based in part on the assumptions and plan provisions from the May 1, 2019 actuarial valuation, which is included as **Exhibit 6A.**

(b) Additional Projections

The plan sponsor acknowledges that the PBGC may ask the Plan for additional projections based on assumptions that it (the PBGC) specifies. The Plan will provide any additional projections as may be requested by the PBGC.

(c) Actuarial Calculations and Assumptions

All calculations required for this partition were performed by an enrolled actuary.

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All calculations required for this partition were consistent with the calculations used for purposes of the application for suspension of benefits under ERISA § 305(e)(9), and based on methods and assumptions each of which is reasonable (taking into account the experience of the Plan and reasonable expectations), and which, in combination, offer the actuary's best estimate of anticipated experience under the Plan. The assumptions used in the calculations required for this partition, as well as any changes from the most recent actuarial valuation and the critical and declining status certification, are detailed in **Exhibit 6A.**

The plan sponsor acknowledges that the PBGC may, in its discretion, require updated calculations and representations based on the actual effective date of the partition, the revised actuarial assumptions, or for other good cause. The Plan will provide any such updated calculations and representations based on the actual effective date of the partition, the revised actuarial assumptions, or for other good cause as may be requested by the PBGC.

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Section 8: Participant Census Data (29 C.F.R. § 4233.8)

This application for partition includes the following census data used for the projections described in § 4233.7(a)(3) and (5).

(a) Participant type (retiree, beneficiary, disabled, terminated vested, active, alternate payee).

(b) Date of birth.

(c) Gender.

(d) Credited service for guarantee calculation (i.e., number of years of participation).

(e) Vested accrued monthly benefit before benefit suspension under § 305(e)(9) of ERISA.

(f) Vested accrued monthly benefit after benefit suspension under § 305(e)(9) of ERISA.

(g) Monthly benefit guaranteed by the PBGC (determined under the terms of the original plan without respect to benefit suspensions).

(h) Benefit commencement date (for participants in pay status and others for which the reported benefit is not payable at Normal Retirement Date).

(i) For each participant in pay status:

  (1) Form of payment, and
  (2) Data relevant to the form of payment, including the following:

    (i) For a joint and survivor benefit, the beneficiary's benefit amount (before and after suspension) and the beneficiary's date of birth;
    (ii) For a Social Security level income benefit, the date of any change in the benefit amount, and the benefit amount after such change;
    (iii) For a 5-year certain or 10-year certain benefit (or similar benefit), the relevant defined period; and
    (iv) For a form of payment not otherwise described above, the data necessary for the valuation of the form of payment, including the benefit amount before and after suspension.

(j) If an actuarial increase for postponed retirement applies or if the form of annuity is a Social Security level income option, the monthly vested benefit payable at normal retirement age in normal form of annuity.

The above-requested information is attached as **Exhibit 8A.**

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Section 9: Financial Assistance Information (29 C.F.R. § 4233.9)

(a) Required Information

This application for partition includes the estimated amount of annual financial assistance requested from the PBGC for the first year the Plan receives financial assistance, if the partition is approved.

The Plan requests approximately $491,000 in financial assistance for the period from the proposed partition date of October 1, 2020 through the end of that plan year (i.e., through April 30, 2021).

(b) Additional Information

The plan sponsor acknowledges that the PBGC may ask the Plan for additional information in accordance with § 4233.4(b)(1). The Plan will provide any additional information requested by the PBGC.