

# Automotive Machinists Pension Trust

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Administered by  
Welfare & Pension Administration Service, Inc.

**January 29, 2024**

**TO: All Participants, Beneficiaries, Local Unions, Contributing Employers, Pension Benefit Guaranty Corporation and Secretary of Labor**

**RE: October 1, 2023 Notice of Critical Status for the Automotive Machinists Pension Trust**

The Pension Protection Act of 2006 (“PPA”) amended ERISA and the Internal Revenue Code to, among other things, impose additional funding rules for multiemployer plans with the goal of improving the financial condition of these plans. Beginning in 2008, the Retirement Plan’s actuary was required to annually certify to the Secretary of the Treasury and the Retirement Plan’s Board of Trustees whether or not the Retirement Plan is in Endangered or Critical Status. As you were notified as of January 1, 2009 through 2022, the actuary certified that the Retirement Plan was in Critical Status for those Plan Years. As of October 1, 2022, the actuary certified that the Retirement Plan was in Critical and Declining Status for the 2022-2023 Plan Year. As of October 1, 2023, the actuary certified that the Retirement Plan was back in Critical Status for the 2023-2024 Plan Year.

## **Critical Status – 2023-2024 Plan Year**

The purpose of this notice is to inform you that on December 29, 2023 the actuary certified to the U.S. Department of the Treasury and the Board of Trustees that the Retirement Plan is in Critical Status for the October 1, 2023 to September 30, 2024 Plan Year. Federal Law requires that you receive this additional notice. The plan is considered to be in critical status because it is currently not projected to meet the IRS minimum contribution requirements starting in the 2023-2024 Plan Year.<sup>1</sup>

## **Rehabilitation Plan**

Federal law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. The law permits pension plans to reduce, or even eliminate, benefits called “adjustable benefits” as part of a rehabilitation plan. On April 23, 2009, you were notified that the plan reduced or eliminated adjustable benefits as a part of its initial rehabilitation plan. On March 23, 2009, you were notified that as of March 24, 2009 the plan is not permitted to pay lump sum benefits (or any other payment in excess of the monthly amount paid under a single life annuity) while it is in critical status. If the trustees of the plan determine that further benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any further reduction of adjustable benefits will not reduce the level of a participant’s basic benefit payable at normal retirement.

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<sup>1</sup> As noted last year, the American Rescue Plan Act (ARPA), signed into law in March 2021, included help for critical and declining plans. The Automotive Machinists Pension Trust was critical and declining for the 2022-23 Plan Year, so remains eligible for the Special Financial Assistance available through the ARPA. This is intended to allow plans to pay benefits, at their current levels, through 2051. The exact amount of Special Financial Assistance that the Plan will receive is not known at this time; however, the Plan is on the waiting list to apply for assistance. Even with the Special Financial Assistance, the Plan is still likely to become insolvent eventually. When that happens, the Plan would apply for additional financial assistance from the PBGC; although benefit amounts may be reduced at that time.

### **Adjustable Benefits**

The plan offers the following adjustable benefits which may be reduced or eliminated as part of any rehabilitation plan. Although these benefits were not eliminated entirely, most or all of the additional value of these benefits was reduced or eliminated under the Preferred Schedule of the rehabilitation plan adopted in 2009 and updated through 2012:

1. Disability benefits (if not yet in pay status);
2. Early retirement benefits;
3. Benefit payment options other than a qualified joint and survivor annuity (QJSA);

### **Employer Surcharge and Additional Contributions**

Prior to the adoption of the rehabilitation plan by the employer and union, the law requires that all contributing employers pay to the Retirement Plan a surcharge to help correct the Retirement Plan's financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the Retirement Plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial critical year and a 10% surcharge is applicable for each succeeding Plan Year thereafter in which the Retirement Plan is in Critical or Critical and Declining Status.

The surcharge contribution ends for an employer once the collective bargaining parties adopt the rehabilitation plan for that employer, or when the rehabilitation plan is automatically adopted as provided under the Pension Protection Act. At that time, the employer's contribution increases are defined by the rehabilitation plan schedule.

### **Where to Get More Information**

For more information about this Notice, you may contact the Seattle Administration Office at (206) 441-7574, or toll free at (800) 732-1121. You have a right to receive a copy of the rehabilitation plan from the plan.

### **The Administration Office Automotive Machinists Pension Trust**

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