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## Notice to Travelers Regarding Defined Benefit Plan Contributions

April 2017

**This notice is for your information only. You are not required to take any action.**

Pursuant to the International Money-Follows-the-Person Reciprocity Agreement, reciprocal contributions received by the Southern California IBEW-NECA Administrative Trust Funds Office are credited as follows: Defined Benefit Plan monies will be credited to Defined Benefit Plans and Defined Contribution monies will be credited to Defined Contribution accounts as set forth in the International Reciprocal Agreement. All contributions received for hours worked on or after October 28, 2009 and reciprocated pursuant to the Money-Follows-the-Person Reciprocity Agreement will be subject to the Default Schedule for determination of retirement benefits (please see the Summary of 2016 Rehabilitation Plan Schedules, as amended, which appears on the reverse of this notice). Individuals who work inside the jurisdiction of this Plan and have employer contributions transferred to another Plan pursuant to the Money-Follows-the-Person Reciprocity Agreement shall see all increased/decoupled (non-benefit accrual) contributions remain in this Plan. Only standard contributions (contributions not solely for the benefit of this Plan) will be transferred. You may wish to contact the Administrative Trust Funds Office to inquire how this may affect your retirement benefits under the Southern California IBEW-NECA Pension Plan.

A Traveler is an IBEW Local Union member who is working outside his/her Home Local and has registered for a transfer of contributions under the International IBEW-NECA

The Southern California IBEW-NECA Pension Plan's co-actuaries have determined that the Plan is projected to be in Critical Status beginning July 1, 2018 because, over the subsequent three years from this Plan Year ending June 30, 2019, the Plan is projected to have an accumulated funding deficiency before the Plan Year ending June 30, 2022. Federal Law requires pension plans in critical status to adopt a rehabilitation plan aimed at restoring the financial health of the plan. On September 28, 2016 the Board of Trustees elected for the Plan to be in Critical Status effective July 1, 2016 and authorized the adoption of a Rehabilitation Plan, which contains two categories of Schedules: A Default Schedule and Alternative Schedules with Versions 1(a) – 1(t) proposing different levels/timing of non-benefit Employer Contribution increases which include benefit changes. Upon implementation of the Default Schedule or Adoption of one of the Alternative Schedules, for those benefits that are not in pay status prior to April 1, 2017, certain adjustable benefits are reduced and the Early Retirement Pension benefit is reduced to an Actuarial Equivalent of the Normal Retirement Age benefit. On October 27, 2016, the Board of Trustees of the Plan agreed to amend the 9/28/2016 Rehab Plan by adding an additional Version 1(u). A copy of the September 28, 2016 Rehabilitation Plan and the October 27, 2016 Amendment were mailed out to all Plan participants. If you did not receive the original Memorandum regarding "Benefit Changes under the Critical Status Rehabilitation Plan" or the "First Amendment to the September 28, 2016 Rehabilitation Plan" and would like to receive additional copies of these documents, please contact the Administrative Trust Funds Office at the nationwide, toll-free number (800) 824-6935 or at the primary business number (323) 221-5861.

The Alternative Schedules 1(a) through 1(u) call for employers to contribute an additional "off-benefit" contribution amount, meaning that it is devoted solely to improving the funding condition of the Plan. Please see the Alternative Schedules adopted by IBEW Union Locals 11, 440, 441, and 477 that appear on the reverse side. *Whether the Default Schedule is adopted or imposed by the Board of Trustees, as required by law, there is no additional off-benefit contribution.*

**The off-benefit employer contributions will not be used for benefit accruals for Participants in this Plan, nor will they be transferred to a Traveler's Home DB Plan. The hourly contributions made to the Southern California IBEW-NECA Pension Plan that do result in a benefit accrual are transferred to the Traveler's Home Pension Plan presuming the Traveler has properly registered for a transfer of contributions under the International IBEW-NECA Reciprocity Program.**

*It is important to note that all contributions to the Southern California IBEW-NECA Defined Contribution Plan result in benefit accruals for Participants and hourly contributions to the Southern California IBEW-NECA Defined Contribution Plan for hours worked by a Traveler are transferred to a Traveler's Home Defined Contribution Plan presuming the Traveler has timely and properly registered for a transfer of contributions under the International Reciprocity Program.*

*See other side*

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## Examples

1. John's Home DB Plan on the Electronic Reciprocal Transfer System (ERTS) is Local ###; he worked 40 hours in Local 11 during the month of February 2017. The DB Pension rate for Local 11 is \$6.32 per reported hour, plus the off-benefit rate of \$2.71 per reported hour. Only the DB Pension rate of \$6.32 is transferred to John's Home DB Plan.
2. Jack's Home DB Plan on ERTS is Local 11; he works 40 hours in Local ### during the month of February 2017. Local ###'s DB Pension rate is \$5.00 and there is no off-benefit contribution. The full hours and contributions are transferred to Local 11 and are reciprocated under the Default Schedule, which uses a 1% DB accrual rate.

## SEPTEMBER 28, 2016 REHAB PLAN SCHEDULES, as amended, AT A GLANCE

Alternative	Contribution Increase per Hour Worked	Increase(s) Effective on and after the Following Date(s)	Schedule Adopted by Local
(a)	single increase of \$0.76	February 1, 2016	IBEW Local 11
(b)	two cumulative increases of \$0.41	February 1, 2016 and February 1, 2017 respectively	
(c)	three cumulative increases of \$0.29	February 1, 2016, February 1, 2017 and February 1, 2018 respectively	
(d)	single increase of \$0.80	July 1, 2016	IBEW Local 477
(e)	two cumulative increases of \$0.43	July 1, 2016 and July 1, 2017 respectively	
(f)	three cumulative increases of \$0.31	July 1, 2016, July 1, 2017 and July 1, 2018 respectively	
(g)	single increase of \$0.88	February 1, 2017	
(h)	two cumulative increases of \$0.47	February 1, 2017 and February 1, 2018 respectively	
(i)	three cumulative increases of \$0.34	February 1, 2017, February 1, 2018 and February 1, 2019 respectively	
(j)	single increase of \$0.93	July 1, 2017	
(k)	two cumulative increases of \$0.51	July 1, 2017 and July 1, 2018 respectively	
(l)	three cumulative increases of \$0.37	July 1, 2017, July 1, 2018 and July 1, 2019 respectively	
(m)	single increase of \$0.86	January 1, 2017	IBEW Local 440
(o)	single increase of \$1.11	July 1, 2018	
(p)	two cumulative increases of \$0.62	July 1, 2018 and July 1, 2019 respectively	
(q)	three cumulative increases of \$0.45	July 1, 2018, July 1, 2019 and July 1, 2020 respectively	
(r)	single increase of \$1.36	July 1, 2019	
(s)	two cumulative increases of \$0.76	July 1, 2019 and July 1, 2020 respectively	
(t)	three cumulative increases of \$0.57	July 1, 2019, July 1, 2020 and July 1, 2021 respectively	
(u)	An increase of \$0.35 followed by two cumulative increases of \$0.34	March 1, 2017, March 1, 2018, and March 1, 2019 respectively	IBEW Local 441

Each of the contribution requirements will be subject to additional increases as necessary in future Rehabilitation Plan Updates. If an existing Agreement calls for different rates for apprentices or other classifications than the journeyman rate, that practice may continue under this Alternative Schedule.

**NOTE: IBEW Locals 440 and 477 adopted Alternative Schedule 2, which requires additional funding of \$0.01 from July 1, 2017 through June 30, 2021. The benefit changes under Alternative Schedule 2 are identical to those in Alternative Schedule 1 with the addition of the following provisions:** Participants in this Plan may also participate in the Inland Empire IBEW-NECA Pension Trust Fund. For Plan Years commencing on and after July 1, 2015, notwithstanding anything in this Plan to the contrary, no Plan Year in which at least 375 hours of reciprocal contributions are made on behalf of a Participant to this Defined Contribution Plan shall constitute a portion of a 'Grace Period' of such a Participant under that Plan.

If you have questions regarding this notice, please contact the Administrative Trust Funds Office of the Southern California IBEW-NECA Trust Funds at 800-824-6935.

Sincerely,

The Board of Trustees